

SC-66-11

**LEASE AGREEMENT**

**by and between**

**VIRGIN ISLANDS WATER AND POWER AUTHORITY,**

**as Landlord,**

**and**

**SEVEN SEAS WATER CORPORATION (USVI)**

**as Tenant**

**Dated as of April 5, 2012**

*JB*  
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#### Exhibits

Exhibit A - Legal Description of the Property

Exhibit B - Insurance Requirements

Exhibit C - Memorandum of Lease

  
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## LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter the "Lease"), dated this 5th Day of April, 2012, is made by and between VIRGIN ISLANDS WATER AND POWER AUTHORITY, a public authority established and existing under the laws of the U.S. Virgin Islands, as landlord ("Landlord"), and SEVEN SEAS WATER CORPORATION (USVI), a U.S. Virgin Islands Corporation, as tenant ("Tenant"). Each of the Landlord and Tenant shall be referred to herein as a "Party" or collectively as the "Parties."

### **RECITALS**

WHEREAS, Pursuant to the Section 3.1 of the Water Purchase Agreement Landlord owns or shall become the owner of certain real property consisting of approximately 35,000 square feet located on the island of St. Croix in the U.S. Virgin Islands and more particularly described on Exhibit A attached hereto, and all easements and rights appurtenant to such real property (collectively, the "Property").

WHEREAS Tenant wishes to lease the Property from Landlord to construct and place onto the Property a salt water reverse osmosis water production plant (more specifically a "First Pass Water" Facility) and Ultrapure Water Facility and other necessary appurtenances for Tenant's operation of the Facilities.

WHEREAS, Landlord is willing to lease to Tenant, and Tenant is willing to lease from Landlord, the Property on the terms and conditions set forth in this Lease.

NOW, THEREFORE, in consideration of the rent to be paid under this Lease and the other mutual promises contained in this Lease and the Water Purchase Agreement, Landlord and Tenant hereby agree as follows:

### **ARTICLE I DEFINITIONS**

References in this Lease to Sections and Articles are to the Sections and Articles of this Lease unless otherwise indicated. Unless the context shall otherwise require, the capitalized terms used herein shall have the following meanings:

"Applicable Laws" has the meaning given such term in the Water Purchase Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized, by law or executive order, to be closed in the U.S. Virgin Islands. Unless the term "Business Day" is used, the term "day" as used in this Lease means calendar day.

"Claims" has the meaning given such term in Section 10.1.

"Change in Law" has the meaning given such term in the Water Purchase Agreement.

  
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**"Codes and Standards"** have the meaning given such terms in the Water Purchase Agreement..

**"Dispute"** has the meaning given such term in Section 13.14(a).

**"Dispute Notice"** has the meaning given such term in Section 13.14(a).

**"Dollars"** or **"\$"** means United States of America dollars.

**"DPNR"** means the U.S. Virgin Islands Department of Planning and Natural Resources or its successors.

**"Environmental Claims"** has the meaning given such term in Section 5.2(a).

**"Environmental Laws"** means any and all federal, the U.S. Virgin Islands, state, or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, mandates, judgments, orders, decrees, permits and approvals, codes or license requirements, or other governmental requirements or restrictions, or any interpretation or administration of any of the foregoing by any governmental authority, now or hereafter in force, in any way relating to (a) pollution or protection of natural resources or the environment (including ambient air, surface or subsurface waters, and surface lands and subsurface strata), (b) the treatment, disposal, emission, discharge, release or threatened release into the environment of Hazardous Materials or (c) protection of wildlife or endangered species.

**"EPA"** means the U.S. Environmental Protection Agency or its successors.

**"Event of Default"** means any event or condition defined in Section 12.2.

**"Facility"** has the meaning given such term in the Water Purchase Agreement.

**"Force Majeure"** has the meaning given the term "Uncontrollable Circumstance" in the Water Purchase Agreement.

**"Good Engineering and Operating Practices"** has the meaning given such term in the Water Purchase Agreement..

**"Governmental Authority"** has the meaning given such term in the Water Purchase Agreement..

**"Hazardous Materials"** means (a) any material, substance or waste (whether liquid, gaseous or solid) that (i) requires removal, remediation or reporting under any Environmental Law, or is listed, classified or regulated as a "hazardous waste" or "hazardous substance" (or other similar term) pursuant to any applicable Environmental Law, or (ii) is regulated under applicable Environmental Laws as being, toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and (b) petroleum-derived substances wastes or breakdown products, friable asbestos, or polychlorinated biphenyls.

**"Improvements"** means any buildings, equipment or other fixtures, improvements or personal property placed on the Property by the Tenant, excepting the Landlord's Intake and Outfall Structures and all repairs or improvements made to said Intake and Outfall Structures.

**"Indemnify"** has the meaning given such term in Section 10.1.

**"Indemnitee"** has the meaning given such term in Section 10.4(a).

**"Indemnitor"** has the meaning given such term in Section 10.4(a).

**"Insurance Date"** has the meaning given such term in Section 9.1(a).

**"Intake Structure"** has the meaning given such term in the Water Purchase Agreement.

**"Interconnection Facilities"** has the meaning given such term in the Water Purchase Agreement..

**"Landlord"** has the meaning given such term in the Preamble.

**"Landlord's Indemnified Parties"** has the meaning given such term in Section 5.3(a).

**"Lease"** has the meaning given such term in the Preamble.

**"Lease Date"** means the date that the Site is determined as provided for in Section 3.1 of the Water Purchase Agreement.

**"Lease Initial Term"** has the meaning given in Section 2.1 herein.

**"Lien"** means any interest in property securing an obligation, whether such interest is based on common law, equity, statute or contract. "Lien" includes any security interest or lien arising from a mortgage, encumbrance, pledge, charge, easement, servitude, security agreement, conditional sale or trust receipt, or from a lease, consignment or bailment for security purposes.

**"Notice of Default"** has the meaning given such term in Section 13.1(b).

**"Outfall Structure"** – means those WAPA structures currently existing on the Property which Tenant shall interconnect and use for its brine effluent discharge into the receiving waters.

**"Party"** has the meaning given such term in the Preamble.

**"Property"** has the meaning given such term in Recital and Exhibit A and the term "Site" is defined and used in Section 3.1 of the Water Purchase Agreement.

**"Renewal Option"** has the meaning given such term in Section 4.2.

**"Option Term"** has the meaning given such term in Section 4.2.

**"Rent"** means the Initial Rent or the Renewal Rent, as applicable.

"Tenant" has the meaning given the term "Seven Seas" in the Water Purchase Agreement.

"Tenant's Indemnified Parties" has the meaning given such term in Section 5.2(a).

"Term" means the Initial Term and any Renewal Terms created under Section 4.2, or such shorter period as may result from earlier termination as provided in this Lease.

"Water Purchase Agreement" means the Water Purchase Agreement dated as of April 5, 2012 between Landlord and Tenant, relating to Landlord's agreement to purchase Water generated at the Facility

## ARTICLE 2 LEASE

2.1 Lease of Property. Subject to the terms and conditions of this Lease, Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, the Property for the Term. Except as expressly provided to the contrary in this Lease, reference to the "Property" is exclusive of the Facility and all Improvements as defined herein now or hereafter located on the Property, notwithstanding that any such Improvements may or shall be construed as affixed to and as constituting part of the real property. Tenant shall remove all the Improvements and restore the Property in accordance Section 2.3 as found in the Water Purchase Agreement following the expiration or earlier termination of the Term, Renewal Term or expiration or earlier termination of the Water Purchase Agreement, whichever is earlier. Tenant acknowledges that, other than as expressly set forth in this Lease, the Landlord has not made, and shall not make, and Tenant has not relied upon, any representations, warranties or agreements as to matters concerning the condition of the Property.

2.2 Possession. Possession of the Property shall be delivered to Tenant, subject to all the terms and conditions of this Lease, at the latter occurrence of either the beginning of the Term or upon Site determination as provided for in Section 3.1 of the Water Purchase Agreement, provided that this Lease is in full force and effect without any default of Tenant thereunder.

2.3 Quiet Enjoyment Landlord covenants and warrants that it possesses or shall come into possession as provided for in Section 3.1 of the Water Purchase Agreement good title to the Property and shall have the right and authority to convey possession of the Property to the Tenant under the terms provided herein. Upon payment by Tenant of the Rent and all other amounts due under this Lease, Landlord warrants and covenants that Tenant shall peaceably and quietly hold and enjoy the Property for the Term without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming against, by, through or under Landlord; subject, nevertheless, to the terms and conditions of this Lease and Tenant's compliance with all of its obligations under the Water Purchase Agreement.

2.4 Tenant's Representations and Warranties. The representations and warranties made by Tenant in the Water Purchase Agreement are incorporated herein by reference and made a part of this Lease as of the Lease Date.

Handwritten signature and initials, possibly "J.B." and "A.H.", in the bottom right corner.

2.5 Landlord's Representations and Warranties. The representations and warranties made by Landlord in the Water Purchase Agreement are incorporated herein by this reference and remade as of the Lease Date.

2.6 Survival. All of the above representations and warranties shall survive the Lease Date and shall continue in force and effect until and including the date that is two (2) years after the Termination of this Lease at which time they shall expire. Upon such expiration, such representations or warranties shall terminate and have no further force and effect; provided, however, that any representation or warranty that is the subject of a claim for indemnification under Article 5 asserted in writing shall survive solely with respect to such claim until the final resolution thereof.

### ARTICLE 3 RENT

3.1 Rent Amounts. Tenant shall pay rent during the Term and the Option Term in the amount of One Dollar (\$1.00) per year in advance.

3.2 Rent Payments. All amounts payable to Landlord by Tenant hereunder shall be made without abatement, deduction, diminution, proration or offset, and shall be paid to Landlord at the address provided in Section 13.7 hereof. The Rent shall be paid by Tenant annually in advance on or prior to the first date of each year beginning on the Lease Date and each anniversary thereof.

### ARTICLE 4 LEASE TERM

4.1 Initial Term. The "Lease Initial Term" shall begin on the Lease Date and shall expire on the Fifteenth (15th) anniversary of the Commercial Operation Date, as same is defined in the Water Purchase Agreement, unless the Lease Initial Term is terminated pursuant to Article 12 herein or by termination of the Water Purchase Agreement in accordance with Article 12 or Article 13 thereof.

4.2 Renewal Option. Landlord shall have one (1) option to renew this lease (the "Renewal Options"). pursuant to Section 2.2 of the Water Purchase Agreement, for an additional five (5) year term (the "Renewal Term"). commencing upon the expiration of the Initial Term of this Lease.

4.3 Exercise of Renewal Option. Written notice from Landlord of its election to exercise the applicable Renewal Option may be delivered at any time prior to the expiration of the Initial Term. Such extension of the Term shall be on all of the terms and conditions of this Lease except as provided otherwise in this Article 4.

4.4 Surrender of Property. At the expiration or earlier termination of this Lease, Tenant shall immediately surrender to Landlord possession of the Property free and clear of all Liens.

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4.5 Holding Over. This Lease shall terminate without further notice at the expiration of the Term, or Renewal Term, if applicable. Any holding over by Tenant after expiration without Landlord's consent shall not constitute a renewal or extension or give Tenant any rights in or to the Property; provided, however, that Landlord may, at its option by written notice, treat Tenant as a Tenant at sufferance only, commencing on the first day following termination of this Lease and subject to all of the terms of this Lease, except that the Rent shall be (a) one hundred fifty percent (150%) of the Rent in effect during the last year of the Term and shall be paid in monthly installments in advance until the Property shall have been surrendered by Tenant or (b) a fair market value of monthly lease payments for the Property as determined by Landlord; provided further, that for the period one hundred eighty (180) days after the expiration or early termination of the Term during which Tenant is removing its improvements and is restoring the Property pursuant to Section 4.6, if applicable, Tenant shall be treated as a Tenant at sufferance but shall pay the Rent in effect during the last year of the Term; provided finally, that Tenant shall not be deemed to be holding over on the Property solely as a result of Tenant's presence on the Property for the purpose of complying with its obligations under Section 5.3(e). Except for the period of one hundred eighty (180) days after the expiration or early termination of the Term during which Tenant is removing its improvements and is restoring the Property pursuant to Section 4.6, if applicable, (i) nothing in this Section 4.5 shall be construed, absent Landlord's written consent, as a consent by Landlord to any holding over by Tenant, and (ii) Landlord expressly reserves the right to require Tenant to surrender possession of the Property during any holding over by Tenant and to assert any remedy in law or equity to evict Tenant or, for any holding over without Landlord's consent, to collect any actual damages incurred in connection with such holding over. If Landlord requires Tenant to surrender possession of the Property during any holding over by Tenant in accordance with the previous sentence, Tenant shall immediately surrender to Landlord possession of the Property free and clear of all Liens. The Parties agree that thirty (30) days' "notice to quit" from Landlord following the termination of this Lease shall be sufficient notice under Title 28, Chapter 31 of the U.S. Virgin Islands Code for possession of the Property under any forcible entry or detainer action or other similar action for possession of the Property. Notwithstanding the expiration or earlier termination of the Term, during any holding over by Tenant, Tenant shall be obligated to comply with its covenants and agreements under this Lease which shall survive for such holding over period.

4.6 Restoration of the Property. Title to all Improvements, when made, erected, constructed, installed or placed upon the Property shall be and remain in Tenant until the expiration or earlier termination of the Term or Renewal Term, if applicable. Tenant shall retain title to such Improvements after the expiration or earlier termination of the Term or Renewal Term, if applicable. Tenant's right to remove the Improvements shall be governed by Section 2.3 of Water Purchase Agreement, including without limitation the one hundred eighty (180) day period to remove the Improvements. Title to any Improvements remaining on the Property after such one hundred eighty (180) day period shall be and remain in Landlord. During the Term, Tenant alone shall be entitled to claim depreciation and amortization on the Facility and all other cash and non-cash items of credit, deduction, expense or allowance related to the Improvements for all taxation purposes. This Section 4.6 shall survive any expiration or termination of the Lease.

## ARTICLE 5 ENVIRONMENTAL PROVISIONS

  
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5.1 Information. If Tenant requires information concerning the environmental condition of the Property in order to satisfy the requirements of any applicable Government Rules, Tenant shall notify Landlord thereof. Without modifying the application of Article 5 hereof to any such environmental condition, Landlord shall have the responsibility for conducting any investigation, reporting and responding to any environmental conditions under the applicable indemnification provisions hereof. Tenant and Landlord shall keep all information developed pursuant to this paragraph confidential and shall not disclose such information to any third party, except that each Party may (a) disclose such information to the extent required by any Government Rule and (b) disclose such information to its attorneys, auditors, consultants or lenders (and the lenders' attorneys and consultants) who have a need to know the disclosed information and who agree or are otherwise obligated to maintain its confidentiality.

5.2 Landlord's Environmental Indemnity ~~Environmental Indemnity~~. Subject to the conditions of this Section 5.2 and except as set forth in Section 5.4, Landlord shall indemnify, protect, defend and hold harmless Tenant, its employees and agents (collectively, the "Tenant's Indemnified Parties") against and in respect of any and all liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees, fines, penalties and response or remedial costs that are required by a governmental authority pursuant to Government Rules) (collectively, "Environmental Claims") arising out of, related to or incurred in connection with:

(i) any violation of any Government Rule, or any requirement for remediation, cleanup, damages, penalties or other relief sought by any governmental authority with appropriate jurisdiction, arising out of the presence or release of Hazardous Materials, where such violation or requirement pertains to: (A) the condition of the Property on or prior to the Lease Date (but excluding any condition of the Property caused by Tenant or Tenant's agents, representatives, contractors or invitees during the period prior to the Lease Date), (B) the condition of the Property after the date on which possession of the Property is surrendered to Landlord by Tenant at the expiration or termination of the Term or Renewal Term, if applicable, (but excluding any claims to the extent arising out of (1) the breach by Tenant of its obligations hereunder, or (2) any condition of the Property that resulted from Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees), or (C) the condition of all property adjacent to the Property owned or leased by Landlord, whether with respect to conditions on or prior to the Lease Date or at any time during the Term or Renewal Term, if applicable, (but excluding any conditions caused by or arising out of Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees); or

(ii) Any claim made by any person (other than claims by any governmental authority (excluding Landlord) with appropriate jurisdiction or by Tenant as to which the provisions of clause (i) shall be the Tenant's Indemnified Parties' exclusive rights and remedies under this Section) arising out of the presence or release of Hazardous Materials on or from (A) the Property on or prior to the Lease Date (but excluding any condition of the Property caused by Tenant or Tenant's agents, representatives, contractors or invitees during the period prior to the Lease Date), (B) the Property after the date on which possession of the Property is surrendered to Landlord by Tenant at the expiration or termination of the Term and possession of the Property is delivered to Landlord (but excluding any claims to the extent arising out of (1) the breach by Tenant of its

obligations under this Lease, or (2) the presence or release of Hazardous Materials on or from the Property that resulted from Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees, or (C) all property adjacent to the Property owned or leased by Landlord (including the soil and groundwater thereunder and the migration of Hazardous Materials therefrom), whether with respect to conditions on or prior to the Lease Date or at any time during the Term (but excluding any conditions caused by or arising out of Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees).

(b) Exceptions to Indemnity. The indemnity provided under this Section 5.2 shall not apply to any otherwise indemnified Environmental Claims to the extent caused by or arising out of any negligent or willful act or omission of, or breach of this Lease by, Tenant's Indemnified Parties or their contractors or agents.

(c) Notice. Promptly after a Tenant Indemnified Party obtains knowledge of an Environmental Claim, such Tenant Indemnified Party shall notify Landlord under this Lease of such Environmental Claim in writing setting forth in reasonable detail the specific facts and circumstances relating to such Environmental Claim; provided, however, that any failure to give such notice will not waive any rights of the Tenant Indemnified Party except to the extent that the rights of Landlord are actually prejudiced thereby.

(d) Defense and Challenges. Tenant agrees that Landlord may employ attorneys of its own choice to appear and defend any such claim or action or to respond to such notice and that Tenant shall do nothing to compromise the defense of such claim or action or any settlement thereof or Landlord's response to such notice and shall provide Landlord with all reasonable assistance (at no out-of-pocket cost to Tenant) that Landlord may require in connection therewith. Landlord shall have the right to challenge in any manner provided by law both the issuance of any order, decree or judgment requiring the monitoring, mitigation or remediation of the Property and the scope of any activity required pursuant to any such order, judgment or decree. Any additional costs, damages, expenses, penalties or losses resulting from such actions by Landlord shall be indemnified under this Section 5.2.

(e) Compliance Actions. Landlord shall be permitted to take all actions at its sole expense as are necessary to comply with any mitigation or monitoring plan with respect to, or to remedy any contamination by, or the presence of, Hazardous Materials on the Property that are the responsibility of Landlord hereunder in accordance with any order, decree or agreed plan of settlement from, by or with any governmental authority with jurisdiction thereover, and Tenant shall provide such access to the Property and all cooperation and assistance (at no out-of-pocket cost to Tenant) as may be reasonably requested by Landlord in connection with such remediation or compliance. Tenant agrees not to unreasonably restrict activities required to be conducted by Landlord to comply with any monitoring, remediation or mitigation plan imposed with respect to the Property in connection with any Environmental Claims, subject to the rights of indemnification provided for hereunder and provided such monitoring, remediation or mitigation plan does not unreasonably interfere with Tenant's use of the Property.

### 5.3 Tenant's Environmental Indemnity.

(a) Environmental Indemnity. In the event of spills or releases on the Property resulting from Tenant's operations of the Facility during the Term or Renewal Term, if applicable, or at any other time by Tenant or by Tenant's agents, representatives, contractors or invitees, but excluding any spills or releases caused by Landlord or Landlord's agents, representatives, contractors or invitees, Tenant shall comply with all Government Rules regarding notification, investigation and remediation of the spill or release. Subject to the conditions of this Section 5.3, Tenant shall indemnify, protect, defend and hold harmless Landlord and its respective directors, employees and agents (collectively, the "Landlord's Indemnified Parties") against and in respect of any and all Environmental Claims arising out of, related to or incurred in connection with:

(i) any violation of any Government Rule associated with Tenant's use of the Property (but excluding any violations caused by Landlord or Landlord's agents, representatives, contractors or invitees);

(ii) any failure of Tenant to comply with Government Rules pertaining to the notification, investigation and remediation of spills resulting from Tenant's operations; or

(iii) any claim made by any person (other than claims by any governmental authority with appropriate jurisdiction or by Landlord as to which the provisions of clauses (i) and (ii) shall be the Landlord's Indemnified Parties' exclusive rights and remedies under this Section) arising out of the presence or release of Hazardous Materials on or from the Property that resulted from Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees (but excluding any claims to the extent arising out of the breach by Landlord of its obligations under this Lease).

(b) Exceptions to Indemnity. The indemnity provided under this Section 5.3 shall not apply to any otherwise indemnifiable Environmental Claims to the extent caused by or arising out of any negligent or willful act or omission of, or breach of this Lease by, Landlord's Indemnified Parties or their contractors or agents.

(c) Notice. Promptly after a Landlord Indemnified Party obtains knowledge of an Environmental Claim, such Landlord Indemnified Party shall notify Tenant under this Lease of such Environmental Claim in writing setting forth in reasonable detail the specific facts and circumstances relating to such Environmental Claim; provided, however, that any failure to give such notice will not waive any rights of the Landlord Indemnified Party except to the extent that the rights of Tenant are actually prejudiced thereby.

(d) Defense and Challenges. Landlord agrees that Tenant may employ attorneys of its own choice to appear and defend any such claim or action or to respond to such notice and that Landlord shall do nothing to compromise the defense of such claim or action or any settlement thereof or Tenant's response to such notice and shall provide Tenant with all reasonable assistance (at no out-of-pocket cost to Landlord) that Tenant may require in connection therewith. Tenant shall have the right to challenge in any manner provided by law both the issuance of any order, decree or judgment requiring the monitoring, mitigation or remediation of

the Property and the scope of any activity required pursuant to any such order, judgment or decree. Any additional costs, damages, expenses, penalties or losses resulting from such actions by Tenant shall be indemnified under this Section 5.3.

(c) Compliance Actions. Tenant shall be permitted to take all actions at its sole expense as are necessary to comply with any mitigation or monitoring plan with respect to, or to remedy any contamination by, or the presence of, Hazardous Materials on or at the Property that are the responsibility of Tenant hereunder in accordance with any order, decree or agreed plan of settlement from, by or with any governmental authority with jurisdiction, and, if Tenant is no longer in possession of the Property, Landlord shall provide such access to the Property and all cooperation and assistance (at no out-of-pocket cost to Landlord) as may be reasonably requested by Tenant in connection with such remediation or compliance. Tenant shall remediate any spill or release of Hazardous Materials as to which it is responsible pursuant to this Section 5.3 (which, for purposes of clarification, shall not obligate Tenant to remediate spills or releases of Hazardous Materials as to which Landlord is responsible pursuant to the terms of this Lease) to a standard that allows the unrestricted use of the Property, with no engineering or institutional controls, unless a less stringent standard is: (i) authorized by applicable Environmental Law or the relevant governmental authority and (ii) Landlord has previously accepted engineering or institutional controls on the Property in connection with a remediation of the Property to a restricted use standard (which institutional or engineering controls have been approved by the relevant governmental authority with jurisdiction over the remediation), or Landlord otherwise agrees (in its sole discretion) to the use of a less stringent remediation standard. During and after the Term, Tenant will be primarily responsible (unless otherwise agreed between Landlord and Tenant) for compliance with any monitoring, remediation or mitigation plan imposed with respect to the Property in connection with any Environmental Claims indemnified by Tenant under this Section 5.3. Landlord shall provide at no cost to Tenant such access and cooperation as may be reasonably requested by Tenant for purposes of such compliance. Notwithstanding the foregoing, if Tenant has a monitoring, remediation or mitigation obligation hereunder that will be on-going after the Term, the Parties may (but shall not be obligated to) negotiate an arrangement for Tenant to be released from its obligations after the Term, and for Landlord to assume said obligations, in exchange for Tenant's payment to Landlord of the reasonably projected future costs to complete the monitoring, remediation or mitigation (including an appropriate contingency).

5.4 Access to Property. Tenant shall provide Landlord with access, during normal business hours and upon the provision of reasonable notice, to allow Landlord and its agents, representatives and consultants, at Landlord's expense, to evaluate Tenant's compliance with applicable Environmental Laws and the environmental condition of the Property. Landlord's evaluation may include, in Landlord's discretion, sampling of environmental media at the Property; provided, that Landlord and its agents, representatives and consultants do not unreasonably interfere with Tenant's operation of the Improvements. Tenant shall use commercially reasonable efforts to cooperate with Landlord and its agents, representatives and consultants, including by making available employees or outside contractors with knowledge of relevant environmental issues and providing relevant documents related to Tenant's compliance with applicable Environmental Laws. Landlord shall indemnify, protect, defend and hold harmless Tenant and Tenant's Indemnified Parties against and in respect of any liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees) caused by Landlord or its

agents, representatives or consultants in connection with such investigations, provided that Landlord shall not be liable to Tenant under the foregoing indemnity for any claims arising as a result of the mere discovery by Landlord of environmental violations of Tenant or Tenant's agents, representatives, contractors or invitees; any environmental conditions caused by the operations or actions of Tenant or Tenant's agents, representatives, contractors or invitees; or resulting from the negligence or intentional misconduct of Tenant.

5.5 Compliance with Applicable Environmental Law. Tenant shall comply in all material respects with applicable Environmental Law with respect to its ownership and operation of the Facility and Improvements on the Property.

5.6 Sole Remedy. The remedies provided to Landlord and Tenant in this Article 5 shall be the Parties' sole remedy against each other for Environmental Claims related to the Property, and each Party waives all common law and statutory actions or claims it might otherwise be able to assert against the other Party, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980; provided, that this limitation shall apply only in the event that the Party against whom the Environmental Claim is made is in compliance with the applicable provisions in this Article 5.

5.7 Survival. The provisions of this Article 5 shall survive the expiration or earlier termination of this Lease.

## ARTICLE 6 USE OF PROPERTY AND IMPROVEMENTS

6.1 Permitted Uses. Tenant shall have the right to use the Property and Improvements throughout the Term to erect, construct, reconstruct, replace, operate, maintain and repair the Facility as agreed to in the Water Purchase Agreement, and for any and all purposes related thereto, including ancillary office uses. Tenant shall not have the right to use the Property or the Facility for any other purpose, except as otherwise agreed in writing by Landlord and Tenant. Tenant shall store and use Hazardous Materials only that are necessary for the operation of the Facility. Notwithstanding anything to the contrary herein, Tenant shall not treat, store or dispose of "hazardous waste" (as such term is defined in regulations implementing the federal Resource Conservation and Recovery Act) so as to require Tenant or Landlord to obtain a permit for such treatment, storage or disposal, or to subject the Property to corrective action, pursuant to the applicable regulations governing the treatment, storage and disposal of hazardous waste in the U.S. Virgin Islands.

## ARTICLE 7 GENERAL COVENANTS

7.1 Tenant's General Covenants. Commencing on the date hereof and continuing throughout the Term, Tenant shall comply with each of the following covenants:

(a) Maintenance of Corporate Existence. To the extent necessary to perform its obligations hereunder, Tenant shall be (i) validly existing and in good standing under the laws of the U.S. Virgin Islands, or (ii) validly existing and in good standing under the laws of any state

or other competent jurisdiction in the United States of America, and duly qualified or licensed to do business, and in good standing, in the U.S. Virgin Islands.

(b) Prohibition of Liens. Tenant shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Property or other property of Landlord, title thereto or any interest therein. Tenant shall promptly, at its own expense, take such action as may be necessary to discharge or eliminate or bond in a manner reasonably satisfactory to Landlord any Lien if the same shall arise at any time.

(c) Abandonment. Tenant shall not abandon the construction or operation of the Facility, which abandonment shall be deemed to have occurred only after all or substantially all of Tenant's or its construction contractors' or operator's personnel have failed to be present on the Property for more than thirty (30) consecutive days, and where such failure is not the result of any force majeure event, as described in Section 13.13.

(d) Compliance with Water Purchase Agreement. Tenant shall comply with all of its obligations and the terms of the Water Purchase Agreement. Without limiting the generality of the foregoing, Tenant shall construct the Facility and repair the Intake Structures in accordance with the requirements contained in the Water Purchase Agreement, and Tenant shall operate and maintain the Facility (including handling and disposal of any waste, byproducts, or Hazardous Materials, if any) in accordance with Good Engineering and Operating Practice, the Codes and Standards, and Applicable Laws.

7.2 Landlord's General Covenants. Commencing on the date hereof and continuing throughout the Term, Landlord shall comply with each of the following covenants:

(a) Maintenance of Existence. To the extent necessary to perform its obligations hereunder, Landlord shall be (i) validly existing and in good standing under the laws of the U.S. Virgin Islands.

(b) Prohibition of Liens. Landlord shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Facility or other property of Tenant, title thereto or any interest therein. Landlord shall promptly, at its own expense, take such action as may be necessary to discharge or eliminate or bond in a manner reasonably satisfactory to Tenant any Lien if the same shall arise at any time.

(c) Abandonment. Landlord shall not abandon the operation of the Interconnection Facilities, Intake Structure, or any other portion of the Property essential to the performance of Tenant's duties under the Water Purchase Agreement, which abandonment shall be deemed to have occurred only after all or substantially all of Landlord's or its contractors' or operator's personnel have failed to be present on the Property for more than thirty (30) consecutive days, and where such failure is not the result of any force majeure event, as described in Section 14.13.

(d) Compliance with Water Purchase Agreement. Landlord shall comply with all of its obligations and the terms of the Water Purchase Agreement.

## ARTICLE 8 TRANSFERS

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8.1 Tenant's Right to Assign and Sublet: Any assignment or sublet of this Lease by Landlord or Tenant shall comply with Section 18.1 and Section 18.2, as the case may be, of the Water Purchase Agreement.

8.2 Tenant's Liability After Assignment. Regardless of any assignment by Tenant of its rights under this Lease to an assignee that has expressly assumed all of Tenant's obligations under this Lease by an appropriate instrument duly executed and delivered to Landlord, Tenant shall not be released from its obligations under this Lease to Landlord arising on and after the date of such assignment.

8.3 Landlord's Liability After Assignment. Regardless of any assignment by Landlord of its rights under this Lease to an assignee that has expressly assumed all of Landlord's obligations under this Lease by an appropriate instrument duly executed and delivered to Tenant, Landlord shall not be released from its obligations under this Lease to Tenant arising on and after the date of such assignment.

8.4 Successors and Assigns. The rights and obligations of Landlord and Tenant hereunder shall inure to the benefit of, and be binding upon, the permitted successors and assigns of Landlord and Tenant, respectively.

## ARTICLE 9 INSURANCE

9.1 Evidence of Insurance: Landlord and Tenant shall at all times during this Lease comply with the Insurance provisions as found in Article 11 of the Water Purchase Agreement. Evidence of compliance with the Insurance Requirements shall be provided by Tenant to Landlord, and vice versa, as specified in Article 11 and Schedule 10 A and Schedule 10 B of the Water Purchase Agreement.

## ARTICLE 10 INDEMNIFICATION

10.1 Indemnification by Tenant. Tenant shall indemnify, protect, defend and hold harmless Landlord's Indemnified Parties ("Indemnify") from and against any and all liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, charges, judgments, costs and expenses (including all reasonable attorneys' fees and court costs) (collectively, "Claims") of any nature resulting from any accident, injury, loss or damage whatsoever caused to any natural person, or to the property of any person, from or arising out of (a) the use, non-use, condition, possession, occupation, operation, improvement, repair, maintenance, removal or management by Tenant, its employees or its agents of the Facility or the Property; (b) the failure of Tenant to perform or comply with any term, covenant or condition of this Lease by which Tenant is bound; or (c) violation by Tenant of any Government Rule affecting the Property, or affecting any part thereof, or the ownership, occupancy, use, possession, operation, improvement, repair, maintenance, removal or management of the Property.

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10.2 Indemnification by Landlord. Landlord shall Indemnify Tenant's Indemnified Parties from and against any and all Claims of any nature resulting from any accident, injury, loss or damage whatsoever caused to any natural person, or to the property of any person, from or arising out of (a) the use, non use, condition, possession, occupation, operation, improvement, repair, maintenance, removal or management by Landlord, its employees or its agents of the, the Facility or the Property; (b) the failure of Landlord to perform or comply with any term, covenant or condition of this Lease by which Landlord is bound; or (c) violation by Landlord of any Government Rule affecting the Property, or affecting any part thereof, or the ownership, occupancy, use, possession, operation, improvement, repair, maintenance, removal or management of the Property.

10.3 Exclusions. There is hereby expressly excluded from the scope of the indemnities set forth in Sections 10.1 and 10.2: (a) any matter arising with respect to Hazardous Materials, which shall be governed by Article 5, and (b) any Claims to the extent caused by or arising out of any gross negligence or willful act or omission, or breach of this Lease by, (i) any Landlord's Indemnified Party with respect to the indemnity set forth in Section 10.1 or (ii) any Tenant's Indemnified Party with respect to the indemnity set forth in Section 10.2.

10.4 Procedure.

(a) Notice and Defense. The obligation of any Party (an "Indemnitor") to Indemnify another Party (the "Indemnitee") hereunder shall arise upon the receipt by an Indemnitor of a written notice from an Indemnitee of the institution of a Claim. In the event an Indemnitee hereunder receives notice of a Claim against which it is entitled to indemnification hereunder, such Indemnitee shall immediately give written notice thereof to the Indemnitor. The Indemnitor shall immediately take such measures as may be reasonably required to defend such Claim properly and effectively, and may defend same with counsel, consultants and experts of its own choosing. In the event the Indemnitor fails to defend such claim properly and effectively, then the Indemnitee may defend and/or settle such Claim with counsel, consultants and experts of its own choosing at the expense of the Indemnitor, provided, that the Indemnitee gives the Indemnitor prior written notice thereof.

(b) Settlement Procedures. An Indemnitor shall have the right to negotiate concerning, settle or contest any Claim in good faith; provided, however, that all such negotiations, agreements, activities and decisions regarding settlements that may affect the Indemnitee and its rights shall be subject to the Indemnitee's prior written approval, which approval shall not be unreasonably withheld or delayed. Notwithstanding anything to the contrary herein, the Indemnitee may, through representatives designated by the Indemnitee, participate fully in any and all negotiations, meetings and activities with third parties regarding such Claim. An Indemnitee shall not settle any Claim without prior written notice to the Indemnitor and without the Indemnitor's prior written consent (which shall not be unreasonably withheld or delayed). Any settlement entered into by an Indemnitor without an Indemnitee's prior written consent shall be void and of no effect.

10.5 Survival. The provisions of this Article 10 shall survive the expiration or earlier termination of this Lease.

## ARTICLE 11 CONDEMNATION

11.1 Taking. If at any time during the Term the entire Property or any portion thereof (or ingress or egress thereto or therefrom) that is sufficient to render the remaining portion thereof unsuitable for the use being made thereof at the time of such condemnation shall in fact be taken in or by condemnation or other proceedings pursuant to law, or sold in avoidance or in lieu of such condemnation or other proceedings (each of which is hereinafter in this Article referred to as a "taking"), then Tenant may give written notice to Landlord of Tenant's intention to terminate this Lease on or before the date of such taking, and this Lease shall thereupon terminate as of such date.

11.2 Award. If this Lease is terminated as a result of such taking, each Party hereto shall be entitled to prosecute claims in such condemnation proceedings for the value of its respective interest in the Property, as applicable, or any portion or interest therein.

11.3 Partial Taking. If a lesser portion of the Property is taken than is described in Section 11.1, or if the use or occupancy of the Property or any part thereof shall be temporarily requisitioned by any governmental authority, civil or military, this Lease shall nonetheless continue in full force and effect.

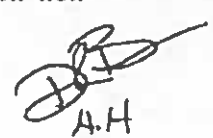
## ARTICLE 12 EVENTS OF DEFAULT

12.1 Landlord's Notice of Event of Default. As soon as practicable following the occurrence of any Event of Default, Landlord shall (unless such Event of Default has been cured by Tenant) notify Tenant of the details thereof and the action Landlord is taking in respect thereto.

12.2 Tenant's Default. Each of the following events shall be an "Event of Default" by Tenant and a breach of this Lease by Tenant:

(a) Failure to Pay Rent. Tenant shall fail to make any payment of Rent to be made by it hereunder or to pay any other charges of whatsoever nature to be made by Tenant under this Lease within ten (10) Business Days after receiving notice from Landlord that such Rent or other amount is past due.

(b) Failure to Perform Conditions and Covenants. Tenant shall fail duly to observe or perform any material obligation including all Conditions and Covenants under this Lease, other than an obligation to pay Rent or other amounts due under this Lease, for a period of thirty (30) days after Landlord gives Tenant written notice of such failure, with such notice describing in reasonable detail the nature of the failure (such notice, a "Notice of Default"); provided, however, that if such failure to perform is not reasonably capable of being cured within such thirty (30) day cure period but is reasonably capable of being cured, Tenant shall have such additional time, not to exceed sixty (60) days, as is reasonably necessary to cure such non-performance, so long as Tenant promptly commences and diligently pursues such cure.

  
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(c) Removal of Facility and Improvements. In the event of a default under this Lease or the Water Purchase Agreement and such default is not cured within the Cure Period as defined in this Lease and the Water Purchase Agreement, Tenant shall remove all the Improvements and restore the Property in compliance with Section 4.6 within one hundred eighty (180) days.

(d) Representations and Warranties False. Any representation or warranty made by Tenant in this Lease shall prove to have been materially false when made or repeated, and such falsity in the representation materially and adversely affects Tenant's ability to perform its material obligations under this Lease.

(e) Insolvency. Tenant fails to maintain solvency, including:

(i) Inability, failure, or refusal to pay debts as they mature; entry into an arrangement with or for the benefit of its creditors; consent to or acquiescence in the appointment of a receiver, trustee, or liquidator for a substantial part of Tenant's property;

(ii) Bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding instituted by or against Tenant under the laws of any jurisdiction, which proceeding is not dismissed within ninety (90) days;

(iii) Any action or answer in a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding in which Tenant approves of, consents to, or acquiesces in, any such proceeding; or

(iv) The levy of any distress, execution, or attachment upon Tenant's property which shall substantially interfere with Tenant's performance hereunder; provided, that this form of insolvency shall not be deemed to have occurred if the insolvency is caused primarily by Landlord's failure to make any payment due pursuant to this Lease within thirty (30) days of when it becomes due and payable.

(e) Insurance. Tenant fails to maintain adequate insurance in accordance with Article 9 and applicable schedules of the Water Purchase Agreement and fails to cure such default within the Cure Period as defined by the Water Purchase Agreement.

(f) Default under Related Agreements. An Event of Default, as defined in the Water Purchase Agreement, arising from a failure by Tenant to perform its obligations under the Water Purchase Agreement, has occurred and is continuing as prescribed in the Water Purchase Agreement in Section 13.1.

12.3 Landlord's Remedies. If any Event of Default by Tenant occurs, Landlord shall have the following remedies:

(a) Termination. In the event of a Default described in Section 12.1 herein and/or Default described in Section 13.1 of the Water Purchase Agreement, then Landlord shall have the right to terminate this Lease with sixty (60) day written notice the conclusion of which Landlord shall have the immediate right to enter the Property and take full possession thereof and to recover all of the damages allowable pursuant to the Water Purchase Agreement.

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(b) Except as provided in this Section 12 and Section 2.3, which covenant of quiet enjoyment is herewith reaffirmed by Landlord, this Lease shall not terminate, nor shall Tenant's interest in this Lease be extinguished, lost, conveyed or otherwise impaired, or be merged into or with any other interest or estate in the Property or any other property interest, in whole or in part, by any cause or for any reason whatsoever, including, but not limited to (i) any damage to or destruction of all or any part of the Facility, (ii) the coincident ownership by any person (including Landlord) of any estate or interest in the Property or any other rights granted or conveyed pursuant to this Lease with any estate or interest in the Property, (iii) any inadequacy, incorrectness or failure of the description of the Property or any property or rights intended to be granted or conveyed by this Lease or (iv) any other reason whatsoever, whether similar or dissimilar to any of the foregoing.

12.4 Landlord's Right to Possess. The Landlord has such rights to possession of the Property (the "Step-in Rights") as are set forth in Section 13.4 of the Water Purchase Agreement.

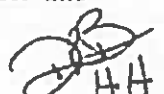
12.5 Continuation. This Lease shall continue in full force and effect during any Step-in-Rights period with Landlord continuing to enforce any of its other rights and remedies hereunder, including, without limitation, the right to recover all of the Rent as it becomes due under this Lease. Any such continuation shall terminate on the expiration of the Term or the Renewal Term, if applicable.

12.6 Additional Rights. During any Step-in-Rights period, Landlord may pursue all rights and remedies of Landlord, which shall in any event be cumulative and not alternative, and shall be in addition to any and all rights provided by law or equity, in connection with which Tenant does hereby agree that (i) the waiver of any default by Landlord shall be effective only if in writing signed and dated by Landlord and shall not in any event be continuing in nature or otherwise a waiver of any subsequent default, (ii) the acceptance of any unpaid but due portion of the rent or other charges shall be in mitigation of Landlord's damages and shall not, unless in writing signed and dated by Landlord, (A) constitute a waiver of any default, or any of the rights and remedies of Landlord hereunder, at law or at equity or (B) invalidate or compromise any notice of a default provided before such acceptance, or any deadline specified in such notice, and (iii) Landlord, in its discretion, without prejudice to any other remedies Landlord may have, may, following the continued failure of Tenant to cure any default after receipt of written notice thereof and a reasonable opportunity to effectuate such cure, elect to cure such default, in which event Tenant shall, within ten (10) Business Days after Landlord provides Tenant with written notice to do so, pay to Landlord as additional Rent any and all reasonable costs and expenses incurred by Landlord in connection therewith.

12.7 Tenant's Notice of Event of Default. As soon as practicable following the occurrence of any Event of Default, Tenant shall, unless such Event of Default has been cured by Landlord, notify Landlord of the details thereof and the action Tenant is taking in respect thereto.

12.8 Landlord's Default. Each of the following events shall be a default by Landlord and a breach of this Lease by Landlord:

(a) Failure to Perform Conditions and Covenants. Landlord shall fail duly to observe or perform any material obligation including all Conditions and Covenants under this

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Lease for a period of thirty (30) days after Tenant gives Landlord written notice of such failure, with such notice describing in reasonable detail the nature of the failure; provided, however, that if such failure to perform is not reasonably capable of being cured within such thirty (30) day cure period but is reasonably capable of being cured, Landlord shall have such additional time, not to exceed sixty (60) days, as is reasonably necessary to cure such non-performance, so long as Landlord promptly commences and diligently pursues such cure.

(b) Representations and Warranties False. Any representation or warranty made by Landlord in this Lease shall prove to have been materially false when made or repeated, and such falsity in the representation materially and adversely affects Tenant's material rights under this Lease.

(c) Insolvency. Landlord fails to maintain solvency, including:

i. Inability, failure, or refusal to pay debts as they mature; entry into an arrangement with or for the benefit of its creditors; consent to or acquiescence in the appointment of a receiver, trustee, or liquidator for a substantial part of Landlord's property;

ii. Bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding instituted by or against Landlord under the laws of any jurisdiction, which proceeding is not dismissed within ninety (90) days;

iii. Any action or answer in a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding in which Landlord approves of, consents to, or acquiesces in, any such proceeding; or

iv. The levy of any distress, execution, or attachment upon Landlord's property which shall substantially interfere with Landlord's performance hereunder.

(d) Default Under Related Agreements. An Event of Default (as defined in the Water Purchase Agreement), arising from a failure by Landlord to perform its obligations under the Water Purchase Agreement, has occurred and is continuing.

(e) Landlord fails to maintain adequate insurance in accordance with Article 9 and applicable schedules of the Water Purchase Agreement and fails to cure such default within the Cure Period as defined by the Water Purchase Agreement.

12.9 Tenant's Remedies. If any Event of Default by Landlord occurs, Tenant shall have the following remedies:

(g) Termination. In the event of a Default described in Section 12.4 herein and/or Default described in Section 13.2 of the Water Purchase Agreement, then Tenant shall have the right to terminate this Lease with sixty (60) day written notice and to recover all of the damages allowable pursuant to the Water Purchase Agreement.

(b) Except as provided in this Section 12 and Section 2.3, which covenant of quiet enjoyment is herewith reaffirmed by Landlord, this Lease shall not terminate, nor shall Landlord's interest in this Lease be extinguished, lost, conveyed or otherwise impaired, or be

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merged into or with any other interest or estate in the Property or any other property interest, in whole or in part, by any cause or for any reason whatsoever, including, but not limited to (i) any damage to or destruction of all or any part of the Facility, (ii) the coincident ownership by any person (including Landlord) of any estate or interest in the Property or any other rights granted or conveyed pursuant to this Lease with any estate or interest in the Property, (iii) any inadequacy, incorrectness or failure of the description of the Property or any property or rights intended to be granted or conveyed by this Lease or (iv) any other reason whatsoever, whether similar or dissimilar to any of the foregoing.

12.10 Actions for Damages. Without limiting Landlord's other remedies provided herein or otherwise existing, Landlord shall have the right to bring an action against Tenant if an Event of Default by Tenant shall have occurred and be continuing, for recovery of Rent and other obligations due and owing under this Lease, damages or equitable relief including eviction or specific performance where appropriate. Without limiting Tenant's other remedies provided herein or otherwise existing, Tenant shall have the right to bring an action for damages or equitable relief (including specific performance where appropriate) against Landlord if a default by Landlord shall have occurred and be continuing.

12.11 Limitation on Liability. Notwithstanding anything to the contrary in this Lease, (a) neither Party shall be entitled to recover from the other Party any consequential, special or punitive damages (except those payable by the indemnified Party with respect to third party claims), regardless of whether such other Party's liability arose out of an Event of Default, an indemnification obligation or otherwise, and (b) the sum of either Party's liabilities hereunder together with such Party's liabilities under the Water Purchase Agreement and the Interconnection Agreement shall not exceed the limitations thereon set forth in Section 14.5 of the Water Purchase Agreement.

### ARTICLE 13 MISCELLANEOUS

13.1 Expenses. Unless otherwise expressly provided in this Lease, each of Landlord and Tenant shall pay all its costs and expenses associated with this Lease, including the fees and disbursements of its counsel, printing and duplicating expenses, travel expenses and all other necessary fees.

13.2 Governing Law. This Lease shall be governed by, and construed in accordance with the laws of the U.S. Virgin Islands.

13.3 Business Days. If any date on which a payment is to be made, notice given or other action taken hereunder is not a Business Day, then such payments, notice or other action shall be made, given or taken on the next succeeding Business Day; and with respect to any payment, no interest shall accrue for the delay.

13.4 Third Party Beneficiaries. Landlord and Tenant acknowledge that the respective rights and remedies under this Lease are for the benefit of, and can be exercised only by, Landlord and Tenant and any indemnitees under any provision of this Lease as their interests appear.

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13.5 Entire Agreement. This Lease constitutes the entire agreement and understanding of Landlord and Tenant with respect to the subject matter hereof and thereof, and supersedes all oral statements and writings with respect thereto made prior to the date hereof.

13.6 Headings. The headings or titles of the Articles and Sections of this Lease shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Lease.

13.7 Notices. All notices required to be given hereunder shall be deemed delivered when deposited in the United States express mail, certified and return receipt requested, or when deposited with a nationally recognized express courier service that provides a receipt of delivery, or when delivered by personal delivery, addressed to the following persons or such other persons as the Parties may designate in writing:

If to Landlord:

Hugo V. Hodge, Jr.  
Executive Director  
The Virgin Islands Water and Power Authority  
P.O. Box 1450  
St. Thomas, Virgin Islands, USA 00804-1450

If to Seller:

Seven Seas Water Corporation (USVI)  
7410 Estate Bovoni, 2-2 #9  
St. Thomas, VI 00802  
Attention: Operations Manager

with copies (which shall not constitute notice) to:

Seven Seas Water Corporation  
14400 Carlson Circle  
Tampa, FL 33626  
Attention: Chief Financial Officer  
and  
Goodwin Procter LLP  
Exchange Place  
53 State Street  
Boston, MA 02109  
Attention: Mark H. Burnett

13.8 Severability. In the event that any provision of this Lease shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties shall negotiate in good faith and agree to such amendments, modifications, or supplements to this Lease, or such other appropriate actions, as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein, and

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the other provisions of this Lease shall, as so amended, modified, supplemented, or otherwise affected by such action, remain in full force and effect.

13.9 Amendment. Neither this Lease nor any of the terms hereof may be terminated, amended or waived orally, but only by an instrument in writing signed by the Party against which the enforcement of the termination, amendment or waiver shall be sought.

13.10 Additional Assurances. Each Party agrees to, and shall use all reasonable efforts to, provide such information, execute and deliver any instruments and documents and take such action as may be necessary or reasonably requested or required by the other Party, which are not inconsistent with the provisions of this Lease and which do not involve the assumption of obligations other than those provided for in this Lease in order to give full force and effect to this Lease and to carry out its intent.

13.11 Estoppel Certificates. Tenant or Landlord, as the case may be, shall execute, acknowledge, and deliver to the other, promptly upon request by Tenant or Landlord a certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the modifications), (b) the dates, if any, to which the Rent has been paid, (c) that there are no existing offsets or defenses against the enforcement of any term hereof on the part of Tenant to be performed or complied with or, if so, specifying the same, and (d) that no notice has been given to either Party of any default that has not been cured or, if so, specifying the same.

13.12 Landlord's Right of Inspection. Landlord may, subject to Section 2.4, during normal business hours and on reasonable notice to Tenant during the Term, enter upon the Property for the purpose of inspecting any Improvements and for such other purposes as may be necessary or proper for the reasonable protection of its interest.

13.13 Force Majeure~~Effect of Force Majeure~~. Neither Party shall be liable to the other Party for failure to perform any obligation hereunder, when such failure is the result of the occurrence of Force Majeure after the Effective Date; provided, that neither Party shall be excused from any obligation to pay amounts due under this Lease by reason of Force Majeure. Upon becoming aware of an occurrence of Force Majeure, or that any such event is reasonably expected to occur, the affected Party shall promptly notify the other Party of such event, or such pending event, as the case may be. The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required as a result of the Force Majeure. The non-performing Party shall proceed with reasonable diligence to remedy its inability to perform and shall provide weekly progress reports to the other Party describing actions taken to end the Force Majeure; provided, that the non-performing Party shall not be required to settle any strikes on terms that are adverse to such Party and not commercially reasonable. When the non-performing Party is able to resume performance of its obligations under this Lease, that Party shall give the other Party written notice to that effect. Except as otherwise expressly provided for in this Lease, the existence of Force Majeure shall not relieve the Parties of their obligations under this Lease, including payment obligations, to the extent that performance of such obligations is not precluded by such Force Majeure.

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(b) Termination Due to Force Majeure. Except as specifically provided in Section 13.13(c), in the event that either Party's delay or failure of performance caused by Force Majeure continues for an uninterrupted period of twelve (12) months, the other Party may terminate this Lease upon written notice to the affected Party, and neither Party shall have any further obligations hereunder except as to costs and balances incurred prior to the effective date of such termination and except as to provisions of this Lease that expressly survive the termination thereof.

(c) Damage by Hurricane. Notwithstanding the provisions of Section 13.13(b), if the Force Majeure that would excuse the performance of a Party under this Lease is a hurricane that destroys all or a substantial portion of the facilities of a Party, such that the affected Party could not reasonably be expected to resume performance of its material obligations under this Lease for a period in excess of twelve (12) months, then without limiting the provisions of Section 13.13(a), the affected Party shall elect, by notice to the other Party given within sixty (60) days of such event, whether it will restore such facilities, which restoration will be at the sole expense of the affected Party. Without limiting the requirements of Section 4.6, if the affected Party does not give such notice by such date, or gives notice at any time that it does not elect so to restore its facilities, then the other Party shall have the right to terminate this Lease as provided in Section 13.13(b) by thirty (30) days' notice to the affected Party, given any time after the later of (i) receipt of notice from the affected Party that it does not elect so to restore its facilities, or (ii) the date one hundred eighty (180) days after such event. If the affected Party does elect within such one hundred eighty (180) day period to restore its facilities, then provided that such affected Party proceeds with reasonable diligence to complete such restoration, the period set forth in Section 13.13(b) shall be extended until the First (1st) anniversary of such event.

13.14 Resolutions of Disputes The provisions of Article 16 of the Water Purchase Agreement shall govern the resolution of any disputes arising under or related to this Lease.

(b) Consolidation. Any arbitration of any Dispute under this Lease involving facts and circumstances in common with any "Dispute" arising under and as defined in the Water Purchase Agreement shall be consolidated, upon notice from either Party, with any arbitration under the Water Purchase Agreement with respect to such other dispute.

(c) Forcible Entry & Detainer. Notwithstanding any other provision contained herein, the dispute resolution provisions contained in this Section 13.14 shall not be interpreted or construed to prevent the Landlord from filing and prosecuting a forcible entry and detainer action in the Superior Court of the Virgin Islands or the District Court of the Virgin Islands to obtain possession of the Property following the expiration or earlier termination of the Lease.

13.15 Memorandum of Lease. Tenant shall have the right to record a memorandum of this Lease in the form attached hereto as Exhibit D, and Landlord shall execute such memorandum concurrently with the execution of this Lease.

13.16 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original but which together shall constitute a single instrument.


*[Signature Page Follows]*


A handwritten signature in black ink, appearing to be 'JH' or similar, located in the bottom right corner of the page.

IN WITNESS WHEREOF, the undersigned have caused this Lease to be duly executed and delivered by their authorized representatives as of the day and year first above written.

ATTEST:

SEVEN SEAS WATER CORPORATION  
(USVI)


  
\_\_\_\_\_  
John F. Curtis  
Director

By:   
\_\_\_\_\_  
Name: Douglas R. Brown  
Title: Chairman

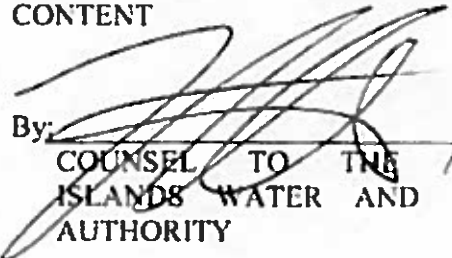
ATTEST:

VIRGIN ISLANDS WATER AND POWER  
AUTHORITY

  
\_\_\_\_\_  
Raul Exilio

By:   
\_\_\_\_\_  
Name: Hugo Hadley Jr.  
Title: Executive Director / CEO

APPROVED AS TO LEGAL FORM AND  
CONTENT

By:   
\_\_\_\_\_  
COUNSEL TO THE VIRGIN  
ISLANDS WATER AND POWER  
AUTHORITY 4-23-2012

[Signature Page to Lease Agreement]

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Please refer to Exhibit A of the Water Purchase Agreement


  
14.14

EXHIBIT B

INSURANCE REQUIREMENTS

Please refer to Schedule 10.A and 10.B of the Water Purchase Agreement

 H.H

EXHIBIT C

MEMORANDUM OF LEASE

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE ("Memorandum") is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by and between VIRGIN ISLANDS WATER AND POWER AUTHORITY, a public authority established and existing under the laws of the United States Virgin Islands, as landlord ("Landlord"), and SEVEN SEAS WATER CORPORATION (USVI), a U.S. Virgin Islands Corporation, as tenant ("Tenant").

RECITALS

A. Landlord and Tenant have entered into that certain unrecorded Lease Agreement of even date herewith (the "Lease"). All capitalized terms not otherwise defined herein shall have the meaning assigned thereto in the Lease.

B. Landlord and Tenant desire to provide notice that Tenant has the right to lease that certain real property consisting of approximately \_\_\_\_\_ acres located on the island of St. Croix in the U.S. Virgin Islands and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"), on the terms and conditions as more fully set forth in Lease.

NOW, THEREFORE, in consideration of the facts hereinabove set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

1. Demise of Property. Landlord leases to Tenant, and Tenant leases from Landlord, the Property, subject to the terms and conditions set forth in the Lease. The term of the Lease shall commence on the Effective Date and shall expire on \_\_\_\_\_, 20\_\_, subject to extension as provided in Paragraph 2 below.

 HH

2. Extension Options. Landlord has granted to Tenant the right to renew the term of the Lease for an additional five (5) year period.

3. Incorporation by Reference; No Modification of Lease. The terms and conditions of the Lease are incorporated herein by this reference. This Memorandum is prepared and recorded for the purpose of putting the public on notice of the Lease, and this Memorandum in no way modifies the terms and conditions of the Lease. In the event of any inconsistency between the terms and conditions of this Memorandum and the terms and conditions of the Lease, the terms and conditions of the Lease shall control.


[Signature Page follows].


Handwritten signature and initials, possibly "H.H.", with a large flourish above them.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the date first above written.

ATTEST:

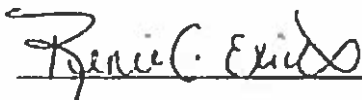
SEVEN SEAS WATER CORPORATION  
(USVI)


  
JOHN F. CURTIS  
Director

By:   
Name: DOUGLAS R. BROWN  
Title: CHAIRMAN

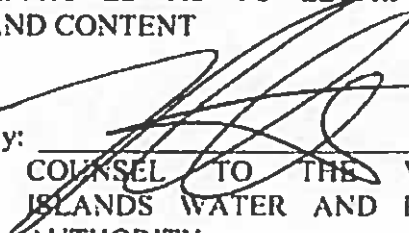
ATTEST:

VIRGIN ISLANDS WATER AND  
POWER AUTHORITY



By:   
Name: Hugo Hodge Sr.  
Title: Executive Director / CEO

APPROVED AS TO LEGAL FORM  
AND CONTENT

By:  4-23-2012  
COUNSEL TO THE VIRGIN  
ISLANDS WATER AND POWER  
AUTHORITY

TERRITORY OF THE VIRGIN ISLANDS )  
 ) SS:  
DIVISION OF ST. CROIX )

The foregoing instrument was acknowledged before me, the authority signing below, on this \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, by \_\_\_\_\_, the VIRGIN ISLANDS WATER AND POWER AUTHORITY, \_\_\_\_\_, a resident of \_\_\_\_\_ and \_\_\_\_\_, a resident of \_\_\_\_\_, whom I know to me to be Landlord and the witnesses, respectively, whose names are subscribed to this instrument.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

TERRITORY OF THE VIRGIN ISLANDS )  
 ) SS:  
DIVISION OF ~~ST. CROIX~~ *St. Thomas/St. John*

The foregoing instrument was acknowledged before me, the authority signing below, on this 23<sup>rd</sup> day of April, 2012, by Hugo L. Lopez Jr. CEO of SEVEN SEAS WATER CORPORATION (USVI), a U.S. Virgin Islands corporation, Virgin Island Water & Power, a resident of St. Thomas and W/L, a resident of N/A, whom I know to me to be Tenant and the witnesses, respectively, whose names are subscribed to this instrument.

*Delores D. [Signature]*  
NOTARY PUBLIC

My Commission Expires: Oct 16, 2014  
At Pleasure of Lt. Gov.

*[Signature]*  
H.H.

EXHIBIT A

to  
Memorandum of Lease

[To be provided]

HH 