

Lease Agreement

This Lease Agreement ("Lease") is made and effective June 11, 2010, by and between Bay Creek LLC ("Bay Creek") and the Town of Cape Charles ("Cape Charles").

Bay Creek is the owner of land known and numbered as lots 1464, 1465, 1466, 1468, 1470, 1471 and 1472 in Cape Charles, Virginia (the "Property"). Bay Creek desires to lease the Property to Cape Charles, and Cape Charles desires to lease the property from Bay Creek for the term, at the rental rate and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term

Bay Creek hereby leases the Property to Cape Charles, and Cape Charles hereby leases the same from Bay Creek, for an "Initial Term" beginning June 11, 2010 and ending December 31, 2010. Further, this Lease shall renew for the term of December 31, 2010 to December 31, 2011 as long as neither party gives notice of its intent not to renew by October 1, 2010.

2. Rental

Cape Charles shall not make any payments directly to Bay Creek. Rather, when due, Cape Charles shall pay all County of Northampton real estate taxes, prorated for the period that it is leasing the Property, and Cape Charles shall forgive or pay any Cape Charles real estate taxes prorated for the period it is leasing the Property.

3. Use

Cape Charles shall use the Property for a welcome sign and other town notices, including, but not limited to, landscaping and lighting for the sign or signs. Cape Charles agrees to keep the Property and the sign or signs in good repair and will be responsible for cutting the grass and otherwise maintaining the property.

4. Sublease and Assignment

Cape Charles shall not sublease all or any part of the Property, or assign this Lease in whole or in part without Bay Creek's consent.

5. Sale of Property

Bay Creek agrees to offer this property for sale to the Town of Cape Charles before offering this property for sale to any third parties. Upon being offered the property, should the Town decline to purchase it, the term of the lease will expire on the date of closing on a sale to a third party. The Town's obligation for payment of taxes will be prorated to the sale closing date.

6. Default

If default shall at any time be made by Cape Charles or Bay Creek as herein provided, and if said default shall continue for five (5) days after written notice thereof shall have been given the non-defaulting party may declare the term of this Lease ended and terminated upon written notice. The non-defaulting party shall have, in addition to the remedy above provided, any other right or remedy in law or equity.

7. Quiet Possession

Bay Creek covenants and warrants that upon performance by Cape Charles of its obligations hereunder, Bay Creek will keep and maintain Cape Charles in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Property during the term of this Lease.

8. Notice

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Bay Creek:

Richard S. Foster, Manager
Bay Creek LLC
1100 Eaglewood Drive
Virginia Beach, VA 23454

If to Cape Charles:

Town Manager
Town of Cape Charles
2 Plum Street
Cape Charles, Virginia 23310

Bay Creek and Cape Charles shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

9. Waiver

No waiver of any default of Bay Creek or Cape Charles hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Bay Creek or Cape Charles shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

10. Headings

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

11. Successors

The provisions of this Lease shall extend to and be binding upon Bay Creek and Cape Charles and their respective successors and assigns.

12. Compliance with Law

Cape Charles shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Cape Charles's use of the Leased Premises. Bay Creek shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

13. Indemnification

Cape Charles agrees to indemnify Bay Creek for any damages resulting from any activity occurring on the Property while Cape Charles is leasing the Property.

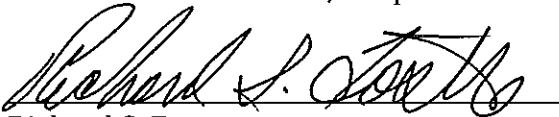
14. Final Agreement


This Lease terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Lease may be modified only by a further writing that is duly executed by both parties.

15. Governing Law

This Lease shall be governed, construed and interpreted by, through and under the Laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.


Richard S. Foster
Manager, Bay Creek LLC


Heather Arcos
Town Manager, Town of Cape Charles