

EXTENSION LEASE
BETWEEN
THE NAVAJO NATION
AND
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT
ARIZONA PUBLIC SERVICE COMPANY
TUCSON ELECTRIC POWER COMPANY
NEVADA POWER COMPANY d/b/a NV Energy
DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES

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NEVADA POWER COMPANY d/b/a NV Energy
DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES

THIS EXTENSION LEASE (“Lease”) is made and entered into by and between THE NAVAJO NATION (“Nation”), as lessor, and SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA PUBLIC SERVICE COMPANY, TUCSON ELECTRIC POWER COMPANY, NEVADA POWER COMPANY d/b/a NV Energy, AND THE DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES (hereinafter collectively, together with their successors and assigns, referred to as “Lessees”, and singly referred to as “Lessee”), as lessees, and is approved by the Secretary of the Interior on this __ day of _____, 2017. The Nation and Lessees hereinafter are referred to collectively as the “Parties” or individually as “Party.”

RECITALS

WHEREAS, the Nation and the Lessees are parties to that certain Indenture of Lease – Navajo Units 1, 2 and 3 – between the Navajo Nation, as lessor, and Arizona Public Service Company, Department of Water and Power of City of Los Angeles, Nevada Power Company d/b/a NV Energy, Salt River Project Agricultural Improvement and Power District, and Tucson Electric Power f/k/a Tucson Gas and Electric Company, as lessees, effective as of December 23, 1969, and continuing through December 22, 2019, which is to be amended by Amendment No. 1 thereto on the Effective Date hereof (as amended, the “Existing Lease”).

WHEREAS, the Parties desire to enter into this Lease to replace the Existing Lease upon its expiration and to address matters related to (i) the Navajo Project, (ii) NGS Retirement and NGS Site Remediation of the Navajo Generating Station and related buildings, structures, and facilities located on the Leased Premises, (iii) the Parties’ agreement to remediate coal combustion residuals, pond solids, solid waste, and other mutually agreed upon and specifically identified structures and materials through closure in place on the Navajo Project in compliance with the Retirement Guidelines, the NGS Retirement

Plan, and all applicable federal environmental laws, and (iv) operation and maintenance of transmission facilities on the Leased Premises.

WHEREAS, it is intended that under this Lease, the Nation shall lease to the Lessees undivided interests as tenants in common in the Leased Premises with their respective undivided interests in the said real property in accordance with the Lease Percentages as defined in Section 2(A) (Leased Premises).

WHEREAS, pursuant to other agreements related to the Navajo Project, Salt River Project owns 23.2 percent of the NGS Site for its own use and benefit and owns 24.3 percent of the NGS Site for the use and benefit of the United States of America.

WHEREAS, pursuant to other agreements related to the Navajo Project, Salt River Project owns 32.3 percent of the STS Site portion of the Transmission Site for its own use and benefit and owns 23.9 percent of said STS Site portion of the Transmission Site for the use and benefit of the United States of America, and Salt River Project owns 25.0 percent of the WTS Site portion of the Transmission Site for the use and benefit of the United States of America and thereby owns zero percent (0%) of the WTS Site for its own use and benefit.

WHEREAS, the Nation has, as evidenced by Resolution # CJN-33-17 dated June 29, 2017, approved this Lease upon the terms and conditions set forth in the Resolution, which the Nation has deemed to be in the best interests of the Nation.

WHEREAS, the Lessees have applied or will apply for the grant from the Secretary of one or more §323 Grants and the Nation has consented pursuant to Resolution # CJN-33-17 to the issuance by the Secretary of such §323 Grants on terms and conditions substantially the same as the terms and conditions of this Lease, and the rights-of-way and easements granted to the Lessees by the Secretary under each §323 Grant are intended to be and shall be additional and supplementary to, separate and independent from, and not conditioned upon, the leasehold rights leased to the Lessees under this Lease.

NOW THEREFORE, the Nation and Lessees desire to enter into this Lease, the purpose of which will not include any coal combustion by the Lessees during any term of this Lease provided for in Section 5 (Lease Term).

1. DEFINITIONS.

Capitalized terms in this Lease have the meanings defined in Section 1 (Definitions). All other terms have their customary meanings unless indicated otherwise.

- (A) “Amendment No. 1 to the Indenture of Lease” means the Amendment No. 1 to the Indenture of Lease among the Parties effective simultaneously with the Effective Date and which addresses certain matters between the Parties regarding operation of the Navajo Project for the remainder of the Existing Lease term. While not incorporated into this Agreement by reference, an unsigned copy of the Amendment No. 1 to the Indenture of Lease is attached as Exhibit D.
- (B) “Applicable Law” means all laws specified in Section 3 (Applicable Law) as applying to the Leased Premises for purposes of NGS Retirement, NGS Site Remediation, and operation, maintenance and removal of the Transmission Facilities.

- (C) “APS” means Arizona Public Service Company, an Arizona corporation.
- (D) “Ash Disposal Area” means that portion of the NGS Site legally described on Exhibit E. A description of the Ash Disposal Area is included in Exhibit E.
- (E) “Ash Landfill Restriction” means the notice/restriction required by Applicable Law and attached as Exhibit F.
- (F) “Ash Landfill” means that portion of land on the Ash Disposal Area that contains the coal combustion residuals from operation of the Navajo Generating Station, as further depicted in Exhibit E. The terms “ash,” “coal ash,” and “coal combustion residuals (“CCR”),” when used in this Lease or its Exhibits, are synonymous.
- (G) “BIA” means the United States Bureau of Indian Affairs.
- (H) “Credit Rating” means, with respect to Lessees, on any date of determination, the rating then assigned to Lessee’s (i) unsecured debt, or for SRP, its revenue bonds (such debt not supported by third-party credit enhancement) or (ii) if such rating in clause (i) is unavailable, its corporate credit rating, in each case as issued by S&P or Moody’s.
- (I) “Downgrade Event” means, with respect to a Lessee, that (i) its Credit Rating falls below BBB- by S&P and Baa3 by Moody’s; or (ii) it has no Credit Rating by both S&P and Moody’s.
- (J) “Effective Date” means the date that the Secretary has approved this Lease. This Lease shall be submitted to the Secretary for approval immediately after it has been fully executed by the Parties other than the signature by Salt River Project for the use and benefit of the United States. The Effective Date shall be set forth on page four (4) hereof upon the Secretary’s approval.
- (K) “Extension Lease” or “Lease” means this document, together with all referenced exhibits and attachments.
- (L) “Extension Period” means the additional Lease Term for Tract B and the related §323 Grant set forth in Sections 5(B) (Lease Term) and 8 (Further Compensation and Terms and Conditions Related to Tract B).
- (M) “Lease Percentages” has the meaning given it in Section 2(A) (Leased Premises).
- (N) “Lease Term” means the term of this Lease set forth in Section 5(A) (Lease Term) which applies to both Tract A and Tract B of the Leased Premises, but may be extended only for Tract B.
- (O) “Leased Premises” means, as of the Effective Date, those lands (which are not all contiguous) legally described as Tract A (the NGS Site) and Tract B (the Transmission Site) on Exhibit A. A reduced survey map or plat of the Leased Premises is included in Exhibit A. Further, for ease of reference the diagrams (not to scale) of those portions of the Leased Premises constituting the NGS Site, the STS Site, and the WTS Site are the first

page of Exhibit A (Tract A) and Exhibit A (Tract B) and a diagram of the NGS Power Facility is included in Exhibit A-2. The Leased Premises will be modified from time to time after the Effective Date pursuant to Surrender as set forth in Section 6 (Surrender), and the definition of “Leased Premises” shall be modified accordingly.

- (P) “Los Angeles” means the Department of Water and Power of the City of Los Angeles, a Department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California.
- (Q) “Memorandum of Extension Lease” means that certain memorandum of this Lease recorded in the official records of the Navajo Nation Land Department Administration, GIS Section, the Land Titles and Records Office of the Department of the Interior Bureau of Indian Affairs, the Navajo Nation Environmental Protection Agency, LeChee Chapter and the Navajo and Coconino, Arizona, County Recorders.
- (R) “Moody’s” means Moody’s Investors Service, including its successor agencies, if any.
- (S) “Navajo Generating Station” or “NGS” means the facilities and improvements located on the NGS Site, including, but not limited to, the NGS Power Facility, the railroad, the communication stations, the conveyor, the Lake Pump Facility, and the Ash Landfill, all of which are located on the NGS Site.
- (T) “Navajo Nation” or “Nation” means the Navajo Nation (formerly known as The Navajo Tribe of Indians as stated in the Existing Lease), and includes any political subdivision, including but not limited to any Chapter, Township, Township Commission or taxing authority of the Navajo Nation.
- (U) “Navajo Generating Station Participants” means Arizona Public Service Company, the Department of Water and Power of the City of Los Angeles, Nevada Power Company d/b/a NV Energy, Salt River Project Agricultural Improvement and Power District, Tucson Electric Power Company, and the United States of America.
- (V) “Navajo Nation Retained Assets” means the Exhibit B list of improvements existing on the NGS Site as of the Effective Date from which the Nation may select, pursuant to Section 11 (NGS Retirement), the improvements that it desires to keep for its own purposes.
- (W) “Navajo Project” means the Leased Premises, NGS, and the Transmission Facilities.
- (X) “Navajo Project Retirement Guidelines” or “Retirement Guidelines” means the document attached as Exhibit C setting forth the key activities and procedures for the NGS Retirement and NGS Site Remediation, and serving as the basis for the preparation of the more comprehensive NGS Retirement Plan. The Retirement Guidelines shall also serve as the basis for the preparation of a more comprehensive retirement plan related to Transmission Removal and Remediation which shall be developed at a reasonable time prior to retirement, removal and remediation activities associated with Tract B.
- (Y) “Nevada” means Nevada Power Company, a Nevada corporation, d/b/a NV Energy.

- (Z) “NGS Power Facility” means the facilities shown on Exhibit A-2.
- (AA) “NGS Retirement” means removal of NGS and restoration of the surface of the NGS Site, pursuant to the provisions of this Lease in accordance with the Navajo Project Retirement Guidelines, as implemented through the NGS Retirement Plan.
- (BB) “NGS Retirement Period” means the period during the Lease Term commencing on **December 23, 2019** and continuing up to and through **December 22, 2024**.
- (CC) “NGS Retirement Plan” means the plan to be developed by Lessees setting forth the exclusive scope of work and the work specifications for NGS Retirement in accordance with the Navajo Project Retirement Guidelines, as provided in Section 11 (NGS Retirement), as said plan is amended from time to time by Lessees in a manner consistent with the Navajo Project Retirement Guidelines.
- (DD) “NGS Site” means, as of the Effective Date, those lands (which are not all contiguous) legally described as Tract A on Exhibit A.
- (EE) “NGS Site Remediation” means the investigation, remediation, closure, monitoring and other related activities required to take place on the NGS Site pursuant to this Lease and all Applicable Law. NGS Site Remediation includes, but is not limited to, monitoring and remediation of the perched water on the NGS Site as necessary; closure in place and monitoring of the Ash Landfill, solid waste landfill, and specified retention and stormwater ponds; interim maintenance of repurposed and new ponds; monitoring to protect groundwater outside the Leased Premises; remediation of solid waste, pond solids, and coal combustion residuals as necessary; remediation of specified structures and materials through closure in place; and continuation of remediation and monitoring begun during the NGS Retirement Period, as identified pursuant to Section 11 (NGS Retirement).
- (FF) “NGS Site Remediation Period” means the period during the Lease Term commencing not later than **December 23, 2024** and continuing through **December 22, 2054**. Notwithstanding this period, some NGS Site Remediation may occur during the NGS Retirement Period.
- (GG) “Reservation Lands” means the lands of the Nation located within the exterior boundaries of the formal Navajo Indian Reservation.
- (HH) “Salt River Project” means the Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized under the laws of the State of Arizona.
- (II) “Secretary” means the Secretary of the Interior, his or her authorized representative, such person or agency as he or she may expressly designate to perform the Secretary’s functions specified in this Lease, or any federal agency succeeding to the duties of the Secretary under the Lease.
- (JJ) “Solid Waste Landfill and Pond Solids Area” means those portions of the Leased Premises legally described on Exhibit E-2.

- (KK) “Solid Waste Landfill and Pond Solids Restriction” means the notice/restriction attached as Exhibit F-2.
- (LL) “STS Site” means that portion of the Transmission Site that is the area occupied by the STS, as more fully depicted in Exhibit A, Tract B.
- (MM) “S&P” means Standard & Poor Financial Services LLC, including its successor agencies, if any.
- (NN) “Surrender” or “Surrendered” means the surrender to and the Nation’s corresponding acceptance of portions of the NGS Site pursuant to Section 6 (Surrender). Upon Surrender: (1) the leasehold interest of the Lessees in the Surrendered Lands is extinguished; and (2) possession thereof by Lessees is relinquished, subject to and reserving rights of reasonable access by both the Nation and Lessees, all as provided in this Lease. To the extent any portion of the Surrendered Lands contains monitoring and related areas requiring post-closure access as described in Section 6 (Surrender), a general description or map of said areas shall be included in the documentation establishing the Surrender.
- (OO) “Surrender Outside Date” means **December 22, 2024**, which is the date that all portions of the NGS Site, to the extent not previously Surrendered, except for the conveyor and the coal-loading silo areas shown on Exhibit H, must be Surrendered pursuant to Section 6(C) (Surrender). The conveyor and coal-loading silo areas shall be surrendered by **December 31, 2035**.
- (PP) “Surrendered Lands” means those portions of the NGS Site Surrendered from time to time by Lessees to the Nation pursuant to Section 6 (Surrender).
- (QQ) “Table of Savings and Costs” or “List of Navajo Nation Retained Assets and the Table of Savings and Costs” means that portion of Exhibit B named as such and which sets forth stipulated NGS Retirement savings and costs.
- (RR) “Term Commencement Date” means **December 23, 2019** at 12:01 a.m. MST, as set forth more fully in Section 5(A) (Lease Term).
- (SS) “Transmission Facilities” mean those facilities for transmitting electrical generation commonly known as the Southern Transmission System, including the Navajo 500kV Switchyard (collectively, “STS”), the Western Transmission System (“WTS”), and all related facilities located on the Transmission Site.
- (TT) “Transmission Removal and Remediation” means the retirement of the Transmission Facilities and the remediation of the Transmission Site.
- (UU) “Transmission Site” means that portion of the Leased Premises on which the “STS” and “WTS” and the related rights-of-way are located, including the STS Site and the WTS Site. The Transmission Site consists of the lands legally described as Tract B on Exhibit A.

- (VV) “Tucson” means Tucson Electric Power Company, an Arizona corporation, f/k/a Tucson Gas & Electric Company.
- (WW) “WTS Site” means that portion of the Transmission Site that is the area occupied by the WTS, as more fully depicted on attached Exhibit A, Tract B.
- (XX) “2-Year Extension Period” shall have the meaning set forth in Section 8(D)(iii) (Further Compensation and Terms and Conditions Related to Tract B).
- (YY) “35-Year Extension Period” shall have the meaning set forth in Section 8(D)(i) (Further Compensation and Terms and Conditions Related to Tract B).
- (ZZ) “§323 Grant” means, singularly or collectively, one or more grants of rights-of-way and easements under the Act of February 5, 1948 (62 Stat. 17, 18, 25 U.S.C. §§323-328), the Act of March 3, 1879 (20 Stat. 394, 5 U.S.C. §485), as amended, and the Acts of July 9, 1832, and July 27, 1868 (4 Stat. 564, 15 Stat. 228, 25 U.S.C. §2), and such current regulations promulgated thereunder as are applicable, including 25 C.F.R. §1.2 and Part 169, to Lessees pursuant to which they will use, maintain, relocate, remove, remediate, and monitor NGS and the NGS Site, and also operate, maintain, remove and remediate the Transmission Facilities located on the Transmission Site. The §323 Grant is intended to be co-terminous with the Lease Term and the Nation’s consent thereto is for said time period.

2. LEASED PREMISES.

(A) Leased Premises. For and in consideration of the rents, covenants, agreements, terms and conditions contained herein, the Nation hereby leases to Lessees, as tenants in common in the percentage of undivided interests set forth below, all of those tracts or parcels of land situated within the Navajo Nation, State of Arizona, legally described on Exhibit A and by this reference made a part hereof, containing approximately 7,500 acre(s), more or less, together with the right of reasonable ingress and egress.

The Lessees shall have an undivided interest in the leasehold rights leased to Lessees under this Lease in the Lease Percentages as follows:

Lessee	NGS Site/Tract A	Transmission Sites/Tract B	
	NGS and Related Property	Western Transmission System	Southern Transmission System (see note 1)
APS	14.0%	0.0%	20.5%
Los Angeles	19.7%	48.9%	7.8%
Nevada	11.3%	26.1%	4.5%
Salt River Project	47.5%	25.0%	56.2%
Tucson	7.5%	0.00%	11.0%

Note 1: Ownership values are based on acres equivalent and not on transmission capacity.

Notwithstanding the foregoing or anything in this Lease to the contrary, Lessees reserve the right to readjust and reallocate undivided interests in this Lease from time to time. Said readjustment shall be effective on a written notification by all Lessees to the Nation containing an effective date of the amended undivided tenant-in-common interests. No individual Lessee that owns a lesser co-tenant percentage as a result of an adjustment shall be relieved of its prior higher percentage tenant-in-common

ownership liability for matters that arise prior to the effective date of the amended co-tenant percentages. Nor shall any individual Lessee that becomes an owner of a greater co-tenant percentage as a result of an adjustment be liable for additional liability through said greater co-tenant percentage until on and after the effective date of the amended co-tenant percentages.

(B) Road Access.

(i) Lessees are permitted to use for the Lease Term, for purposes of the operation, maintenance, repair, retirement and remediation of the Transmission Facilities and NGS, all access roads located outside the Leased Premises on Reservation Lands and recognized as a portion of the Navajo Nation road system by the Navajo Department of Transportation or in consultation with the U.S. Bureau of Indian Affairs (“BIA”), if necessary; provided, however, that the Lessees are not obligated to maintain such roads, except for maintenance made necessary by Lessees’ use of such roads.

(ii) During the NGS Retirement Period and for the Transmission Removal and Remediation on Tract B during either the 2-Year Extension Period or the 35-Year Extension Period, as applicable, the Lessees are permitted a right to reasonable access across Reservation Lands to and from the Leased Premises for heavy haulage, but only in consultation with the Navajo Department of Transportation, and with the BIA, if necessary, and to the extent use of access roads is not practicable for NGS Retirement or the Transmission Removal and Remediation, and provided that said access roads and all property affected shall be restored by Lessees to substantially their original condition upon completion of heavy haulage.

(C) Consent to Grant of Rights-of-Way by Secretary.

(i) The Lessees shall have the right to obtain, by grant from the Secretary, one or more §323 Grants for the Leased Premises. By Resolution # CJN-33-17 of the Navajo Nation Council dated June 29, 2017, the Nation gives its consent to the grant by the Secretary of these §323 Grants (such rights-of-way and easements being herein sometimes called “rights-of-way”) for the Leased Premises. The terms and conditions of the §323 Grants as approved by the Secretary shall be consistent with the terms and conditions of the Lease.

(ii) Other similar rights-of-way, additions to, or changes in rights-of-way previously procured, which may be found necessary for the use, maintenance, relocation, removal, remediation and monitoring of the NGS Site, may be procured from the Secretary, subject to the Nation’s prior consent. This includes, but is not limited to, rights-of-way for access roads to the boundary of Reservation Lands or main roads and highways.

(iii) The §323 Grants shall be additional and supplementary to, separate and independent from, and not conditioned upon the leasehold rights leased to the Lessees under the Lease. Under no conditions shall any leasehold rights under this Lease merge with the §323 Grant(s). A termination of this Lease for any reason shall not terminate the §323 Grant(s), and a termination of the §323 Grant(s) for any reason shall not terminate this Lease.

(D) Access to Surrendered Lands.

(i) The Nation shall provide reasonable access to Lessees and their authorized representatives, at all reasonable times and upon compliance with the Nation’s safety and security rules, to

Surrendered Lands. Such access to Surrendered Lands shall be solely for the purposes of conducting NGS Site Remediation, and post-closure maintenance and monitoring, and shall terminate with respect to applicable portions of the Surrendered Lands when those activities are complete.

(ii) Lessees shall provide reasonable access to the Leased Premises to the Nation and its authorized representatives, at all reasonable times and upon compliance with the safety and security rules established by Lessees, to enable the Nation to: (a) make full use of all Surrendered Lands and any improvements thereon; and (b) enter upon the Leased Premises, or any part thereof, to confirm Lessees' compliance with this Lease, including adherence to the Retirement Guidelines and provisions of Applicable Law. Nothing in this Section 2(D)(ii) shall limit Lessees' obligations under this Lease and Applicable Law.

(E) Other Requirements.

(i) Lessees agree that there will not be any unlawful conduct, illegal activity, or negligent use or waste of the Leased Premises.

(ii) If historic properties, archeological resources, human remains, or other cultural items not previously reported are encountered during the course of any activity associated with the Lease, all activity in the immediate vicinity of the properties, resources, remains, or items will cease and the Lessees will contact the BIA and the Nation to determine how to proceed. Such a delay will be considered a force majeure delay as defined in this Lease.

3. APPLICABLE LAW.

(A) Notwithstanding any provision of the Navajo Nation Code, any other Navajo Nation law, 25 C.F.R. §§162.014(a)(2) and 162.014(b), or relevant federal, state or tribal case law precedent, any activities of the Lessees under this Lease, including, but not limited to, NGS Retirement, NGS Site Remediation, Transmission Removal and Remediation and other activities contemplated in this Lease, shall be governed exclusively by federal law or, if federal law does not apply, the laws of the State of Arizona.

(B) Any and all matters or claims in dispute between the Parties to this Lease, whether arising from or relating to the Lease itself, or arising from alleged extra-contractual facts prior to, during, or after the Effective Date, including, without limitation, fraud, misrepresentation, negligence or any other alleged tort or violation of the contract, shall be governed by, construed, determined and enforced exclusively in accordance with federal law or, if federal law does not apply, the laws of the State of Arizona, regardless of the legal theory upon which the matter is asserted and notwithstanding any provision of the Navajo Nation Code, any other Navajo Nation law, 25 C.F.R. §§162.014(a)(2) and 162.014(b), or relevant federal, state or tribal case law precedent. Where federal law incorporates or applies the substantive law of the state in which the dispute or activities at issue occurred or in which the federal court is located, this Lease should be construed and enforced to require incorporation of the laws of the State of Arizona.

(C) This Section 3 shall survive any termination of this Lease or the expiration of the Lease Term in perpetuity.

4. PURPOSE; PERMISSIBLE USES; RESTRICTED USES.

(A) NGS Site. Lessees shall use the NGS Site for the primary purposes of NGS Retirement, NGS Site Remediation, and post-closure activities in accordance with this Lease, and these activities shall be performed by Lessees at Lessees' expense. Permissible uses include, but are not limited to, the following:

(i) All activities required by permits, licenses, orders, approvals, or applicable federal law.

(ii) Activities required to obtain applicable permits, licenses, orders or approvals.

(iii) Remediation through closure in place on the Navajo Project, in compliance with the Retirement Guidelines, the NGS Retirement Plan, and all applicable federal environmental laws, of coal combustion residuals, pond solids, solid waste, and structures and materials specifically agreed upon by the Parties and identified in Appendix 3 to Exhibit C, Exhibit E and Exhibit E-2.

(B) No Coal Combustion. Coal combustion is not a permissible use after the Term Commencement Date.

(C) Transmission Site. Lessees shall use the Transmission Site for the primary purpose of operations, maintenance, removal and remediation of the Transmission Facilities in accordance with this Lease.

(D) Closure in Place. The Parties intend that the Ash Landfill, solid waste landfill, specified retention and stormwater ponds, and certain subgrade structures, pipes, and conduit will be closed in place. Closure in place of these facilities and structures, and any others mutually agreed to by the parties in accordance with this Lease, is a permissible use that has been mutually agreed upon by the Parties. The Rental Payments (Section 7 Rental and Rental Payment) are, in part, consideration paid by Lessees for the Nation's consent to closure in place and the Lease Term is based, in part, on Lessees' need for access to conduct monitoring and maintenance activities after closure. All closure in place shall comply with this Lease, the Retirement Guidelines, the NGS Retirement Plan, and all applicable federal environmental laws.

(E) Restricted Uses. Residential, multifamily, school, child care, farm, hospice and other uses that would reasonably be expected to pose an unacceptable human health risk or disturb the integrity of capped closures in place, whether commercial, for profit or non-profit, are prohibited on the Leased Premises for the Lease Term. The Leased Premises are not suitable for unrestricted use and Lessees shall have no obligation to achieve standards suitable for unrestricted use. Warehouse, office, and other commercial and industrial uses are permissible uses if they would not reasonably be expected to pose an unacceptable human health risk or disturb the integrity of any capped closure in place. The Nation agrees that after expiration of the Lease no residential, multifamily, school, child care, farm, hospice or other use, whether commercial, for profit or non-profit, that would reasonably be expected to pose an unacceptable human health risk shall be permitted on the Leased Premises unless the Nation conducts additional remediation to render the Leased Premises suitable for the proposed use. If the Nation allows use of any portion of the Leased Premises in any manner contrary to this Section 4(E), the Nation shall indemnify and hold harmless the Lessees for any such use. This Subsection shall survive termination of this Lease or the expiration of the Lease Term in perpetuity.

(F) Capped Areas. Lessees shall cap the solid waste landfill and pond solids closure areas. Prior to Surrender pursuant to Section 6 (Surrender), Lessees shall make repairs to any capped areas located on the Leased Premises that are necessary to correct the effects of settlement, subsidence, and erosion and to prevent run-on and run-off from eroding or otherwise damaging the cover. Without limitation, prior to Surrender pursuant to Section 6 (Surrender), Lessees shall have the right to place whatever fencing, signage, and barriers they deem necessary to provide notice or restrict access. After Surrender, the Nation shall maintain any fencing, signage, or barriers for so long as the Nation deems them to be necessary. Any use by the Nation of the capped areas shall not disturb the integrity of the cap or of any sentinel monitoring well that is still in use. This Subsection shall survive termination of this Lease or the expiration of the Lease Term in perpetuity.

(G) Monitoring and Response Activities. The Lessees shall monitor the water quality in existing groundwater monitoring well(s) downgradient of the solid waste landfill to confirm that materials and structures remediated through closure in place do not pose a threat to groundwater outside the Leased Premises. Lessees shall consult with the Navajo Nation EPA (“NNEPA”) and will establish a monitoring plan that lists the constituents to be tested, the acceptable concentration limits, the wells to be sampled and the frequency of sampling, which sampling shall commence on the Term Commencement Date and continue during the Tract A Lease Term for so long as the Lessees and the NNEPA agree that sampling is necessary to confirm that the closures pose no threat to groundwater outside the Leased Premises. If sampling indicates that groundwater concentrations in the well(s) exceed the limit established in agreement with the NNEPA for any constituent, the Lessees shall notify the NNEPA and work cooperatively to develop an investigation plan. If this investigation plan results in verification that the groundwater contamination originated on the Leased Premises and poses a threat to groundwater outside the Leased Premises, the Lessees and the Nation shall cooperatively develop an action and response plan. The Nation shall provide any access necessary for the action and response plan as provided for in Section 2(D) (Leased Premises). If Lessees and the Nation cannot agree on an appropriate response plan, the Parties will institute dispute resolution under Section 18 (Other Breaches and Defaults).

5. LEASE TERM.

(A) Term. The term of this Lease will commence on **December 23, 2019** at 12:01 a.m. MST (“Term Commencement Date”), the date on which the Existing Lease ends and is fully extinguished.

(i) Tract A. The Lease Term for Tract A is for thirty-five (35) years and expires on **December 22, 2054**, without the right of extension.

(ii) Tract B. The Lease Term for Tract B is for thirty-five (35) years and expires on **December 22, 2054**, with one (1) right of extension as referenced below.

(B) Extension of the Lease Term for Tract B. The Lease Term for Tract B shall be extended once for either a 2-Year Extension Period or a 35-Year Extension Period, all as provided for in Section 8 (Further Compensation and Terms and Conditions Related to Tract B) below. The Lease Term, as it relates solely to Tract B and the related §323 Grants, will be extended for the applicable time period provided for in Section 8 (Further Compensation and Terms and Conditions Related to Tract B), commencing on the day immediately following the expiration date of the Lease Term for Tract B, being an expiration date of **December 22, 2054** (the “Extension Period”), on the same terms and conditions

provided herein, with the exception that the aggregate Lease rental and §323 Grant payments from the Lessees for the entire Extension Period shall be \$10.00 per annum, which may be prepaid or paid in a lump sum at any time by the Lessees. No Extension Period shall apply to Tract A.

(C) Right of Access for Activities after End of Lease Term. Applicable Law currently requires groundwater monitoring and other post-closure care of the Ash Landfill for thirty (30) years and possibly longer from the date of closure of the Ash Landfill. Other remediation or monitoring activities may continue past the end of the Lease Term. In the event that any such activities, at the Ash Disposal Area or elsewhere on the Leased Premises, are required to take place after the end of the Lease Term, the Nation shall provide reasonable access to Lessees and their authorized representatives, at all reasonable times and upon Lessees' compliance with the Nation's safety and security rules, to the Ash Disposal Area or other areas. Such right of access shall be solely for the purpose of conducting the required activities, shall commence on the applicable end of the Lease Term for Tract A and Tract B, respectively, and shall terminate when those activities are complete or no longer required under Applicable Law. No charge or fee shall be incurred by Lessees for this access. Section 26 (Nation's Agreement Not to Regulate Lessees) applies to access and the activities which take place after the end of the Lease Term. The provisions of this Lease providing that the rental and other consideration of this Lease are in full substitution of taxes shall continue to apply to the post-Lease Term rights of the Lessees. This Section 5(C), the insurance provisions contained in Section 21 (General Liability Insurance), and the indemnity provisions contained in Section 23 (Indemnification, Non-Liability) shall specifically survive the expiration of the Lease Term and the latter two Sections shall be applicable to the access. Lessees shall provide a timely copy to the Nation, in accordance with Section 29 (Notices and Demands), of Lessees' notice to the U.S. Environmental Protection Agency that the Ash Landfill is "closed" pursuant to Applicable Law and the U.S. Environmental Protection Agency's written response thereto.

6. SURRENDER.

(A) Certain Matters. Notwithstanding anything in this Lease to the contrary:

(i) Surrendered Area. Surrender of the NGS Site will occur during, or at the completion of, the NGS Retirement Period as provided in this Section 6. During the Lease Term, no portion of the Transmission Site will be Surrendered.

(ii) NGS Site. No express or implied covenant or obligation exists for Lessees to operate or preserve all or any portion of NGS or the NGS Site or appurtenant operations, except for Lessees' obligation to preserve those Navajo Nation Retained Assets selected by the Nation pursuant to Section 9(A)(ii) (List of Navajo Retained Assets and the Table of Savings and Costs) until Surrendered (subject to the casualty provisions of Sections 6(A)(iii) and 11(H) (NGS Retirement)).

(iii) Casualty or Damage. The Parties acknowledge that no obligation exists for the Lessees to restore any portion of the Navajo Project subject to casualty (insured or uninsured), damage, breakage and events of force majeure.

(B) Surrender During the NGS Retirement Period.

(i) Warehouse.

(a) The existing NGS Site warehouse includes a building of approximately 52,200± square feet and an abutting parking lot south of the building (collectively, the “Warehouse” and shown on Exhibit A-2). The parking lot shall be shared with project contractors. The Warehouse, together with a reasonable right of access thereto, shall be made available to the Nation, and the underlying land will be Surrendered to the Nation. If the Nation elects to accept the Warehouse by **December 22, 2018**, the transfer and Surrender dates for the accepted Warehouse and underlying land shall be within 180 days after the Term Commencement Date.

(b) AS IS. The Warehouse will be Surrendered AS IS as set forth in Section 11(G) (NGS Retirement).

(c) Limited Purpose. The Warehouse shall be used exclusively for industrial, warehouse, office, and any other non-retail, non-residential purposes that do not interfere with NGS Retirement during the NGS Retirement Period and for no other purposes.

(d) Utilities. All utilities servicing the Warehouse after Surrender shall be the responsibility of the Nation.

(e) Personal Property Removal. Lessees shall have the right to remove their existing inventory and other personal property currently located in the Warehouse for a period of up to 180 days after the Term Commencement Date. Any personal property left by Lessees in the Warehouse after that date shall be deemed abandoned without claim by Lessees, unless the Nation requests its removal by Lessees within 240 days after the Term Commencement Date.

(f) Rules. During the NGS Retirement Period, the rights of the Nation to use the Warehouse and any other Surrendered Lands shall be subject to safety and security rules that the Lessees may adopt in their reasonable discretion.

(ii) The Nation and the Lessees may elect, acting in good faith, to enter into further Surrenders of areas of the NGS Site during the NGS Retirement Period.

(C) Mandatory Surrender on Surrender Outside Date.

(i) Full Surrender of NGS Site. Except as provided in the definition of Surrender Outside Date, on said Surrender Outside Date any remaining portion of the NGS Site shall be Surrendered by Lessees and said NGS Site shall be accepted as Surrendered by the Nation on the conditions contained in this Section 6. The Surrender on the Surrender Outside Date shall be self-operative and fully executed through this provision without further act by any Party, subject to Section 6(D).

(ii) Monitoring and Remediation Areas Within Surrendered Lands. Lessees may reserve in any Surrendered Lands delineated areas that are reasonably required for monitoring and remediation activities. These activities may include operation, maintenance, replacement, removal and land restoration. These areas may be fenced or unfenced. Lessees shall have the right to exclusively control these areas, together with a reasonable right of access over designated rights-of-way and private service drives to such areas, at all reasonable times and upon compliance with the Nation’s safety and security rules. In accordance with Section 10 (Payment in Lieu of Taxes), no taxes, fees, assessments, levies, imposts, exactions or charges of any kind shall be incurred by Lessees. Section 26 (Nation’s Agreement Not to Regulate Lessees) shall continue to be applicable to the monitoring and remediation

areas located within Surrendered Lands. The Lessees shall also permit a modification of the applicable portion of the §323 Grant to limit the §323 Grant on Surrendered Lands for the purposes set forth in this Section 6(C). Lessees' rights of control and access shall terminate when monitoring and remediation activities are complete or no longer required under Applicable Law.

(D) Surrender Conditions. No portion of the NGS Site shall be Surrendered (whether consensually before or as mandated on the Surrender Outside Date) unless the following conditions are satisfied: all NGS Retirement has been completed pursuant to the Retirement Guidelines (subject to any continued on-site monitoring or other activities required for NGS Site Remediation); the entire co-tenant interest of all of the Lessees in the Surrendered Lands must be Surrendered (except for monitoring areas reserved in accordance with this Section); and possession must be Surrendered free of any sublease or occupants and free of any mortgages. Any portion of the Surrendered Lands not complying with the foregoing Surrender conditions may be rejected by the Nation by written notice from the Nation to Lessees given within one hundred twenty (120) days after the Surrender Outside Date or other applicable earlier Surrender date. Lessees shall take commercially reasonable actions within a reasonable timeframe to Surrender any rejected Surrendered Lands, consistent with the Retirement Guidelines. If the Nation does not deliver notice of a rejection on the 121st day after Surrender the Surrendered Lands shall be deemed to have satisfied the foregoing Surrender conditions.

(E) Surrendered Lands Status. Upon Surrender, the following shall apply and govern the Surrendered Lands: (1) all of the Lessees' right, title, interest and estate shall be extinguished and terminated; Lessees shall have no further duty, obligation or liability with respect to said Surrendered Lands, provided, however, that Lessees are not relieved of obligations to comply with all applicable federal environmental law; (2) the Nation shall have all obligations of ownership, maintenance and operation of the Surrendered Lands first arising after the Surrender Date; and (3) the Nation shall be free to use the Surrendered Lands for any purpose except as specifically limited by this Lease, including but not limited to, the limitations and prohibitions of Section 4 (Purpose; Permissible Uses; Restricted Uses).

(F) Ash Disposal Area - New Landfill Cell. The Nation and Lessees agree that through **December 22, 2018**, the Nation shall have the right to request of Lessees the Nation's participation in a possible new landfill located within a portion of the Ash Disposal Area that is not currently subject to use as a landfill area (the "New Cell"). Lessees may at their option create the New Cell for a landfill to accept certain NGS Retirement material as set forth in the Navajo Project Retirement Guidelines. The Parties acknowledge that subject to further study and review by the Nation, said New Cell may provide a commercial opportunity for the Nation after the NGS Retirement Period is complete and the use of the New Cell by the Lessees ceases. The Nation may exercise its option to commit to participation in the New Cell by no later than **December 22, 2018**. If the Nation does not exercise its option by that date, the Nation's participation right will cease. If the Nation elects to participate in the New Cell, the Parties shall negotiate in good faith with respect to matters such as size, capacity, access, and type of materials that may be located within the New Cell by the Nation, financial matters and other material terms subject to the following: (i) The construction of a New Cell shall not and may not adversely impact the scope of work and timeline for the NGS Retirement; and (ii) Lessees will undertake to construct or expand the New Cell based on the following parameters mutually agreed to by the Parties: (a) The Nation shall be required to contribute no more than \$1,207,000.00 for a New Cell that can contain approximately 170,000 tons of waste; (b) if the New Cell is smaller than set forth in (a), then the Nation shall contribute a commensurate smaller amount, and if the New Cell is larger than set forth in (a), then the Nation will pay for any increase

in cost that results from the landfill being larger. The Nation acknowledges that the New Cell will be constructed in accordance with the legal and industry practices set forth in Section 1.1 of the Navajo Project Retirement Guidelines and said practices shall establish the costs involved in the Nation's participation.

(G) Surface Ponds. The Parties acknowledge that through the adoption of the Navajo Project Retirement Guidelines they have mutually established a series of pond closure types with respect to the NGS Site Remediation. The types and methodology of pond closures are primarily set forth in Section 1.4 of the Navajo Project Retirement Guidelines. The Parties acknowledge and agree that the pond closure categories set forth in the Retirement Guidelines and the exhibits thereto shall control over any other term or provision of this Lease, including the references to or definitions of surface and NGS Site Remediation herein.

(H) Surrendered Lands Use Limitations. When portions of the NGS Site become Surrendered Lands pursuant to this Section 6, the following covenants and restrictions shall apply to the Nation and those occupants obtaining or claiming an interest through the Nation, including any entity owned or controlled by the Nation:

(i) Except by mutual agreement between the Nation and Lessees, Surrendered Lands are restricted to commercial non-residential use (including governmental, industrial, warehouse, office and commerce) until all lands on the NGS Site have been Surrendered.

(ii) No residential activity is permitted on the Surrendered Lands. Multifamily, school, child care, farm, hospice and other uses that would reasonably be expected to impose unacceptable human health risks, whether commercial, for profit or non-profit, are prohibited for the Lease Term pursuant to Section 4 (Purpose; Permissible Uses; Restricted Uses).

(iii) No surface or subsurface mining activity may occur on or in the Surrendered Lands until the NGS Site Remediation Period has commenced, and then only provided such activities do not disturb or impair any required NGS Site Remediation or facilities or materials closed in place as contemplated by the Retirement Guidelines; provided, however, no mining activity may occur in the tracts containing the Warehouse or any other Navajo Nation Retained Asset.

(iv) The Nation shall make no claim and fully releases, on behalf of itself, successors and assigns, the Lessees with respect to any nuisance or similar claims during the NGS Retirement Period.

(I) As Is. All Surrendered Lands are subject to the "AS IS" provisions contained in Section 11(G) (NGS Retirement); except as provided in Sections 36(B) and (C) (Waiver and Release of Claims; Covenant Not to Sue).

(J) Indemnity. All Surrendered Lands are subject to the indemnity provisions contained in Section 23(B) (Indemnification; Non-Liability) below.

(K) Required Surrender Modifications to this Lease and Related Documents.

(i) The Parties shall update the Memorandum of Extension Lease to memorialize each Surrender pursuant to this Section 6.

(ii) The Parties shall use commercially reasonable efforts to also update, to the extent required and permitted by Applicable Law, any NGS Site §323 Grant accordingly.

(L) Non-Merger. No merger or extinguishment of any interest in the remaining Leased Premises shall occur by any Surrender of Surrendered Lands. Without limitation, this Lease shall not be impaired, merged or extinguished by the creation of Surrendered Lands; no interest of the Nation as lessor under this Lease shall be merged or impaired by the creation of Surrendered Lands; no interest of Lessees as lessees under this Lease shall be merged or impaired by the creation of Surrendered Lands; and no lesser estate in the remaining Leased Premises shall be merged into any superior interest of the Nation or Lessees.

(M) No Cross Default. No event or condition of default by either the Nation or Lessees with respect to Surrendered Lands shall cause a breach or constitute an event of default under this Lease by either the Nation or Lessees as to the remaining Leased Premises. In no event shall any breach by any Party with respect to Surrendered Lands relieve any other Party of its performance under this Lease. Further, for clarity, the §323 Grant is separate and apart from the status of former Leased Premises as Surrendered Lands.

7. RENTAL AND RENTAL PAYMENTS.

(A) Additional Rental/Inducement. To induce and in consideration of the Nation entering into this Lease in full substitution of the Existing Lease, and for the further purposes of inducing and in consideration of the Nation executing and delivering Amendment No. 1 to the Indenture of Lease, and for the Nation's permanent waiver of taxation in any form or manner, together with the estoppel statements and waivers and relinquishment of claims, if any, of the Nation as set forth in this Lease, and to consent to and permit the Lessees to enter into certain §323 Grants and obtain certain Secretary waivers for this Lease and said §323 Grants, all of said grants and waivers for no additional consideration or rent/fees paid to the Nation, the Secretary or others, the Nation acknowledges and agrees that in addition to the base rental payments set forth in Section 7(B) each of the Lessees under this Lease have agreed to significant monetary payments and other material inducements to the Nation for its benefit. Such additional monetary consideration and other material inducements include, without limitation, the following:

(i) The obligation to pay full base rental for all of the Leased Premises as set forth in Section 7(B) for the entire Lease Term notwithstanding that significant, valuable and developable portions of the Leased Premises shall be Surrendered by the Lessees to the Nation from time to time and in all events by no later than the Surrender Outside Date;

(ii) That without previous obligation to do so the Lessees have agreed to provide certain transmission use to the Nation and related transmission and Transmission Facilities opportunities and matters as set forth in Section 8 (Further Compensation and Terms and Conditions Related to Tract B) of this Lease which have not heretofore existed as an opportunity for the Nation; and further as to that transmission use, the Owners (as defined in Section 8(A)(ii) below) have agreed to voluntarily incur significant O&M Costs for a time period that they would not otherwise have incurred with respect to Tract B and the Transmission Facilities located thereon but for the arrangements with the Nation for transmission as set forth in said Section 8 (Further Compensation and Terms and Conditions Related to Tract B);

(iii) That significant additional assets have been made available and shall become the property of the Nation including and beyond those physical buildings set forth currently on Exhibit 9 to the Existing Lease;

(a) Including a railroad track and related facilities having a recognized replacement value of approximately \$120,000,000;

(b) The Lake Pump Facility, its suction piping, discharge piping to the plant metering pit, electrical distribution lines from the 230kV switchyard and the 230kV Switchyard having a recognized replacement value of \$41,000,000;

(c) The equipment making up the Air Monitoring Station;

(d) Fences at the NGS Site; and

(e) The sum of \$18,132,500 to be paid according to the option selected pursuant to Subsection 7(B), as further inducement to the Nation by sharing the agreed-to savings the Lessees believe they will realize by not demolishing the above facilities.

The foregoing being further specific inducements and consideration to the Nation for the base rental set forth below being in lieu of any and all taxes or right of taxation however arising and the commitment of the Nation to agree that the Retirement Guidelines shall exclusively govern the retirement of the entire Leased Premises, as said retirement is more particularly provided for in this Lease;

(iv) Further substantial monetary consideration in the form of payments pursuant to the Table of Savings & Costs attached as Exhibit B will be made from time to time during this Lease Term, as more particularly provided for therein, with the Parties agreeing such cash payments may be approximately \$1,656,810.00;

(v) And, further, that certain “Generation Lessees” as defined in the Amendment No. 1 to Indenture of Lease have agreed to provide certain minimum fuel purchase revenue to the Nation with respect to coal fuel matters, taking into account that no coal fuel royalties need be paid from this date forward;

(vi) Additionally, certain of the Lessees have made independent arrangements with the Nation to support the Nation with respect to the Nation’s efforts to secure water permits that are currently exclusively controlled by the Lessees in other situations to the material benefit of the Nation and its economic development.

(B) Payments.

(i) The Navajo Nation in consultation with the Navajo Nation President shall select, by December 31, 2018, from one of the five following options for payment set forth in the attached schedules:

(a) Schedule 7A – Lessees shall pay to the Nation the annual rent for the Leased Premises for the period 2019 – 2054, as set forth in this schedule. The annual rent shall be paid in advance commencing on December 23, 2019 and on December 23rd of each year thereafter of the

Lease Term through and including December 23, 2053. In addition, if Lessees shall pay to the Nation the NGS Retirement Savings set forth in this schedule. The NGS Retirement Savings payment shall be due and paid in three (3) equal installments on January 1, 2020, January 1, 2021 and January 1, 2022. The total payment under this option is \$128,173,489.

(b) Schedule 7B - Lessees shall pay to the Nation on December 23, 2019 the value of all rental payments due under Schedule 7A, advanced to the Commencement Date. In addition, Lessees shall pay to the Nation the NGS Retirement Savings in three (3) equal installments on December 23, 2019 (the Commencement Date), December 23, 2020, and December 23, 2021. The total payment under this option is \$53,986,343.

(c) Schedule 7C - Lessees shall pay to the Nation on December 23, 2019 the value of 50% of all rental payments due under Schedule 7A, advanced to the Commencement Date, and shall pay the remaining 50% of all Rental Payments annually on December 23, 2020 through December 23, 2053. In addition, Lessees shall pay to the Nation the NGS Retirement Savings in three (3) equal installments on December 23, 2019 (the Commencement Date), December 23, 2020, and December 23, 2021. The total payment under this option is \$91,079,916.

(d) Schedule 7D - Lessees shall pay to the Nation on December 23, 2019 the value of 50% of all rental payments due under Schedule 7A, advanced to the Commencement Date, and shall pay the value of the remaining 50% of Rental Payments in one payment on December 23, 2024. In addition, Lessees shall pay to the Nation the NGS Retirement Savings in one installment on December 23, 2019. The total payment under this option is \$61,202,856.

(e) Schedule 7E - Lessees shall pay to the Nation the annual rent for the Leased Premises for the period 2019 – 2054, as set forth in Schedule 7A. The annual rent shall be paid in advance commencing on December 23, 2019 and on December 23rd of each year thereafter of the Lease Term through and including December 23, 2053. In addition, Lessees shall pay to the Nation the NGS Retirement Savings in one payment on December 23, 2019. The total payment under this option is \$128,173,489.

(ii) No late payment interest shall accrue on any payment under any of the above options unless the payment is delinquent past the applicable due date.

(C) How Payments Are Made. The Lessees shall severally be responsible and shall timely make their proportional rental payments and NGS Retirement Savings payment as required by Section 7(B). For administrative purposes only the Lessees shall arrange for one aggregate payment of both the rental payment and NGS Retirement Savings payment then due and payable. Accordingly, payments under this Lease may be made through Salt River Project, in its capacity as the operating agent of NGS, and the Nation shall accept such single payment. The Parties acknowledge the single payment is conditioned on the prior timely receipt of the funds by Salt River Project from all of the Lessees. On receipt by Salt River Project of payments, Salt River Project, as operating agent, shall then deliver the payment required by the terms of this Lease to the Nation. The Nation shall accept a lesser or partial payment from Salt River Project from those Lessees identified in a written notice from Salt River Project to the Nation of what Lessees are fully paying their respective proportional share. The Nation reserves its rights and remedies against any partially paying or non-paying Lessee notwithstanding the Nation's acceptance of a lesser payment through Salt River Project as operating agent.

(D) Credit. Each Lessee severally agrees that in the event that it has a Downgrade Event during the Lease Term of this Lease, then the Nation shall be entitled to demand credit support. Acceptable forms of credit support shall be limited to a cash deposit, an irrevocable standby letter of credit, a surety bond, an escrow trust account, or a guaranty. Lessee may select the form of the credit support in its sole discretion. If Lessee elects to provide a guaranty, the guarantor must have a credit rating of at least BBB- from S&P or Baa3 from Moody's. If Lessee elects to provide a letter of credit, such letter of credit must be from a United States Bank or a foreign bank with a United States branch, with United States based assets of at least \$10,000,000,000.00 and a rating of "A-" or better from S&P or a rating of "A3" from Moody's. If the Lessee provides a cash deposit, an irrevocable standby letter of credit, or a surety bond, the initial amount of the credit support shall be equal to the net present value of the remaining rental payments and NGS Retirement Savings in Section 7(B) above then due under this Lease by Lessee to the Nation, with the net present value being determined using a discount rate of seven percent (7%). The amount of the credit shall be updated annually to reflect the amount then due by recalculating and updating the net present value calculation. Notwithstanding the foregoing, the amount of credit support to be provided by Lessee shall be reduced by any amounts then owing to Lessee by the Nation under the terms of this Lease and/or pursuant to any other agreement between the Nation and Lessee, whether such amounts are owed in the ordinary course of business, or based on an event of default or other breach of any such agreement. Any such credit support must be delivered no more than thirty (30) days following the receipt by Lessee of demand for the same by the Nation, after giving effect to the setoff and netting provisions of the foregoing sentence.

(E) No Reduction. The rental payments set forth in Section 7(B)(i) are established and paid by Lessees to induce the Nation to enter into this Lease for the entire Leased Premises and to consent to one or more §323 Grants for portions of or for the entire Leased Premises at the discretion of the Lessees, all for the entire Lease Term. Accordingly, the Surrender of portions of the Leased Premises over time pursuant to this Lease shall not diminish or reduce the rental payments hereinabove reserved to be made by Lessees to the Nation. Without limitation, even if all of the NGS Site is Surrendered to the Nation pursuant to Section 6 (Surrender) of this Lease excepting only the access rights provided in said Section, the full amount of the rental hereinabove stated in this Section shall nevertheless be due and payable for the remainder of the Lease Term.

(F) Several Shares. Each Lessee shall be individually responsible and liable to the Nation for the payment of a part of the total rental under this Lease. No Lessee shall be responsible or liable to the Nation for the payment of any portion of the rental of any other Lessee.

(G) Payments; Late Payment Interest. Payments under this Lease shall be addressed to: Navajo Nation, Accounts Receivable Section, Post Office Box 3150, Window Rock, Arizona 86515. Any Lessee that fails to pay its rental reserved in Section 7(B) or its share of the NGS Retirement Savings payment within fourteen (14) days after the due date shall pay per diem late payment interest to the Nation on said delinquent payment at a fluctuating interest rate equal to JP Morgan Chase Bank's publically-announced prime rate plus three percent (3.0%) until paid to the Nation.

8. FURTHER COMPENSATION AND TERMS AND CONDITIONS RELATED TO TRACT B.

(A) Further Compensation. Commencing on **December 23, 2019** and for a period of thirty-five (35) years, the Nation shall be further compensated for Tract B in the following manner:

(i) Receipt by the Nation or its assignee(s) of 300 megawatts of 500kV transmission use and capacity on the STS and 200 megawatts of 500kV transmission use and capacity on the WTS. The delivery of the transmission use and capacity shall be through a separate agreement between the Nation and the United States Department of Interior's Bureau of Reclamation ("USBR"). The separate agreement between the Navajo Nation and USBR shall state for the benefit of the Lessees that the Nation shall be allocated 500kV transmission use and capacity on terms that are comparable and not dissimilar to the allocation of 500kV transmission use and capacity to any other holder of 500kV transmission use and capacity on the Transmission Facilities, with the exception of Section 8(A)(ii) below. The separate agreement between the Navajo Nation and USBR shall state for the benefit of the Lessees that the Nation's allocation of 500kV transmission use and capacity shall not be limited in any manner such that the allocation is not, or is no longer, comparable and not dissimilar to the allocation of transmission use and capacity to any other holder of 500kV transmissions use and capacity. Notwithstanding the foregoing, however, the Nation shall be subject to the same restrictions as any other holder of 500kV transmission use and capacity (*e.g.* curtailment of transmission capacity or any other limitations or restrictions, as the same are set forth in the ownership and operating agreements for the STS and WTS ("STS and WTS Operating Agreements"), as they may be amended or replaced.

(ii) For a ten (10) year period, beginning at 12:01 a.m. on **December 23, 2019** and ending at midnight on **December 22, 2029**, the Lessees shall fund the operation and maintenance costs ("O&M Costs") due under the STS and WTS Operating Agreements and attributable to the Nation's use of the 500kV transmission use and capacity provided by the USBR to the Nation. At no time shall the Lessees have an obligation to fund any other costs due under the STS and WTS Operating Agreements that are attributable to the Nation's use of the 500kV transmission use and capacity provided by the USBR to the Nation. It is understood that the Lessees, each an owner of the STS and/or the WTS (each an "Owner" or collectively the "Owners") agree to fund the O&M Costs associated with the Nation's use of the 500 megawatts of USBR's share of 500kV transmission use and capacity on the STS and the WTS, respectively. The USBR will continue to pay the remainder of the USBR share of the O&M Costs under the STS and WTS Operating Agreements for transmission use not associated with the Nation's 500kV transmission use described in this Section 8.

(a) For a ten (10) year period, beginning on **December 23, 2019** and ending on **December 22, 2029**, the Lessees shall be responsible for and allocate the O&M Costs among each other with respect to the STS and WTS, based on their ownership responsibilities in the then current STS and WTS Operating Agreements.

(b) For purposes of this Section 8, O&M Costs is further defined to mean only those STS and WTS costs paid by the Owners of the STS and WTS that are, in the ordinary course, budgeted as, booked as or accounted for by the Owners as operations and maintenance costs.

(c) After the aforementioned ten (10) year period, the Owners shall have no further O&M Cost obligations as described herein under this Section 8(A)(ii).

(d) The separate agreement between the Nation and USBR shall state that the Nation shall be responsible for all other USBR costs of any kind due under the STS and WTS Operating Agreements that are attributable to the Nation's use of the 500kV transmission use and capacity provided by USBR to the Nation, and shall also address the payment of such costs by the Nation to USBR.

(B) Operation and Maintenance. The STS and WTS Owners shall operate and maintain the Transmission Facilities for so long as valid §323 Grants are in place and the Lease Term of this Lease is effective as to Tract B. In no event shall the STS and WTS Owners have any obligation to operate and maintain the Transmission Facilities beyond the Lease Term of this Lease as to Tract B. The STS and WTS Owners shall extend the respective STS and WTS Operating Agreements and, as necessary, any other ownership and operating agreements, or any successor documents, to comply with their obligations under this Lease.

(C) No Reduction. The compensation – in the form of the 500 megawatts of 500kV transmission use and capacity supplied by the USBR and the funding of the O&M Costs – set forth in this Section 8 and in Section 7(B) (Rental and Rental Payments), are established and paid by the Lessees to induce the Nation to enter into this Lease for the entire Leased Premises (Tract A and Tract B) and to consent to one or more §323 Grants for areas of or for the entire Leased Premises all for the entire Lease Term, as may be extended for various periods of time pursuant to Section 8(D) below. Accordingly, the Surrender of portions of the Leased Premises over time pursuant to this Lease shall not diminish or reduce the rental payments hereinabove reserved to be made by Lessees to the Nation. Without limitation, even if all of Tract A is Surrendered to the Nation pursuant to Section 6 (Surrender) of this Lease excepting only the reserved entry right provided in said Section, the full amount of the rental hereinabove stated in this Section shall nevertheless be due and payable for the remainder of the Lease Term.

(D) Extension of Lease Term.

(i) The Lease Term, as it relates to Tract B and the related §323 Grants, and further with respect to the STS and WTS, will be automatically extended for a period of thirty-five (35) years commencing on the day immediately following the expiration date of the initial Lease Term (the "35-Year Extension Period"), on the same terms and conditions provided herein, with the exception that the aggregate annual Lease rental and §323 Grant payments from Lessees for the Extension Period shall be \$10.00 per annum (which may be paid in advance in full or partial lump sum) and otherwise be only in the form of the continuation of the 500 megawatts 500kV transmission use and capacity allocated to the Nation in this Section 8 and in the Nation's separate agreement with the USBR. Lessees may perform Transmission Removal and Remediation during the last two (2) years of the 35-Year Extension Period.

(ii) Notwithstanding anything in this Lease to the contrary, the 35-Year Extension Period and the automatic extension thereof are subject to revocation, termination and extinguishment so as to be null and void, as follows: The 35-Year Extension Period will not become effective or commence, if, on or before **January 1, 2049**, any individual Lessee or the Nation, each acting in their sole and absolute discretion, delivers a unilateral written notice to the other Parties to this Lease that it objects to the 35-Year Extension Period. Such objection notice, in and of itself, shall revoke, terminate and extinguish the 35-Year Extension Period effective on delivery to the first other Party to this Lease and cause the 2-Year Extension Period to automatically commence on **December 23, 2054**.

(iii) In the event there is no 35-Year Extension Period, there will be in lieu thereof a two (2) year automatic extension of this Lease (“2-Year Extension Period”) in order to conduct removal, remediation, and restoration activities during that 2-Year Extension Period so as to allow the Lessees to perform their Transmission Removal and Remediation and to otherwise shut down transmission on all or any portions of the STS and WTS from **December 23, 2054 to December 22, 2056**. Notwithstanding Section 8(B), no operation or maintenance of the Transmission Facilities will be permitted or required during the 2-Year Extension Period. Such 2-Year Extension Period shall be automatic and occur without any required notice. Such 2-Year Extension Period may not be revoked, terminated or extinguished.

9. LIST OF NAVAJO NATION RETAINED ASSETS AND THE TABLE OF SAVINGS AND COSTS.

(A) Lessees will share any net savings with the Nation resulting from elections made by the Nation according to the following process:

(i) A List of Navajo Nation Retained Assets and the Table of Savings and Costs (“Table of Savings and Costs”) is attached to this Agreement as Exhibit B. Similar to the Navajo Nation Retained Assets, no personal property including transmission equipment is a portion of the property referenced in the Table of Savings.

(ii) The Nation may select those items on the Table of Savings and Costs that the Nation desires to acquire during the NGS Retirement Period by providing written notice to Salt River Project, as operating agent. This selection must be received by the Lessees no later than **December 22, 2018**, or the right to acquire items identified on the Table of Savings and Costs by the Nation is forfeited.

(iii) Lessees incur no present or future duty or liability, express or implied, to maintain any structure or property in any manner to assure any item may be selected by the Nation.

(iv) If the Nation is owed compensation in accordance with this Section 9, the Lessees shall make a one-time payment of any amount owed to the Nation no later than January 1, 2020. If the Nation owes the Lessees compensation in accordance with this Section 9, the Nation will make any payments owed to the Lessees no later than January 1, 2020.

(B) Stipulated Value. The Parties acknowledge and agree that the sums set forth on the Table of Savings and Costs attached as Exhibit B are good faith estimates based on the projected costs and other considerations with respect to the creation of the Table of Savings and Costs. The Parties agree that the values set forth in the Table of Savings and Costs are, nevertheless fixed and stipulated values not subject to change, except as noted above or unless otherwise determined by the Lessees. The only modification to the Table of Savings and Costs and the payment calculation will be in the event the Nation elects to acquire fewer than all of the items set forth on the Table of Savings and Costs. Any recalculation will be made prior to the payment date set forth above.

10. PAYMENT IN LIEU OF TAXES.

Notwithstanding any provision of 25 C.F.R. §162.017 or 25 C.F.R. §162.429(a):

The payments and portions of the additional consideration and inducements set forth herein for this Lease are to be in lieu of all taxes, fees, assessments, levies, imposts, exactions or charges of any kind

made or imposed by the Nation, and the Nation covenants that it will not tax or assess, in any manner whatever, directly or indirectly, any rights, property or activity associated with the past generation of electricity at the NGS Site, and its transmission to the electric systems of Lessees, including, but not limited to the present or prior Leased Premises, any §323 Grant, the leasehold interests of the Lessees in the Lease, or the property of the Lessees located on the Leased Premises or located on Reservation Lands pursuant to prior related lease rights, or any transmission or communications facilities, any retirement or remediation, any construction activity or any construction or supplier contract at any level or by any party, any Transmission Facilities, the transactions evidenced or completed by Section 8 (Further Compensation and Terms and Conditions Related to Tract B) above, any construction sales tax at any level, or Lessee's activities under the Lease, or their ownership, construction operation, removal, Surrender, retirement or remediation, and demolition of the NGS Site or the Transmission Site and other areas of the Leased Premises by Lessees, pursuant to the Lease, or the power previously generated thereon or the transmission sale, or disposal of such power, their income, or otherwise, or the railroad §323 Grant, or any improvements or property located thereon, or any railroad and related facilities and equipment used, or the diversion or use of water. The foregoing prohibition regarding taxation of the property and activities of Lessees shall extend to any property or activity located on the Leased Premises or located on Reservation Lands pursuant to §323 Grants or prior related lease rights or located pursuant to the rights-of-way and easements. Any prior agreement or understanding to pay real or personal taxes on improvements located on the Transmission Site, including Transmission Facilities or any other assets or improvements, are hereby agreed to be of no further force or effect.

11. NGS RETIREMENT.

(A) Retirement Guidelines. Lessees have developed Retirement Guidelines, after consulting with and addressing comments from the Nation, which Retirement Guidelines are attached hereto as Exhibit C. The Parties acknowledge and agree that the Retirement Guidelines have been prepared to document the key requirements and procedures for, and shall govern, the NGS Retirement, NGS Site Remediation and Transmission Removal and Remediation, and to serve as the basis for the preparation of a more comprehensive NGS Retirement Plan based on said guidelines. The Retirement Guidelines shall also serve as the basis for the preparation of a more comprehensive retirement plan related to Transmission Removal and Remediation, which shall be developed at a reasonable time prior to the retirement, removal and remediation activities related to Tract B. The Retirement Guidelines as implemented by and through the NGS Retirement Plan for NGS and the NGS Site shall exclusively define and govern the removal of improvements, restoration and resulting condition of the surface of the Leased Premises, as said improvements and surface of the Leased Premises existed on the Effective Date. "Surface" is used in its most comprehensive sense including all topography, grade, contours, condition, surface, subsurface, and other like terms and concepts. The Parties agree that the coal combustion residuals and related material located in the Ash Landfill shall remain within said existing Ash Landfill and closed in place, and the area shall remain fenced for the time period required by Applicable Law. The existing solid waste landfill and pond solids shall be closed in place and capped. In addition, Lessees shall restore and, if warranted, remediate the NGS Site consistent with the Retirement Guidelines. The Nation may monitor and confirm that the Retirement Guidelines and the then-current NGS Retirement Plan are being followed. Lessees shall use commercially reasonable efforts to cause the NGS Retirement to be implemented and executed in accordance with the NGS Retirement Plan.

(B) NGS Retirement Plan. Lessees will prepare an initial NGS Retirement Plan, which shall be consistent with the Retirement Guidelines, and Lessees may update and revise that plan from time to

time in their sole discretion, provided that the NGS Retirement Plan shall remain consistent with the Retirement Guidelines. The Parties acknowledge that the NGS Retirement is a complex project and that the NGS Retirement Plan is subject to evolution, modification, deviation, change order(s) and amendment(s). A copy of the initial NGS Retirement Plan and copies of revisions thereto will be provided to the Nation in a timely manner.

(C) Priorities. The Retirement Guidelines set forth that the hierarchy of interpreting and implementing said Retirement Guidelines is, in order of priority, first, Applicable Law, second, this Lease, and third, best industry practices. The Parties acknowledge and agree to the foregoing priority (which may not be modified during the term of the NGS Retirement Period). Further, the Parties acknowledge that the Retirement Guidelines and the provisions of this Lease fully implement the relevant provisions of the Existing Lease with respect to NGS Retirement, NGS Site Remediation, and Transmission Removal and Remediation. The Existing Lease shall be wholly inapplicable as to all matters arising out of or related to the NGS Retirement, NGS Site Remediation, and Transmission Removal and Remediation. If it is finally determined by a federal or Arizona court of competent jurisdiction that the Retirement Guidelines are in conflict with the Applicable Law or if the Parties reach a settlement regarding the same, the Retirement Guidelines shall continue to govern the Retirement Plan but will be modified in the most precise manner such that the offending provisions, language or requirements are modified so as not to conflict with Applicable Law.

(D) Enforcement. Through the mutually approved and binding Retirement Guidelines and related provisions of this Lease, this Lease is intended to fully and exclusively govern all of the Parties' NGS Retirement, NGS Site Remediation and Transmission Removal and Remediation rights and obligations. All of NGS Retirement, NGS Site Remediation and Transmission Removal and Remediation rights and obligations under the Existing Lease are fully and completely satisfied and enforced through the performance and enforcement of this Lease. Accordingly, the Existing Lease shall not be enforced during any time period by any Party as to NGS Retirement or NGS Site Remediation or for the Transmission Removal and Remediation.

(i) Lessees have the exclusive right in their commercially reasonable discretion to process the NGS Retirement in accordance with the Retirement Guidelines and the resulting NGS Retirement Plan. The Nation shall not have a right of entry to participate in the NGS Retirement or related activities except for general monitoring of NGS Retirement in accordance with Sections 11(A) and (D) and the Retirement Guidelines.

(ii) Lessees shall provide the Nation with timely good faith updates and reasonable information regarding the NGS Retirement, NGS Site Remediation and Transmission Removal and Remediation to enable the Nation to monitor and confirm that the NGS Retirement, NGS Site Remediation and Transmission Removal and Remediation is proceeding consistent with the Retirement Guidelines; however, the foregoing shall not imply that the Nation has any governmental or regulatory oversight or authority over the Lessees and the Leased Premises or other matters arising out of or related to this Lease.

(iii) The Retirement Guidelines are binding on the Parties, as provided in Section 11(A). However, neither the Nation's approval of the Retirement Guidelines nor any reference to that approval in this Lease creates any obligation that the Nation implement or complete any actions required

under the Retirement Guidelines or gives rise to any liability by the Nation for actions taken by Lessees under the Retirement Guidelines.

(E) Transmission Site. Transmission Removal and Remediation of the Transmission Site will be completed in accordance with Retirement Guidelines and Applicable Law by the date of expiration of the Lease Term as to Tract B.

(F) Navajo Nation Retained Assets.

(i) The Navajo Nation Retained Assets listed on Exhibit B are subject to acquisition by the Nation from the Lessees in accordance with the provisions of this Lease. The Nation shall be required to identify, in writing and with specificity, those Navajo Nation Retained Assets which the Nation wishes to acquire, on or before **December 22, 2018**. Those identified assets shall be released by the Lessees to the Nation by not later than **December 22, 2024**. The Nation, along with any consultant retained by the Nation as the Nation may deem appropriate, shall have the right to inspect any Navajo Nation Retained Asset prior to **December 23, 2018**, upon any reasonable request made to Lessees. The Nation shall abide by Lessees' safety and security rules during any inspection of any Navajo Nation Retained Asset. Lessees shall agree to work cooperatively with the Nation to provide access to the Navajo Nation Retained Assets and shall not unreasonably withhold such access.

(ii) The "Retained Asset Release Date" is the actual date that a Navajo Nation Retained Asset is released to the Nation pursuant to Section 11(F)(i).

(iii) As part of the NGS Retirement Plan, Lessees shall demolish all improvements on the NGS Site not conveyed to the Nation as Navajo Nation Retained Assets or from the Table of Savings and Costs pursuant to Section 11(F).

(iv) Unless otherwise agreed to by the Nation and all Lessees, no tools, equipment, trade fixtures, other fixtures, cranes, furniture or other personal property will be included with the Retained Assets. However, all buildings to be acquired by the Nation pursuant to this Section 11(F) will be retired in a water tight condition including with roll-up or other similar doors or structures.

(v) The Navajo Nation Retained Assets provisions of this Lease fully implement the terms and provisions of Exhibit 9 (Buildings) attached to the Existing Lease, as referenced in Section 12(f) (Removal of Improvements; Restoration) and the other related provisions of the Existing Lease.

(G) AS IS. THE NATION ACKNOWLEDGES AND AGREES, WITH RESPECT TO ANY PROPERTY THAT THE NATION ACQUIRES FROM LESSEES PURSUANT TO THIS LEASE, INCLUDING BUT NOT LIMITED TO THE NAVAJO NATION RETAINED ASSETS AND PROPERTY LISTED ON THE TABLE OF SAVINGS AND COSTS, AND ANY OTHER PERSONAL PROPERTY THAT ARE CONSENSUALLY AGREED TO BE ACCEPTED BY THE NATION PURSUANT TO A SURRENDER, THAT: THE NATION AS LANDLORD IS FAMILIAR WITH THE PROPERTY; NEITHER LESSEES NOR ANY OF THEIR AGENTS, REPRESENTATIVES, OFFICERS, DIRECTORS, PARTNERS, MEMBERS, OR EMPLOYEES HAS MADE OR WILL MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, WITH RESPECT TO THE ACQUIRED PROPERTY; NO EMPLOYEE OR OTHER PURPORTED REPRESENTATIVE OF ANY LESSEE

HAS ANY AUTHORITY TO BIND THE LESSEES; THE NATION HAS THE FULL RIGHT TO INVESTIGATE AND INSPECT THE ACQUIRED PROPERTY AND AGREES TO DO SUCH; AND THE ACQUIRED PROPERTY IS BEING RELEASED TO THE NATION IN ITS PRESENT CONDITION ON THE EFFECTIVE DATE HEREOF AS-IS, WHERE-IS, WITH NO WARRANTY OF MERCHANTABILITY OR HABITABILITY, AND SUBJECT TO ALL ENCUMBRANCES, LIENS, RESTRICTIONS, OBLIGATIONS, LIABILITIES, CLAIMS AND CO-OWNERSHIP INTERESTS, WHETHER OR NOT THE SAME APPEAR AS RECORD. THE NATION WILL RELY SOLELY ON ITS DUE DILIGENCE AND INVESTIGATIONS IN ACQUIRING SUCH PROPERTY. FURTHER, "AS IS" INCLUDES WITHOUT LIMITATION THAT LESSEES SHALL BE RELIEVED, AS OF THE RETAINED ASSET RELEASE DATE OR OTHER APPLICABLE RELEASE DATE, OF ALL DUTIES, OBLIGATIONS AND LIABILITIES, IF ANY, ARISING OUT OF OR RELATED TO NGS RETIREMENT OR NGS SITE REMEDIATION IN RESPECT TO THOSE RELEASED IMPROVEMENTS. The transfer to the Nation or its nominee shall be via a bill of sale instrument without representation or warranty by each Lessee on a several not joint basis.

(H) Casualty. The improvements to be released to the Nation pursuant to Section 10 (List of Navajo Nation Retained Assets and the Table of Savings and Costs) and this Section 11 are subject to casualty (insured or uninsured), damage, breakage and events of force majeure. If such an event occurs that makes the restoration or repair economically unfeasible to Lessees as determined in the sole and absolute discretion of each Lessee, Lessees shall give written notice to the Nation of Lessees' intent to raze or demolish said improvements per the standards contained in the Retirement Guidelines. The Nation shall within thirty (30) days advise Lessees whether the Nation nevertheless elects to take a release of said improvements and the Surrender of any associated land. If an item on the Table of Savings and Costs is significantly damaged, an equitable adjustment may be made by mutual agreement of the Parties as to such item's Table value notwithstanding anything in this Lease to the contrary.

12. OPERATION AND MAINTENANCE.

The Parties acknowledge a primary purpose of this Lease is the Retirement of NGS and the NGS Site, which will involve substantial demolition on the NGS Site. After the Term Commencement Date, Lessees are not obligated to operate any component of NGS, the NGS Site, or the remainder of the Leased Premises. Additionally, the Nation shall assume all operation, maintenance, and repair obligations, and make any needed alterations, to any Navajo Nation Retained Assets and any item listed on the Table of Savings and Costs after Surrender. Lessees shall be responsible for all work set forth in the NGS Retirement Guidelines for the retirement and remediation of the NGS Site as it existed on the Effective Date.

13. UTILITY SERVICE AGREEMENTS.

To the extent necessary and as determined by the Lessees, Lessees, at their sole cost and expense and in addition to the required rental payments hereunder, will enter into utility service agreements with the Navajo Tribal Utility Authority for electric, communications and water services, including wastewater, during the Lease Term.

14. WATER USE.

(A) The Nation agrees that during the Lease Term, water out of the 50,000 acre-feet annually

allocated to the State of Arizona pursuant to Article III(a)(1) of the Upper Colorado River Basin Compact (63 Stat. 31), in an amount not greater than 1,500 acre-feet of water per year, shall be available for consumptive uses by Lessees for the tasks under this Lease during the NGS Retirement Period. The Nation agrees the use of water on Reservation Lands within the Upper Colorado River Basin of Arizona (as said Upper Colorado River Basin is defined in the Upper Colorado River Basin Compact) shall not reduce or diminish the availability of water required by the Lessees for such purposes. During the Lease Term, the Lessees will not object to Navajo uses of water in the Upper Colorado River Basin in Arizona from the 50,000 acre-feet available to the State of Arizona pursuant to Article III(a)(1) of the Upper Colorado River Basin Compact in excess of (1) Lessees' use of the 1,500 acre-feet during the NGS Retirement Period, and (2) other contractors with existing contractual entitlements to such water. The United States approval of this Lease does not constitute and should not be construed as a position regarding the use of water out of the 50,000 acre-feet annually allocated to the State of Arizona pursuant to Article III(a)(1) of the Upper Colorado River Basin Compact (63 Stat. 31).

(B) Salt River Project holds certificates of water right from the State of Arizona (Certificate Nos. 4050.0001 and 4050.0003), on behalf of itself and the Navajo Generating Station Participants, for the use of a portion of the 50,000 acre-feet annually allocated to the State of Arizona pursuant to Article III(a)(1) of the Upper Colorado River Basin Compact (63 Stat. 31) for power purposes, including NGS Retirement ("NGS Water Allotment"). During each year of the NGS Retirement Period, Salt River Project will notify USBR by December 31 of the estimated water usage at NGS for the upcoming year shall be no more than 1,500 acre-feet. All water usage will be metered and reported to USBR. Once the NGS Water Allotment is no longer necessary for the NGS Retirement or at the termination of the NGS Retirement Period, whichever occurs first, Salt River Project will request on behalf of the Navajo Generating Station Participants that the Arizona Department of Water Resources terminate the certificates of water right (Certificate Nos. 4050.0001 and 4050.0003). Upon the cessation of coal combustion at NGS, Salt River Project will support the Nation's efforts to acquire the use of a portion of the 50,000 acre-feet annually allocated to the State of Arizona pursuant to Article III(a)(1) of the Upper Colorado River Basin Compact (63 Stat. 31).

(C) Salt River Project will provide technical assistance to the Nation to assist the Nation with the diversion of up to 950 acre-feet per year from Lake Powell for the benefit of LeChee and other Navajo communities in the vicinity of NGS that the Nation has the right to use under an existing contract (Contract No. 09-WC-40-318); provided, however, such technical assistance shall be at no cost to Salt River Project or the Lessees and such offer of assistance shall terminate five (5) years after the date the certificates are terminated under Section 14(B).

(D) Nothing in this Lease shall be interpreted as the Navajo Nation waiving its water rights or claims to water in the Upper Colorado River Basin.

15. LIENS; UTILITY CHARGES.

(A) Lessees shall not permit any liens arising from any work performed, materials furnished, or obligations incurred by Lessees to be enforced against the Leased Premises (including any improvements thereon) or any interest therein. Lessees shall discharge all such liens before any action is brought to enforce them.

(B) Lessees agree to protect and hold harmless the Nation, the Leased Premises (including any improvements thereon), and all interests therein from any and all such delinquent taxes, assessments and like lawful charges and from any lien therefor, any sale or other proceedings to enforce payment thereof, and all costs in connection therewith.

(C) Lessees shall pay, before becoming delinquent, all charges for utility services, including electricity, communications and water services, including wastewater, supplied to the Leased Premises.

16. MORTGAGE TRANSFERS, ASSIGNMENTS AND SUBLEASES.

(A) The Lessees, and each of them, shall have the right at any time and from time to time to mortgage all their respective rights leased to them hereunder, including but not limited to interests in the Leased Premises and in all property of Lessees located on the Leased Premises, and on any rights-of-way and easements referred to in this Lease, and to transfer, convey or assign this Lease to a trustee or trustees under deeds of trust, mortgages or indentures, regardless of whether or not said deeds of trust, mortgages or indentures have been, are or will be for the purpose of borrowing capital for the development and improvement of the Leased Premises, and to any successors or assigns thereof, or any receiver, referee or trustee in bankruptcy or receivership or reorganization of any of the Lessees or any successor by action of law or otherwise, or any purchaser, transferee or assignee of any thereof, without need for consent by the Nation or the Secretary related to any transfer or assignment; and any mortgagee or trustee of any of the Lessees, and any successor or assignee thereof, or any receiver, referee or trustee in bankruptcy or receivership or reorganization of any of the Lessees or any successor by action of law or otherwise or any purchaser, transferee or assignee or any thereof, may without need for consent of the Nation, succeed to and acquire all the rights of any of the Lessees hereunder, and in any of said property of Lessees located on the Leased Premises, or on such rights-of-way and easements, and may take over possession of said property, rights and interests of any Lessee or Lessees, subject to all such Lessee's or Lessees' obligations under the Lease. Federal law shall apply in the event of any foreclosure under this Section.

(B) In addition, notwithstanding any provision of 25 C.F.R. §162.449(b), each Lessee shall have the right to transfer or assign its rights and interests in the Lease without need for consent of the Nation or Secretary at any time: (i) to any corporation or other entity acquiring all or substantially all of the property of such Lessee; (ii) to any corporation or entity into which or with which such Lessee may be merged or consolidated; (iii) to any other Lessee or Lessees; (iv) in the case of a transfer by Salt River Project, to the Salt River Valley Water Users' Association, an Arizona corporation; or (v) in the case of a transfer by Nevada to an entity as required to implement pending energy choice legislation; provided that any such successor or assign shall become subject to all such Lessee's rights and obligations hereunder, and provided that such successor or assign shall notify the Nation and the Secretary of such transfer, assignment or merger and shall furnish to the Nation and the Secretary evidence of such transfer, assignment or merger.

(C) Further, Lessees shall have the right to sublease portions of the Leased Premises comprising coal transportation areas to other persons or entities required to carry out the Retirement Guidelines or to satisfy the requirements of Applicable Law; provided, such subleases are subordinate to this Lease and the Nation shall not be required to recognize such subtenants if this Lease terminates and, provided further, any Surrendered Lands shall be free of any subtenant(s).

17. DEFAULT FOR NONPAYMENT; REMEDIES; JURISDICTION.

(A) For the purpose of this Lease, any Lessee hereto shall be deemed in default for nonpayment if the Lessee shall fail to pay rental payments or other sum certain monies owed to the Nation within thirty (30) days after delivery and receipt of written notification from the Nation that such payment is past due. The Nation shall provide notice of nonpayment to all Lessees as provided in Section 29(B) (Notices and Demands). Any Lessee shall have the right within thirty (30) days after delivery and receipt of such notice to make such payment for and on behalf of the Lessee failing to pay the same.

(B) Notice to Lessees not in Default; Remedy for Failure to Cure.

(i) If a Lessee fails to cure a default for nonpayment within the 30-day period described in Section 17(A), the Nation may pursue the remedy set forth in Section 17(B)(ii) by giving not less than sixty (60) days' advance written notice to any Lessee or Lessees, not in such default, of the Nation's intent to pursue the remedies set forth below. Such notice shall be provided in the manner set forth in Section 29(B) (Notices and Demands) and shall contain the date on which the Nation intends to pursue the remedies set forth below against the Party in default. Notwithstanding the foregoing, the Nation may not pursue any of the remedies set forth in this Section 17(B) if, within the 60-day period described in this Section 17(B), any Lessee or Lessees, not in default, cure(s) the default.

(ii) If any Lessee or Lessees fails to cure the default within the 60-day period described in Section 17(B)(i), the Nation may exercise only the following exclusive remedy, and none other: Collect, by suit in a federal court of competent jurisdiction or in an Arizona court if federal laws do not apply or federal courts lack jurisdiction, all amounts due under Section 17(A).

(C) Notwithstanding anything in this Lease, 25 C.F.R. §162.466, 25 C.F.R. §162.467, 25 C.F.R. §162.469, or any other law to the contrary, any default by any Lessee under this Section 17 shall not permit a termination of this Lease as to the defaulting Lessee or any other Lessee, or the extinguishment, termination or impairment of possession or right of possession by any Lessee. The foregoing shall not limit any other Party's permitted claims for damages pursuant to Section 17(B)(ii).

(D) Notwithstanding any provisions of this Section 17, 25 C.F.R. §162.466, 25 C.F.R. §162.467, 25 C.F.R. §162.469, or any other law to the contrary, no relief granted the Nation pursuant to Section 17(B)(ii) shall affect the right of the Lessees to remove removable property located on the Leased Premises or the Lessees' right to continue monitoring in accordance with Applicable Law. All such removal and monitoring rights of the Lessees shall nevertheless continue for the full period or periods provided for in Section 5 (Lease Term).

(E) For the purpose of this Lease, the Nation shall be deemed in default for nonpayment if the Nation fails to pay to all Lessees all sum certain monies owed to the Lessees or any of them within thirty (30) days after delivery and receipt of written notification that such payment is past due.

(F) If the Nation fails to cure the default for nonpayment within the 30-day period described in Section 17(E), each or all Lessees may exercise only the following exclusive remedy and none other: Collect, by suit in a federal court of competent jurisdiction or in an Arizona court if federal laws do not apply or federal courts lack jurisdiction, the amounts due under Section 17(E).

(G) Notwithstanding anything in this Lease or any law to the contrary, any default by the Nation under this Section shall not permit a termination of this Lease as to the Nation. The foregoing shall not limit any other Party's permitted claims for damages pursuant to Section 17(F).

(H) In order to effectuate the legal remedies contemplated by this Section 17, the Parties submit to the jurisdiction of the federal and state courts located in the State of Arizona.

18. OTHER BREACHES AND DEFAULTS.

(A) For any claims, disputes, or other matters in question or dispute between the Parties arising out of or relating to this Lease or a Party's action or inaction under this Lease ("Disputes"), other than defaults for nonpayment addressed in Section 17 (Default for Nonpayment; Remedies; Jurisdiction), the Parties must follow the notice and dispute resolution process provided in this Section 18. Although a complaining Party may elect to pursue each stage of the following process at its discretion or terminate pursuit of a resolution of the Dispute at any time, the Parties intend that the resolution of Disputes under this Lease, other than failures to pay sum certain monies owed under this Lease, will proceed in order and in good faith through the following stages until resolved: notice, right to cure, informal consultation, mediation, and litigation. The dispute resolution process will terminate, at any stage, upon mutual agreement between the parties named in the dispute or the failure of the complaining party to comply with any notice requirement. If a dispute is terminated by failure to comply with a notice requirement or by mutual agreement, the dispute may not be raised again.

(B) Notice, Right to Cure, and Informal Consultation. If a Party believes that a Dispute exists, the complaining Party must deliver written notice, as required in Section 29 (Notices and Demands), to all other Parties that specifies with particularity the nature of the alleged breach or default, the particular provisions of this Lease that are at issue, the Parties against whom the Dispute is alleged (referred to in this Section, together with the complaining Party, as the "Involved Parties"), and the proposed relief sought.

(i) Upon delivery and receipt of the notice, the Involved Parties will have thirty (30) days to cure the Dispute or commence cure. A Party that commences cure within thirty (30) days may continue in good faith to fully cure the breach or default as long as is reasonably necessary to complete the cure. Any Lessee may cure the breach or default of another Lessee within the times provided in this Section 18. If an Involved Party denies that a basis for a Dispute exists, it may request informal consultation.

(ii) If cure is not accomplished or commenced within thirty (30) days, or if the existence of a Dispute is denied, an Involved Party may request informal consultation. If cure has commenced, but the complaining Party believes that cure has not been completed within a reasonable time, it may request informal consultation. The Involved Parties must first seek to resolve all remaining Disputes promptly, equitably, and in good faith through informal consultation.

(iii) A Party requesting informal consultation must deliver written notice, as required in Section 29 (Notices and Demands), to all other Parties. The notice must specify with particularity the nature of the Dispute, the particular provisions of this Lease that are at issue, and the proposed relief sought.

(iv) Delivery of the notice begins a 30-day consultation process for any Involved Parties to discuss the Dispute in good faith and seek its amicable resolution. The consultation process

may continue for not more than thirty (30) days, except upon mutual written agreement of the Involved Parties.

(C) Mediation. If the Involved Parties do not resolve the Dispute through informal consultation, then any Involved Party may provide written notice, as required in Section 29 (Notices and Demands), to the other Involved Parties that it intends to submit the matter to mediation for resolution before a neutral mediator.

(i) The Involved Parties must attempt to agree upon a mediator within ten (10) days of delivery of the notice. If possible, the Involved Parties will select a mediator with experience in commercial real estate matters, federal tribal leasing regulations, federal environmental law matters, or energy projects, depending upon the nature of the Dispute.

(ii) If the Involved Parties are unable to agree upon a mediator within the 10-day period, then they must request that the American Arbitration Association select a mediator pursuant to its rules for commercial mediation.

(iii) The costs of the mediation process must be split equally between the Nation, on the one hand, and the Lessees that are parties to the Dispute on the other hand.

(iv) The Involved Parties shall endeavor to hold the mediation within thirty (30) days after the mediator is selected. Unless the Involved Parties agree otherwise, the mediation process shall not exceed one hundred eighty (180) days from the date of the first mediation session to completion.

(D) Confidentiality. The informal consultation and mediation processes in this Section 18 shall be confidential. Any discussions, statements, or documents relating to, used, or occurring in the informal consultation and mediation processes shall be considered confidential and may not be used as evidence in any other judicial or administrative proceedings except as may be permitted by Federal or State Rules of Evidence. No statements of, or findings by, the mediator may be used as evidence in any other judicial or administrative proceedings, except as may be permitted by Federal or State Rules of Evidence, and the mediator may not be called as a witness.

(E) Judicial Review. If a Dispute is not resolved through informal consultation or mediation, then any Involved Party may exercise only the following exclusive remedies and no others:

(i) Any Involved Party may provide thirty (30) days advance written notice, as required in Section 29 (Notices and Demands), to the other Involved Parties that it intends to pursue its remedies through the filing of suit in a federal court of competent jurisdiction or in an Arizona court if federal laws do not apply or federal courts lack jurisdiction. As used in this Section 18(E), the term “action” includes the assertion of any claim, counterclaim or cross-claim.

(ii) After the 30-day notice period described in Section 18(E)(i) has expired, the Party who provided the notice may bring suit in a federal court of competent jurisdiction, or in an Arizona court if federal laws do not apply or federal courts lack jurisdiction, seeking only declaratory or injunctive relief, recovery of monies due, or enforcement of compliance with the Lease as the exclusive remedies from the court.

(iii) Notwithstanding anything in this Lease, 25 C.F.R. §162.466, 25 C.F.R. §162.467, 25 C.F.R. §162.469, or any other law to the contrary, the Parties agree that a Party's default under this Lease shall not result in termination of this Lease as to the defaulting Party or any other Party, or the extinguishment, termination or impairment of possession or right of possession by any Party. The foregoing shall not limit any Party's right to injunctive relief or damages.

(iv) Notwithstanding any other provisions of this Section 18, 25 C.F.R. §162.466, 25 C.F.R. §162.467, 25 C.F.R. §162.469, or any other law to the contrary, no injunctive relief shall prohibit the Lessees' right to remove any removable property located on the Leased Premises, remediate and close facilities, or continue monitoring in accordance with Applicable Law and this Lease, which activities shall nevertheless continue for the full period or periods provided for in Section 5 (Lease Term).

(F) To effectuate the remedies set forth in this Section 18(E), the Parties submit to the jurisdiction of the federal and state courts located in the state of Arizona.

(G) The requirements of this Section shall survive any termination of this Lease or the expiration of the Lease Term in perpetuity.

19. LIMITED WAIVER OF SOVEREIGN IMMUNITY.

If any Party brings an action in any federal court or in any Arizona state court as provided in Section 17 (Default for Nonpayment; Remedies; Jurisdiction) or Section 18 (Other Breaches and Defaults) and names the Nation as a party in that action: (1) the Nation may be joined in any such action; and (2) the Nation expressly waives any claim to sovereign immunity from that action. As used in this Section 19, the term "action" includes the assertion of a claim, counterclaim or cross-claim. This limited waiver of sovereign immunity is enforceable only by the Lessees and their successors and assigns; provided, however, that Salt River Project, its successors and assigns may enforce this limited waiver of sovereign immunity on behalf of the United States of America. This Section shall survive any termination of this Lease or the expiration of the Lease Term in perpetuity.

20. REEVALUATION UPON REQUEST.

(A) Every five (5) years, beginning with the Effective Date, the Parties shall, upon request of the Nation, evaluate whether to amend the Lease to provide for any of the following:

(i) An agreement that claims under this Lease may be brought in Navajo Nation court or under the Navajo Nation Arbitration Act, 7 N.N.C. §§1101-1119, instead of Arizona court, when a federal court lacks jurisdiction.

(ii) An agreement that the Navajo Nation may regulate one or more of Lessees' activities under the Lease.

(B) No Party is required to agree to any amendment to the Lease as a result of this evaluation.

(C) Any amendment to this Lease shall require the mutual written agreement of the Parties.

21. GENERAL LIABILITY INSURANCE.

Notwithstanding any provision of 25 C.F.R. §162.437:

(A) Lessees shall obtain and maintain a commercial general liability insurance policy, from an insurance company having an AM Best's Rating of A- VIII or better, or be allowed to self-insure, in whole or in part, in an amount of no less than:

- \$1,000,000 each occurrence for bodily injury and property damage
- \$1,000,000 each occurrence for personal and advertising injury
- \$1,000,000 each occurrence for products/completed operations
- \$1,000,000 each occurrence for employers liability/worker's compensation
- \$1,000,000 each occurrence for auto liability
- \$10,000,000 products/completed operations aggregate
- \$10,000,000 general aggregate
- \$10,000,000 employers' liability aggregate
- \$10,000,000 auto liability aggregate
- \$10,000,000 workers' compensation aggregate

The Nation and the United States shall be named as additional insureds for the limits not provided through self-insurance with respect to this Lease. All policies shall waive subrogation against the Nation and the United States. This coverage shall be primary to the additional insureds, and not contributing with any other insurance or similar protection available to the additional insureds, whether said other available coverage shall be primary, contributing or excess. Lessees shall provide for notification to the Nation prior to any material change in said policy or any cancellation or non-renewal of said policy for any reason including non-payment of premium. A Certificate of Insurance or self-insured letter evidencing the above coverage shall be furnished to the Nation annually, or upon written request. Any certificate of insurance provided shall disclose the amount of any self-insured retention or deductible. The Lessees recognize that the Lessees are responsible for paying any self-insured retentions or deductibles, not the Nation or the United States. Further, any certificate of insurance provided shall provide that if the liability coverage is on a claims-made basis, any retroactive date shall precede the Effective Date of this Lease and either continuous coverage will be maintained or an extended discovery period will be exercised for a period of at least five (5) years beginning at the time this Lease expires.

(B) For the sole purpose and use of the Surrendered Lands, as described herein, the Nation shall obtain and maintain a commercial general liability insurance policy or be allowed to self-insure, in whole or in part, in an amount of no less than \$1,000,000.00 for personal injury to one person and \$10,000,000.00 per occurrence and \$1,000,000.00 for damage to property. Each Lessee shall be named as additional insureds for the limits not provided through self-insurance with respect to this Lease. This coverage shall be primary to the additional insureds, and not contributing with any other insurance or similar protection available to the additional insureds, whether said other available coverage shall be primary, contributing or excess. The Nation shall provide for notification to Salt River Project on behalf of the Lessees prior to any material change in said policy or any cancellation or non-renewal of said policy for any reason including non-payment of premium. A Certificate of Insurance or self-insured letter evidencing the above coverage shall be furnished to each Lessee annually, or upon written request. Such insurance for Tract A may be discontinued by the Nation on the second anniversary of the Surrender Outside Date provided for in this Lease.

(C) The insurance policies required by this Section may be increased if, both the Nation and the Lessees mutually agree that such increase reasonably is necessary for the protection of the Nation, the United States or the Lessees. No such adjustment shall be made unless in a mutual written agreement of the Parties.

(D) In no event shall the amount of the procuring Party's insurance policy limit said Party's liability or its duty to indemnify as provided under this Lease.

22. NAVAJO PREFERENCE IN EMPLOYMENT AND NAVAJO BUSINESS OPPORTUNITY.

(A) All persons employed or contracting for the Leased Premises will be selected based on qualifications and, if applicable, responsible price.

(B) Employment at the NGS Site will be based on qualifications without regard to race, color, creed, religion, national origin, disability, sex, or age, except that to the extent allowed by law preference will be given to qualified enrolled members of the Navajo Nation, as tribal membership is a political classification. In the event that federal law prohibits Lessees from providing employment preference based on tribal affiliation, Lessees will follow Indian preference, as described in this Lease.

(C) Selection of contractors and sub-contractors for conducting NGS Retirement and NGS Site Remediation in accordance with this Lease will be based on a multi-factor competitive bid without regard to race, color, creed, religion, national origin, disability, sex, or age. To the extent allowed by law preference will be given to Navajo-owned business registered with the Navajo Nation Business Regulatory Department. In cases where multiple contractors have equal qualifications, preference will be given to Navajo-owned businesses registered with the Navajo Nation Business Regulatory Department.

(D) Lessee shall cause the following provision to be included in each prime construction contract for the NGS Retirement and NGS Site Remediation. Further, Lessees shall use commercially reasonable efforts to cause each contractor to comply with the provisions set forth below:

“Contractor agrees to give preference when hiring for the work at NGS to qualified local Navajos. Navajo means being a member of the Navajo Nation and having an assigned census number. Qualified means an employee that has the knowledge, skills and abilities to perform the job in question as determined by the Contractor. In the event that the Contractor is unable to find a qualified Navajo candidate for a particular position – the Contractor is allowed under this agreement to hire a qualified non-Navajo for the position. Navajo Preference is required pursuant to certain agreements between the Lessees and the Navajo Nation. To the extent those agreements change during the life of this agreement – and the change affects the practice of Navajo Preference – the Contractor will revise its Navajo Preference policy as directed by the Salt River Project acting on behalf of the Lessees. If the Contractor fails to fulfill its obligation regarding Navajo Preference, the Salt River Project acting on behalf of the Lessees reserves the right to terminate its agreement without further obligation to the Contractor.”

(E) Lessees shall maintain or cause to be maintained proper documentation of all recruiting, hiring and employment activities during the NGS Retirement and NGS Site Remediation. Lessees shall provide or cause to be provided a monthly report to the Nation, including a copy of said report to the Office of Navajo Labor Relations, commencing on the date of mobilization, which report indicates the number of Navajos employed on the NGS Retirement and NGS Site Remediation and the percentage of the total labor force that is represented by Navajos for the duration of the work comprising said NGS Retirement and NGS Site Remediation.

23. INDEMNIFICATION, NON-LIABILITY.

(A) Possession Indemnity Benefiting Nation. Lessees agree to indemnify, hold harmless, and defend the Nation from and against any and all claims by unaffiliated third parties of damages, liabilities or expenses which the Nation may incur, or to which the Nation may be subjected, resulting from the exercise by Lessees of the leasehold rights leased to them under this Lease or from the exercise by Lessees of rights granted under the §323 Grant.

(B) Nation Indemnity of Lessees. Notwithstanding 25 C.F.R. §162.413(d)(i) and (ii), to the fullest extent allowed by law:

(i) The Nation agrees to indemnify, hold harmless, and defend Lessees from and against any and all claims by third parties of damages, liabilities or expenses which any Lessee may incur, or to which any Lessee may be subjected, resulting from the actions of the Nation, any political subdivision, any tribal enterprise, tribal business, tribal corporate entity, or its tribal members or residents arising out of or related to the use or possession of Surrendered Lands and any improvements made to Surrendered Lands from the Surrender Date and thereafter except for damages, costs or liabilities reserved by the Nation under Section 36(B) and 36(C) (Waiver and Release of Claims; Covenant Not to Sue).

(ii) The Nation agrees to indemnify, hold harmless and defend Lessees from and against any and all claims of the Nation or parties claiming through the Nation for damages, liabilities or expenses which any Lessee may incur, or to which any Lessee may be subjected, resulting from the actions of the Nation, any political subdivision, any tribal enterprise, tribal business, tribal corporate entity, or its tribal members or residents arising out of or related to the Nation's possession or use of the Leased Premises or any improvements made to the Leased Premises from the earlier of the date the Nation obtains control of Surrendered Lands or the expiration of the Lease Term, except for damages, costs or liabilities reserved by the Nation under Section 36(B) and 36(C) (Waiver and Release of Claims; Covenant Not to Sue).

(iii) The Nation agrees to indemnify, hold harmless and defend Lessees from and against any and all claims by Lessees and parties claiming through the Lessees for damages, liabilities or expenses which any Lessee or its interest in any improvements may incur, or to which any Lessee or its improvements may be subjected, arising out of or related to the exercise of any mineral rights referenced in Section 24 (Minerals) below with respect to minerals located on the Surrendered Lands, including any damage to the remaining Leased Premises and any improvements thereon.

(iv) The Nation agrees to indemnify, hold harmless and defend Lessees from and against any and all claims by third parties for damages, liabilities or expenses which any Lessee may incur, or to which any Lessee may be subjected arising out of or related in any manner to the use of the

Leased Premises at any time by the Navajo Nation, tribal enterprises, tribal businesses and tribal corporate entities for any purpose prohibited by Section 4 (Purpose; Permissible Uses; Restricted Uses), the Ash Landfill Restriction, or the Solid Waste Landfill and Pond Solids Restriction. After the end of the Lease Term, the Nation agrees to extend this indemnification to cover any use by third parties and tribal members and residents related to the Leased Premises that is contrary to Section 4(E) (Purpose; Permissible Uses; Restricted Uses), except that, for the Ash Landfill only, such extension to third parties and tribal members and residents shall become effective only after Lessees have notified the Nation in writing that Lessees are relinquishing the authority to place fencing, signage and barriers on the Ash Landfill. Expenses shall include, without limitation, any additional remediation costs imposed upon any Lessee as a result of that prohibited use by any government entity or administrative or judicial action or decision.

(C) Survival. This Section shall survive termination of this Lease or the expiration of the Lease Term in perpetuity.

24. MINERALS.

(A) Mineral Reservation. All minerals, except soil, sand and gravel, contained in or on the Leased Premises are reserved for the use of the Nation. Such use shall be without the occupancy, use or destruction of the surface estate. The Nation may begin or allow sand and gravel operations commencing with the NGS Site Remediation Period, provided such activities shall not impair, disturb or adversely impact any landfill, closed or opened surface pond, or Lessee's activities under this Lease.

(B) Remediation Period. This Section 24 is supplemented by certain restrictions on mining activity on Surrendered Lands during the NGS Retirement Period, as provided in Section 6 (Surrender).

25. EXPIRATION OF LEASE AND DELIVERY OF LEASED PREMISES.

On a Lease Term's expiration, Lessees shall peaceably and without legal process deliver up possession of the Leased Premises, subject to any continuing access rights provided in this Lease.

26. NATION'S AGREEMENT NOT TO REGULATE LESSEES.

(A) Notwithstanding any provision of 25 C.F.R. §162.014(a)(2) and 25 C.F.R. §162.014(b), the Nation covenants that it will not, directly or indirectly, Regulate or attempt to Regulate the Lessees with respect to any activity or absence of activity related to this Lease, including, but not limited to, NGS Retirement, NGS Site Remediation, Transmission Removal and Remediation, the ownership or operation of the Transmission Facilities and related activities, post-closure access, or any other activities or uses of Reservation Lands subject to this Lease.

(B) For purposes of this Lease, "Regulate" is defined as any act or process by the Nation, including any current or future law imposed by the Nation, that would seek to control by requirement, restriction, limitation, condition or prohibition the actions or inactions of Lessees in relation to this Lease or that would impose different or additional requirements, restrictions, limitations, conditions or prohibitions beyond the terms of this Lease.

(C) For the purposes of this Section, "Lessees" includes the Lessees, their affiliates, subtenants, licensees, officers, employees, agents, contractors, subcontractors, successor and assigns.

(D) Nothing in this Section prevents the Parties from mutually agreeing in writing to allow the Nation to Regulate the Leased Premises, retirement, remediation or activities occurring after the end of the Lease Term or to enter into other agreements, such as voluntary compliance agreements, regarding the Leased Premises, retirement, or remediation or activities occurring after the end of the Lease Term. In such event, the provisions of Section 3 (Applicable Law) shall be modified, as necessary, notwithstanding Section 3(C) (Applicable Law).

(E) This agreement not to regulate is not a waiver of whatever rights the Nation may have to Regulate retail distribution of electricity on Reservation Lands. Retail distribution of electricity shall not be deemed to mean or include any activity referenced in Section 8 (Further Compensation and Terms and Conditions Related to Tract B) of this Lease. Nothing in this Agreement conveys to the Lessees, or any of them, any rights to engage in retail distribution of electricity on Reservation Lands.

(F) The provisions of this Section 26 shall survive termination of this Lease or the expiration of the Lease Term in perpetuity.

27. REPORTING.

Lessees shall use commercially reasonable efforts to provide the Navajo Nation's Environmental Protection Agency with a clear and legible courtesy copy of all applications, notices and reports concerning permits, environmental assessments, releases of hazardous or regulated substances, testing, monitoring, or remediation occurring on the Leased Premises, or any other relevant notice that Lessees are required by Applicable Law to provide to the United States Environmental Protection Agency. Delivery shall be to the Navajo Nation Environmental Protection Agency by first class mail to the following (or their respective institutional successors):

Waste Regulatory and Compliance Program
Navajo Nation Environmental Protection Agency
Post Office Box 339
Window Rock, Navajo Nation (Arizona) 86515

and,

Executive Director
Navajo Nation Environmental Protection Agency
Post Office Box 339
Window Rock, Navajo Nation (Arizona) 86515

28. OBLIGATIONS TO THE UNITED STATES.

It is understood and agreed that while the Leased Premises are in trust status, all of Lessees' obligations under this Lease and the obligations of its sureties are to the United States as well as to the Nation.

29. NOTICES AND DEMANDS.

(A) Any notices, demands, requests or other communications to or upon any of the Parties, as provided for in this Lease, or given or made in connection with this Lease (hereinafter referred to as

“Notices,”) shall be in writing and shall be addressed to the Nation and Lessees as described in Schedule 29 attached.

(B) All Notices shall be given by personal delivery, by registered or certified mail, postage prepaid, or by facsimile transmission or e-mail, followed by surface mail. Notices shall be effective and shall be deemed delivered and received: (1) if by personal delivery during normal business hours, on the date of delivery; or (2) if by personal delivery but not during normal business hours, on the next business day following delivery; or (3) if by registered or certified mail, by facsimile transmission or by e-mail (followed by first-class mail), on the next business day following actual delivery of the registered mail, certified mail or e-mail.

(C) The Nation and any Lessee may at any time change its address for purposes of this Section by Notice.

30. SUCCESSORS AND ASSIGNS.

The terms and conditions contained herein shall extend to and be binding upon the successors and assigns of the Parties. Except as the context otherwise requires, the term “Lessees,” as used in this Lease, shall be deemed to include all such Lessees’ respective successors and assigns.

31. EFFECTIVE DATE; VALIDITY.

(A) None of the Parties is bound or benefitted by this Lease until all of the Parties have executed and delivered this Lease and the Effective Date has occurred. Notwithstanding anything in this Lease to the contrary, each Party that executes and delivers its signature on this Lease prior to the Effective Date to one or more of the Parties will be deemed to have delivered this instrument in escrow.

(B) This instrument is void if:

(i) Either this Agreement or Amendment No. 1 to the Indenture of Lease is not executed by the Nation on or before **July 1, 2017**, or

(ii) Either this Agreement or Amendment No. 1 to the Indenture of Lease is not executed by Nevada, Salt River Project, on its own behalf, Tucson, and APS on or before **July 1, 2017**, or

(iii) Either this instrument or Amendment No. 1 to the Indenture of Lease is not executed by Los Angeles on or before **December 1, 2017**, or

(iv) If the Secretarial approval attached hereto is not executed and delivered by the Secretary and the United States to the Parties on or before **December 1, 2017**, or

(v) The Lessees extend the lease term of the Existing Lease as provided below in Section 31(C), or

(vi) The United States, in its capacity as a participant in the Navajo Project, has not consented to the execution of this instrument and Amendment No. 1 to the Indenture of Lease by Salt River Project on its behalf on or before **December 1, 2017**; or

(vii) If a plant asset sale agreement is fully executed, delivered and the transaction closed prior to **July 1, 2019**.

(C) The Lessees may extend the lease term of the Existing Lease at any time prior to the Term Commencement Date, in accordance with the terms and provisions of extension presently contained in the Existing Lease.

32. COOPERATION.

The Nation shall reasonably support and cooperate with Lessees regarding the NGS Retirement, NGS Site Remediation, and Transmission Removal and Remediation, and the Nation shall perform acts reasonably requested by the Lessees to fully effectuate the purposes of this Lease. The Lessees shall likewise reasonably support and cooperate with the Nation to ensure full effectuation of the purposes of this Lease.

33. MEMORANDUM OF LEASE; RECORDATION.

The Parties shall execute and deliver a memorandum of this Lease in the form of Exhibit G (“Memorandum of Extension Lease”), together with the Ash Landfill Restriction set forth on Exhibit F, and Solid Waste Landfill and Pond Solids Restriction set forth in Exhibit F-2, for recording and filing in the required and appropriate public records.

34. MUTUAL ESTOPPEL STATEMENTS.

(A) The Nation hereby covenants, represents, warrants and confirms that, as of the Effective Date, Lessees are not in default under the Existing Lease and no event or condition has occurred or exists that with the giving of notice or passage of time would constitute a default by Lessees under the Existing Lease or any document or agreement arising out of or related to the Leased Premises. The Nation hereby acknowledges and agrees that it may not assert any claim contrary to the foregoing statement. Lessees hereby covenant, represent, warrant and confirm that, as of the Effective Date, the Nation is not in default under the Existing Lease and no event or condition has occurred or exists that with the giving of notice or passage of time would constitute a default by the Nation under the Existing Lease or any document or agreement arising out of or related to the Leased Premises. Each Lessee hereby acknowledges and agrees that it may not assert any claim contrary to the foregoing statements.

(B) When the Existing Lease term expires, all rights and obligations under the Existing Lease and the documents related thereto, other than perhaps the remaining term of any previous §323 Grant, shall cease and be of no further force or effect, and the relationship between the Nation and the Lessees shall be governed exclusively by this Lease.

(C) In the event of any conflict between this Lease and the Existing Lease with respect to the possession and operation of the Leased Premises and related activities prior to the Term Commencement Date, the terms and provisions of the Existing Lease shall control the conduct and relationship of the Parties; provided, however, the Retirement Guidelines shall control over any conflicting provision contained in the Existing Lease. Consistent with the purpose of this Lease, after the Effective Date, no retirement or restoration provisions of the Existing Lease shall be enforced by any Party during the remaining term of the Existing Lease.

(D) No default under the Existing Lease shall constitute a default under this Lease. Similarly, no default under this Lease shall constitute a default under the Existing Lease.

(E) For the purposes of this Section, the term “default” means any default, breach, or event of default or breach, however denominated in any instrument, regardless of whether the default is subject to any right of cure period or whether the default has been noticed.

35. NAVAJO NATION AUTHORIZATION APPROVING THE LEASE AND ADDRESSING SPECIFIC ACTIONS UNDER THIS LEASE.

(A) As authorized by Resolution # CJN-33-17 of the Navajo Nation Council dated June 29, 2017, the Navajo Nation has approved this Lease and is authorized to enter into this Lease, in its entirety, including all exhibits hereto.

(B) As authorized by Resolution # CJN-33-17 of the Navajo Nation Council dated June 29, 2017, and notwithstanding any provision of the Navajo Nation Code, any other Navajo Nation law, 25 C.F.R. §§162.014(a)(2) and 162.014(b), or relevant federal, state or tribal case law precedent:

(i) The Navajo Nation affirmatively waives the application of the laws of the Navajo Nation, and agrees to the application of federal law and, where federal law does not apply, the laws of the State of Arizona, as provided in Section 3 (Applicable Law) of this Lease.

(ii) The Navajo Nation affirmatively waives the jurisdiction of the Navajo Nation courts and agrees that: (1) the remedies set forth in Sections 17 (Default for Nonpayment; Remedies; Jurisdiction) and 18 (Other Breaches and Defaults) of this Lease are the exclusive remedies to address Disputes among the Parties and claimed breaches of this Lease; and (2) the federal courts, and, where federal law does not apply, the Arizona state courts, and no other courts, shall have exclusive jurisdiction to consider and decide Disputes or claimed breaches of this Lease, as provided in Sections 17 (Default for Nonpayment; Remedies; Jurisdiction) and 18 (Other Breaches and Defaults) of this Lease.

(iii) The Navajo Nation affirmatively waives and consents to the waiver of sovereign immunity from suit by the Lessees as provided in Section 19 (Waiver of Sovereign Immunity) of this Lease.

(iv) The Nation affirmatively covenants that it will not, directly or indirectly, Regulate or attempt to Regulate the Lessees, as provided in Section 26 (Nation’s Agreement not to Regulate Lessees) of this Lease.

(C) As authorized by Resolution # CJN-33-17 dated June 29, 2017, of the Navajo Nation Council, the Nation hereby gives its consent to the Secretary’s waiver and making of exceptions to the application of any of the following Existing Regulations (as defined in Section 37 (Application and Waiver of Regulations of Department of Interior)):

(i) The waiver by the Secretary, pursuant to 25 C.F.R. §1.2, of the application of the following Existing Regulations in Title 25, Code of Federal Regulations, Part 162: 162.014 (a)(2); 162.014(b); 162.413(d)(1); 162.413(d)(2); and 162.449(b).

(ii) The making of exceptions by the Secretary to the application of the following Existing Regulations in Title 25, Code of Federal Regulations, Part 162: 162.413(a)(9); 162.417(c); 162.420(a); 162.428(a); 162.434(f)(2); and 162.437(c).

(D) As authorized by Resolution # CJN-33-17 dated June 29, 2017, of the Navajo Nation Council, the Nation hereby gives its consent to the Secretary's waiver and making of exceptions to the application of the following Existing Regulations (as defined in Section 37 (Application and Waiver of Regulations of Department of Interior)):

(i) The waiver by the Secretary, pursuant to 25 C.F.R. §1.2, of the application of the following Existing Regulations in Title 25, Code of Federal Regulations, Part 169: 169.9(b); 169.120(b); 169.125(c)(5)(iii); 169.125(c)(5)(xii); 169.125(c)(6)(i); and 169.125(c)(6)(ii).

(ii) The making of exceptions by the Secretary to the application of the following Existing Regulations in Title 25, Code of Federal Regulations, Part 169: 169.102(b)(3); 169.102(b)(6); 169.103(f)(2); 169.105(c); and 169.110(a).

(E) This Section 35 survives any termination of this Lease or the expiration of the Lease Term in perpetuity.

36. WAIVER AND RELEASE OF CLAIMS; COVENANT NOT TO SUE.

(A) To the fullest extent allowed by law, the Nation covenants and agrees not to sue or take administrative action against Lessees and further waives and releases all the claims listed in this Section 36(A), which include legal and equitable claims of any nature, claims for actual compensatory, consequential, punitive, special, multiple or other damages of any kind, whether known or unknown as of the Effective Date, under federal, state, or tribal law, that the Nation may currently have, has ever had, or may have in the future against each of the Lessees. The Nation covenants and agrees not to bring these claims on behalf of the Nation, any political subdivision, any tribal enterprise, tribal business, tribal corporate entity, or on behalf of its tribal members, residents, or any other person, in a representative, agent, or trustee capacity or otherwise. This waiver and release shall apply whether or not the action or the basis therefore are known to the Nation on the Effective Date, so that it waives and releases all rights to any provision of law stating that a general release does not extend to any claims that the person does not know or suspect to exist in the person's favor at the time of executing the release, and which if known to the person would have materially affected the settlement.

(i) Any claims arising out of or relating in any manner to the Existing Lease or the Lessees' activities under the Existing Lease. This includes, without limitation, claims for interpretation or enforcement of the Existing Lease, claims for default under the Existing Lease, claims for any other breach of the Existing Lease, claims for personal injury or personal property damage arising out of or relating in any manner to the Lessees' activities, and claims for violations of federal, state, or tribal law under the Existing Lease, except the environmental claims in Section 36(C) below.

(ii) Any claims under tribal environmental law against any Lessee arising from or relating in any manner to the Lessee's activities under the Existing Lease or this Lease, or to the remediation through closure in place on the Navajo Project, in compliance with the Retirement Guidelines, the NGS Retirement Plan, and all applicable federal environmental laws, of coal combustion residuals, pond solids, solid waste, and other structures and materials specifically agreed upon by the

Parties and identified in Appendix 3 to Exhibit C, Exhibit E and Exhibit E-2.

(iii) Any claims under federal or state environmental law, including but not limited to natural resource damages claims, against any Lessee arising out of or relating in any manner to the materials and structures remediated through closure in place on the Navajo Project, except the environmental claims in Section 36(B) below.

(iv) Any claims arising out of or relating in any manner to the negotiation, execution, or adoption of this Lease.

(B) Notwithstanding Section 11(G) (NGS Retirement), as to claims arising from or relating in any manner to materials and structures remediated through closure in place on the Navajo Project, the Nation expressly reserves and retains its right to bring claims under CERCLA (42 U.S.C. §9601, et seq.) or RCRA (42 U.S.C. §6901, et seq.) in federal court against Lessees for response costs or equitable relief, but not for natural resource damages, to the extent that the closure in place is not in compliance with the Retirement Guidelines or federal environmental law, or poses a threat to groundwater outside the boundaries of the Leased Premises that is not fully addressed by a response plan developed by the Lessees and the Nation under the groundwater monitoring and response provisions of Section 4(G) (Purpose; Permissible Uses; Restricted Uses).

(C) Notwithstanding Section 11(G) (NGS Retirement), as to claims not arising from or relating in any manner to materials or structures remediated through closure in place on the Navajo Project, the Nation expressly reserves and retains its right to bring claims in federal court under federal environmental law for response costs, equitable relief, or damages including natural resource damages against the Lessees pertaining to or resulting from any hazardous waste (as defined under RCRA, 42 U.S.C. §6903, and implementing regulations) or hazardous substance (as defined in CERCLA, 42 U.S.C. §9601(14), and implementing regulations) discovered after Surrender to be on or emanating from the Leased Premises as a result of the Lessees' activities.

(D) For purposes of this Section 36, Lessees' activities include all activities related to the operation or ownership of the Navajo Generating Station during the term of the Existing Lease, including, without limitation: (i) the construction, reconstruction, installation, reinstallation, maintenance, operation and ownership of the Navajo Generating Station, the water intake facilities, the pumping station, the transmission systems, the communication facilities, the coal conveyor, the rail loading site, the ash disposal site, and the Black Mesa & Lake Powell Railroad; (ii) the decommissioning, and retirement and remediation of those facilities, including the removal of all improvements and land restoration activities; and (iii) any other activities contemplated by the Existing Lease.

(E) For purposes of this Section 36, Lessees includes their respective owners, directors, managers, officers, employees, agents, successors, and assigns.

(F) To the fullest extent allowed by law, Lessees covenant and agree not to sue the Nation and further waive and release all the claims listed in this Section 36(F), which include legal and equitable claims of any nature, claims for actual compensatory, consequential, punitive, special, multiple or other damages of any kind, whether known or unknown as of the Effective Date, under federal, state, or tribal law, that Lessees may currently have, have ever had, or may have in the future against the Nation. This waiver and release shall apply whether or not the action or the basis therefore are known to Lessees on the

Effective Date, so that they waive and release all rights to any provision of law stating that a general release does not extend to any claims that the person does not know or suspect to exist in the person's favor at the time of executing the release, and which if known to the person would have materially affected the settlement.

(i) Any claims arising out of or relating in any manner to the Existing Lease or the Nation's activities under the Existing Lease. This includes, without limitation, claims for interpretation or enforcement of the Existing Lease, claims for default under the Existing Lease, claims for any other breach of the Existing Lease, claims for personal injury or personal property damage arising out of or relating in any manner to the Lessees' activities, and claims for violations of Navajo Nation or federal law, except as provided in Section 36(G).

(ii) Any claims under federal, state or tribal environmental law against the Nation arising out of or relating in any manner to the Nation's activities under the Existing Lease or this Lease, except as provided in Section 36(G).

(iii) Any claims arising out of or relating in any manner to the negotiation, execution, or adoption of this Lease.

(G) Lessees expressly reserve and retain their legal and equitable rights in responding to or defending themselves from claims brought by the Nation or third parties, including but not limited to the right to bring claims, counterclaims, crossclaims, or defenses under federal environmental law in response to claims brought against the Lessees. The Nation expressly reserves and retains its legal and equitable rights in responding to or defending itself from claims brought by Lessees or third parties, including but not limited to the right to bring claims, counterclaims, crossclaims, or defenses under federal environmental law in response to claims brought against the Nation. As against Lessees, the Nation's reservation and retention of rights in this Section 36(G) does not include claims under tribal law nor claims brought in tribal court.

(H) The Parties' covenants, waivers, and releases in this Section 36 are not altered, amended, or modified by the start or end of the NGS Retirement or NGS Site Remediation Periods or by any Surrender Date.

(I) The provisions of this Section 36 shall survive termination of this Lease or the expiration of the Lease Term in perpetuity.

37. APPLICATION AND WAIVER OF REGULATIONS OF DEPARTMENT OF INTERIOR.

(A) Except for regulations waived by the Secretary pursuant to 25 C.F.R. §1.2 or excepted from application, with the consent of the Nation, as provided in this Lease, this Lease is made and entered into subject to the regulations in Title 25, Code of Federal Regulations, that are in effect on the Term Commencement Date ("Existing Regulations"). Any amendments or other changes to the Existing Regulations after the Term Commencement Date shall not affect the rights and obligations of the Parties as set forth in this Lease.

38. ADDITIONAL BIA REQUIREMENTS.

(A) BIA has the right, at any reasonable time during the Lease Term and upon reasonable notice in accordance with 25 C.F.R. §162.464, to enter into the Leased Premises for inspection and to ensure compliance. BIA shall comply with any safety and security rules that Lessees may have adopted for the NGS Site.

(B) BIA may, at its discretion, treat as a lease violation any failure by the Lessees to cooperate with a BIA request to make appropriate records, reports, or information for BIA inspection or duplication.

(C) Upon BIA's request, Lessees must provide BIA with any proof of payment of any compensation paid to the Nation under the terms of the Lease.

39. EXECUTION IN COUNTERPARTS.

The Lease may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all of the Parties to the aggregate counterparts had signed the same instrument. A signature page of any counterpart may be detached therefrom without impairing the legal effect of the other signature(s), if that signature page is attached to any other counterpart that is identical to the first except for having additional attached signature pages executed by other parties to this Lease.

40. ESTOPPEL CERTIFICATES.

Each Party shall deliver appropriate estoppel certificates to one or more other Parties within forty-five (45) days of a written request.

41. QUIET ENJOYMENT.

The Nation shall provide Lessees with quiet enjoyment and peaceful and exclusive possession of the Leased Premises, subject to any existing leases, easements, or other encumbrances. The Nation acknowledges that, to its knowledge, no existing leases, easements or other encumbrances affect the Leased Premises other than the Existing Lease. This covenant is limited to the Leased Premises as reduced from time to time by Lessees' Surrender to the Nation of Surrendered Lands.

42. FORCE MAJEURE.

(A) No Party shall be deemed in default if it is prevented from fulfilling a Lease obligation by reason of uncontrollable forces. The term "uncontrollable forces" means, for purposes of the Lease, any cause beyond the control of the Party affected, including but not limited to, restraint by any court, governmental, administrative or regulatory authority; the need to comply with any applicable law, change in law, regulation, ordinance or resolution, or any governmental, regulatory, administrative or judicial proceeding; inadequacy of water; facilities failure; flood; earthquake; storm; lightning; fire; epidemic; war; riot; civil disturbance; labor disturbance; or sabotage, which by exercise of due diligence and foresight, the party could not reasonably have been expected to avoid. Any Party rendered unable to fulfill any obligation by reason of "uncontrollable forces" must exercise due diligence to remove the inability with all reasonable dispatch. It also includes discovery, during the course of any activity

associated with the Lease, of historic properties, archeological resources, human remains, or other cultural items not previously reported, as provided in Section 2(E) (Leased Premises).

(B) A Party's failure to cure a default due to force majeure is not a basis for termination of this lease.

43. INDEPENDENT COVENANTS.

The covenants of the Lease are to be deemed to be independent covenants, not dependent covenants, and the obligation of any Party to perform all of its covenants is not conditioned on another Party's performance of all that Party's covenants. The existence of one Party's claim or cause of action against another, of whatever nature, is not a defense to the enforcement of the covenants contained in this Lease.

44. SEVERAL RIGHTS LEASED.

As between the Lessees and Nation, each Lessee hereunder shall have the several and individual right to exercise all rights of whatever kind leased to Lessees under the Lease, including all rights in and to the Leased Premises in accordance with this Lease.

45. WAIVER OF JURY TRIAL.

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

46. RECITALS.

The Recitals are incorporated into this Lease.

47. ENTIRE AGREEMENT.

(A) This Lease, the Exhibits, schedules, and the other documents referenced herein or attached hereto constitute the entire Lease among the Parties, and replace and supersede any prior or contemporaneous agreements, drafts, amendments, correspondence, discussions or course of dealing, whether written or oral, in their entirety with respect to this subject matter.

(B) The Parties acknowledge that they have not relied upon, and have no remedies with respect to, any representations or warranties, including pre-contractual representations or warranties, whether made innocently or negligently, other than those set forth in this Lease.

(C) No party shall have any claim for innocent or negligent misrepresentation based upon any statement in this Lease.

(D) The Parties have participated jointly in negotiating this Lease and have been represented by counsel. If a question of interpretation arises, this Lease shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of this Lease.

(E) This Section 47 is not intended to exclude any Party's liability for fraud.

48. AMENDMENTS.

No prior agreement, correspondence or understanding pertaining to any such matter shall be effective to interpret or modify the terms of this Lease. Oral commitments or promises are not enforceable and shall not be binding or made part of this Lease. Any revisions or modifications to this Lease must be in writing and mutually accepted by persons with full and complete authority to bind the party, as designated by this Lease. The Nation and each Lessee waive the right to claim or assert the existence of any other modifications to this Lease. This Lease may be amended or modified only in writing, executed and delivered by all of the Parties in interest to this Lease, at the time of modification. Each Party acknowledges that employees, contractors and other similar persons of the other Parties hereto do not have authority to modify this Lease or to waive any rights hereunder.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the date first above written.

THE NAVAJO NATION

By: _____
Russell Begaye, President
Navajo Nation

Date: _____

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by Russell Begaye, the President of the Navajo Nation, on behalf of the Nation.

Notary Public

My commission expires:

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the date first above written.

LESSEES:

ARIZONA PUBLIC SERVICE COMPANY

ATTEST:

Secretary

By: _____
David A. Hansen
Its: Vice President, Fossil Generation

Date: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by David A. Hansen, the Vice President, Fossil Generation of Arizona Public Service Company, an Arizona corporation, on behalf of the company.

Notary Public

My commission expires:

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the date first above written.

**DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES BY BOARD OF
WATER AND POWER COMMISSIONERS**

By _____

Title _____

Date _____

And: BARBARA E. MOSCHOS

Board Secretary _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)

County of _____)

On _____ before me, _____ personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the date first above written.

NEVADA POWER COMPANY d/b/a NV Energy

ATTEST:

Secretary or Assistant Secretary

By: _____
Paul Caudill
Its: President and Chief Executive Officer

Date: _____

STATE OF NEVADA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by Paul Caudill, the President and Chief Executive Officer of Nevada Power Company d/b/a NV Energy, a Nevada corporation, on behalf of the company.

Notary Public

My commission expires:

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the date first above written.

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

ATTEST AND COUNTERSIGNED:

Secretary

By: _____
Michael Hummel

Its: Deputy General Manager Resources & Finance

Date: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by Michael Hummel, the Deputy General Manager Resources & Finance of the Salt River Project Agricultural Improvement and Power District, on behalf of the district.

Notary Public

My commission expires:

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT FOR THE USE AND BENEFIT OF THE UNITED STATES

ATTEST AND COUNTERSIGNED:

Secretary

By: _____
Michael Hummel

Its: Deputy General Manager Resources & Finance

Date: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by Michael Hummel, the Deputy General Manager Resources & Finance of the Salt River Project Agricultural Improvement and Power District, on behalf of the district.

Notary Public

My commission expires:

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the date first above written.

TUCSON ELECTRIC POWER COMPANY

ATTEST:

Secretary

By: _____
Mark Mansfield
Its: Vice President Energy Resources

Date: _____

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by Mark Mansfield, the Vice President Energy Resources of Tucson Electric Power Company, an Arizona corporation, on behalf of the company.

Notary Public

My commission expires:

<p style="text-align: center;">EXTENSION LEASE BETWEEN THE NAVAJO NATION AS LESSOR AND THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA PUBLIC SERVICE COMPANY, TUCSON ELECTRIC POWER COMPANY, NEVADA POWER COMPANY, AND DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES AS LESSEES</p>
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**UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Indian Affairs**

THE WITHIN EXTENSION LEASE between THE NAVAJO NATION as Lessor and THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA PUBLIC SERVICE COMPANY, TUCSON ELECTRIC POWER COMPANY, NEVADA POWER COMPANY, and DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES as Lessees, for lands of the Nation located within the formal Navajo Indian Reservation is hereby approved pursuant to authority delegated from the Secretary of the interior to the _____ Secretary of Indian Affairs by _____.

By and through his or her approval of this Lease, pursuant to 25 C.F.R. §1.2, and upon request of the Navajo Nation Council, the Secretary waives the application of the following regulations in Title 25, Code of Federal Regulations, Part 162: 162.014 (a)(2); 162.014(b); 162.413(d)(1); 162.413(d)(2); and 162.449(b).

By and through his or her approval of this Lease, and upon request of the Navajo Nation Council, the Secretary makes exceptions to the application of the following regulations in Title 25, Code of Federal Regulations, Part 162: 162.413(a)(9); 162.417(c); 162.420(a); 162.428(a); 162.434(f)(2); and 162.437(c).

Director
Bureau of Indian Affairs
Department of the Interior

Date of Approval

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the authorized representative of the Secretary of the Interior, United States Department of the Interior, for and on behalf thereof.

Notary Public

My Commission Expires:

**Exhibit A
(Tract A)**

The NGS Site

**Legal Description and Survey Map of the NGS Site,
a portion of the Leased Premises**

Exhibit A (Continued)
(Tract B)

The Transmission Site

**Legal Description and Survey Map of the Transmission Site,
a portion of the Leased Premises**

**Exhibit A-2
(Diagram/Site Plan)**

**The NGS Power Facility Located on a Portion of the NGS Site
(not to scale)**

Exhibit B

List of Navajo Nation Retained Assets and the Table of Savings and Costs

Exhibit C

Navajo Project Retirement Guidelines

Exhibit D

Amendment No. 1 to Indenture of Lease

Exhibit E

**Ash Disposal Area
(Diagram/Site Plan)
(not to scale)**

Exhibit E-2

**Solid Waste Landfill and Pond Solids Area
(Diagram/Site Plan)
(not to scale)**

Exhibit F
Ash Landfill Restriction

Exhibit F-2

Solid Waste Landfill and Pond Solids Restriction

Exhibit G

Memorandum of Extension Lease

Exhibit H

Conveyor and Coal Loading Silo Areas

Legal Description and Survey Map of the conveyor and coal loading silo areas, a portion of the NGS Site

Schedule 7

Rental Payment Schedule

Schedule 29

Navajo Nation Addresses

Navajo Nation President
Office of the President and Vice President
P.O. Box 7440
Window Rock, Navajo Nation (AZ) 86515

Navajo Nation Attorney General
Navajo Nation Department of Justice
P.O. Box 2010
Window Rock, Navajo Nation (AZ) 86515

Division Director
Division of Natural Resources
P.O. Box 9000
Window Rock, Navajo Nation (AZ) 86515

Department Manager
Navajo Land Department
P.O. Box 2249
Window Rock, Navajo Nation (AZ) 86515

Department Manager
Minerals Department
P.O. Box 1910
Window Rock, Navajo Nation (AZ) 86515

Division Director
Division of Economic Development
P.O. Box 663
Window Rock, Navajo Nation (AZ) 86515

Executive Director
Navajo Nation Environmental Protection Agency
P.O. Box 339
Window Rock, Navajo Nation (AZ) 86515

Lessee Addresses

Arizona Public Service Company

David Hansen
Vice President, Fossil Generation
400 North 5th Street
Phoenix, AZ 85004
Ph. (602)250-4402
David.A.Hansen@aps.com

Los Angeles Department of Water and Power

Director of External Generation
Bradford Packer
Los Angeles Dept. of Water and Power (LADWP)
111 N. Hope St., Room 921
Los Angeles, CA 90012
Ph. (213) 367-2227
Email: Brad.Packer@ladwp.com

With a copy to:

Engineer of External Generation
Sam Mannan
Los Angeles Dept. of Water and Power (LADWP)
111 N. Hope St., Room 1263
Los Angeles, CA 90012
Ph. (213) 367-4984
Email: Sam.Mannan@ladwp.com

Nevada Power Company dba NV Energy

NV Energy
Attn: General Counsel
6226 W. Sahara Drive
Las Vegas, NV 89416
Email: dcannon@nvenergy

Salt River Project Agricultural Improvement and Power District

Salt River Project Agricultural Improvement and Power District
c/o Secretary
1500 North Mill Avenue
Tempe, AZ 85281
Email: [\\$secoff@srpnet.com](mailto:$secoff@srpnet.com)

With a copy to:

Salt River Project Agricultural Improvement and Power District
c/o Associate General Manager and Chief Legal Executive
1500 North Mill Avenue
Tempe, AZ 85281

Tucson Electric Power Company

Tucson Electric Power Company
Attn: Mark Mansfield, Vice President
88 E. Broadway Blvd., Mailstop HQE901
Tucson, AZ 85701
Ph. (520) 745-3232
Email: mmansfield@tep.com

With a copy to:

Tucson Electric Power Company
Attn: Todd Hixon, General Counsel and Vice President
88 E. Broadway Blvd., Mailstop HQE901
Tucson, AZ 85701
Ph. (520) 884-3667
Email: thixon@tep.com