

**INTERLOCAL COOPERATION AGREEMENT**  
**FOR THE DEVELOPMENT OF**  
**UTILITY INFRASTRUCTURE**

**THIS INTERLOCAL COOPERATION AGREEMENT** (the "Agreement") is made and entered into and deemed effective as of the 15th day of January, 1998, by and between the Martin County Fiscal Court, the Johnson County Fiscal Court, the Floyd County Fiscal Court, the Pike County Fiscal Court, the Martin County Water District, the City of Prestonsburg, the City of Paintsville, and the Honey Branch Economic Development Authority, (each a "Party", or collectively the "Parties") each of which is a political subdivision of the Commonwealth of Kentucky (the "Commonwealth").

**WHEREAS**, under the Interlocal Cooperation Act (the "Act"), Sections 65.210 to 65.300, inclusive, of the Kentucky Revised Statutes, as amended ("KRS"), any power or powers, privileges or authority exercised or capable of exercise by a public agency (including a city, a county or any other political subdivision of the Commonwealth) may be exercised jointly with another public agency under an agreement (an "interlocal cooperation agreement") for joint or cooperative action pursuant to the provisions of the Act, and such public agencies may acquire, construct, maintain, add to and improve the necessary property, real and personal, which is required in order to accomplish the public purposes set forth in such interlocal cooperation agreement; and

**WHEREAS**, the Parties are in agreement that it is in their mutual interest to pursue cooperatively economic development opportunities within their jurisdictions; and to this end are currently working to develop the necessary utility infrastructure for a new facility of the Federal Bureau of Prisons ("Bureau") to be constructed at the proposed Honey Branch Industrial Park ("Park") in Martin County;

**WHEREAS**, Martin County Water District presently operates a water plant of sufficient capacity to serve the Bureau at the Park without the necessity of further water plant expansion, and operates an extensive distribution system with lines located north of and contiguous to the Park and is capable of extending its water service mains in a reliable and expeditious manner in order to meet the needs of the Bureau and the Park; and

**WHEREAS**, the City of Prestonsburg, acting in and through the Prestonsburg City Utilities Commission, presently operates a water plant of sufficient capacity to serve the Park without the necessity of further water plant expansion, and operates an extensive distribution system with lines located south of and contiguous to the Park; and

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**SECTION 9 (1)**

By [Signature]  
Executive Director

water service mains in a reliable and expeditious manner in order to meet the needs of the Bureau at the Park; and,

**WHEREAS,** the City of Paintsville, acting in and through the Paintsville Utilities Commission, presently operates a wastewater collection system and treatment plant and is capable of developing a new treatment plant and collection system and thereby provide wastewater service in a reliable and expeditious manner to the Bureau and the Park; and,

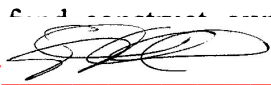
**WHEREAS,** the Big Sandy Area Development District, a regional planning and development organization, established pursuant to KRS 147A to serve the area, assisted under contract by a professional engineering firm licensed in the Commonwealth of Kentucky, has reviewed several alternative ways to provide water and wastewater service to the Bureau's proposed facility to be located in the Honey Branch Industrial Park, and has determined that water service is best provided to this site by both the Martin County Water District and the Prestonsburg City's Utilities Commission, and that wastewater service is best provided to this site by the Paintsville Utilities Commission; and,

**WHEREAS,** the Floyd County Fiscal Court, the Johnson County Fiscal Court, the Martin County Fiscal Court, and the Pike County Fiscal Court, have created, by separate agreement, the Honey Branch Industrial Development Authority pursuant to KRS 154; and furthermore do concur with the determination of the Big Sandy Area Development District, and finds it is in the public interest that the Martin County Water District and the Prestonsburg City's Utilities Commission extend their respective water lines to serve the site of the Bureau's proposed facility and that Paintsville Utilities Commission develop a wastewater treatment plant and collection system to serve this facility.

**NOW THEREFORE,** contingent upon receipt of all required approvals for the location, construction and development of the Bureau's facility in the Park, be it mutually acknowledged and agreed by and among the Parties hereto and so ordered as follows:

1. The Parties hereto agree that the foregoing statements are not mere recitals, but represent legislative findings by the legislative bodies, as appropriate, and as such represent statements of public interest affecting all Parties hereto, including their respective constituencies.

2. That the Martin County Water District, organized pursuant to KRS Chapter 74, does agree to and will take all necessary action to \_\_\_\_\_, and operate an

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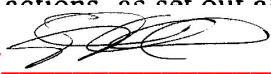
appropriately sized water service main along KY Route 3 and connecting roadways in Martin County to the Park as an extension of its existing system; in addition, the District will construct a water storage tank and necessary appurtenances in the vicinity of the Park. All action will be taken in accordance with the District's routine operating policy and in accord with its rule of standard procedure in response to the demand for providing quality water service to a presently unserved area of the County and to assure a reliable, quality water service to the Park.

3. That the City of Prestonsburg, acting through the Prestonsburg City's Utilities Commission, does agree to and will take all necessary action to fund, construct, own, and operate an appropriately sized extension of its existing water distribution system, together with necessary appurtenances, along KY Routes 321 and 3 and adjacent roadways through portions of Floyd, Johnson, and Martin Counties, in order to and for the purpose of providing reliable, quality water service to the Federal Prison and related facilities to be located at the Park. All actions will be taken in accordance with the Commission's routine operating policy and will follow its rules of standard procedure.

4. That the City of Paintsville, acting through the Paintsville Utilities Commission, does agree to and will take all necessary action to fund, construct, own, and operate a wastewater system, including a treatment facility to be located along KY Route 321 near Auxier Kentucky, and an appropriately sized collection system, with all necessary appurtenances, to serve those areas along KY Route 3 and adjacent roadways through Floyd, Johnson and Martin Counties in order to and primarily for the purpose of providing reliable, quality wastewater service to the Park. All actions will be taken in accordance with the Commission's routine operating policy and will conform to its rules of standard procedure.

5. That Martin County Water District and Prestonsburg City's Utilities Commission mutually agree and commit that each will share the provision of the monthly water consumption demand of the Bureau's facility equally, understanding that circumstances may require that either Party may be called upon by the other Party, from time to time, to supply a greater volume of this consumption demand than 50% and either Party may do so without prejudice or jeopardy to this Agreement.

6. The Martin County Fiscal Court, the Johnson County Fiscal Court, the Floyd County Fiscal Court, and the Pike County Fiscal Court concur that the collaborative approach to providing necessary utility service does best accomplish their agreed intent to develop the utility infrastructure necessary for the Honey Branch Industrial Park, and do invite, request, and encourage the utilities named herein to take those actions as set out above.

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7. Further, each Party to this Agreement invites, grants the appropriate authority consents, and encourages the other Parties hereto to take those actions as described herein, which relate to each Party, respectively. Further, the Parties agree to facilitate, to the extent feasible, the overall development of the array of utilities by taking any and all appropriate actions within their respective jurisdiction on behalf of any other Party, as warranted, pursuant to this Agreement, in an expedited time frame, including but not limited to participation in utility planning and development activities, the granting or securing of encroachment permits, easements, or other similar authorizations as may be required, following all routine, existing, and standard procedures as may govern such actions, and other appropriate activities

8. This Agreement shall continue and remain in effect until and at which time all those activities and actions, as set out herein, relating to the various Parties, or as may otherwise be contemplated by this Agreement shall have been completed. The date of full completion of such activities and actions is anticipated to be not later than January 1, 2003.

9. Each Party engaged in utility services as set out in this Agreement shall provide its own capital construction and operations financing from the revenues generated by the services provided hereunder or from other sources available to such Party.

10. The Parties to this Agreement hereby designate the Big Sandy Area Development District to be the "administrator" of this Agreement, and charge same to provide for appropriate and timely planning and coordination of the various activities necessary for the implementation of the Agreement, provided however that each Party engaged in utility services as set out in this Agreement shall be responsible for the complete administration of the utility service to be provided by such Party.

11. Utility services provided by the designated Parties as described herein shall be provided pursuant to separate contractual agreements with the Bureau and/or its agent, satisfactory in form and substance to each respective Party, and such services are subject to receipt of all necessary or required approvals satisfactory in form and substance to each respective Party.

12. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. If any provision of this Agreement is held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable, the invalidity of such portion shall not affect any or all of the remaining portions of this Agreement.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and acknowledged by officers or officials as duly authorized by the respective legislative bodies of the Parties hereto, effective as of the date first written above.

**APPROVED AS TO FORM AND COMPLIANCE WITH  
APPROPRIATE KENTUCKY STATUTES**

Albert B. Chandler, III, Attorney General  
Commonwealth of Kentucky

BY: *Albert B. Chandler, III*

Assistant Attorney General

*Benjamin L. Hale*  
Floyd County Judge/Executive

Attest: *TE Gabel*

*David Wilson*  
Johnson County Judge/Executive

Attest: *RJ Swank*

*Greg Cochran*  
Martin County Judge/Executive

Attest: *King Jitre*

*Dana Darnon*  
Pike County Judge/Executive

Attest: *Jay Spears*

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By: *[Signature]*  
Executive Director



[Signature]  
Mayor, City of Paintsville

Attest: [Signature]

[Signature]  
Mayor, City of Prestonsburg

Attest: [Signature]

[Signature]  
Chairperson, Martin County Water District

Attest: [Signature]

[Signature]  
Chairperson, Honey Branch Economic Development Authority

Attest: [Signature]

\* \* \* \* \*

STATE OF KENTUCKY

S.S.

COUNTY OF FLOYD

I, CARLA "ROBINSON" BOYD, Clerk of the County and Public Service Commission, that the foregoing Misc. Recording was on the 26th day of January, 1998 at 9:16 o'clock A.m. lodged for record whereupon the same effective the foregoing and this certificate have been duly recorded in my office 1/27/2007

Witness my hand, this 27th day of JANUARY PURSUANT TO 807 KAR 5:011 SECTION 1998).  
CARLA "ROBINSON" BOYD

BY: [Signature]  
Executive Director

Misc.

|                              |    |
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| <b>Carla "Robinson" Boyd</b> |    |
| Floyd County Clerk           |    |

**LODGED FOR RECORD**

DATE 1-26-98

TIME 9:16 AM

FEE 15.00

Carla "Robinson" Boyd  
Floyd County

By: [Signature] D.C.

Att: Big Sandy ADD  
100 Jessamine Dr.  
P. O. Box 10  
Att: Terry Trimble

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