

INTERLOCAL COOPERATIVE AGREEMENT

This Agreement is made and entered into by and between the Board of Education of Marshall County, Kentucky, by and through its Superintendent, Trent Lovett, having its office at 86 High School Road, Benton, KY 42025 (“BOARD”); the Marshall County Sanitation District, by and through its Chairman, Randy Green, having an address of P. O. Box 432, Benton, KY 42025 (“DISTRICT”); and the Marshall County Fiscal Court, by and through the County Judge/Executive, Kevin Neal, having its office at 1101 Main Street, Benton, KY 42025 (“COUNTY”).

RECITALS

1. District intends to expand its waste water treatment and collection system in the Draffenville community (hereinafter sometimes referred to as the “Project”).

2. County has agreed to participate in the Project, and has agreed to facilitate the funding the District needs to finance the Project.

3. The District’s expansion of its waste water treatment and collection system in the Draffenville community is in the Board’s economic interest for it will include the Board’s offices and related facilities at 86 High School Road and the Marshall County High School Campus.

4. The Board’s participation in the Project has been approved by the State Department of Education.

5. The plans and specifications prepared by the District’s engineers, Rivercrest Engineering, for the Project, have been accepted by the Board and its engineers, Bacon, Farmer & Workman, and are to be utilized by District’s contractor, Murco, for the construction of the District’s facilities on the Board’s property.

6. Plans and specifications are to be prepared by the Board’s engineers, Bacon, Farmer & Workman, for connecting the Board’s offices and related facilities, and the Marshall

County High School and its various components, and the Board's waste water collection system that is to connect to the District's mains at a location on the school's campus which is to be agreed upon by the District's engineers and the Board's engineers.

7. The Board will engage a contractor to dismantle the waste water treatment plant at Marshall County High School and it shall be solely responsible for any cost and expense of connecting its facilities, including but not limited to, Marshall County High School, to the District's sewer mains which are to be located on the Board's property.

8. The parties acknowledge that the District's expansion of its waste water treatment collection system, as planned, will add an additional 83,000 gallon per day (approximate on average) to the District's treatment plant's current load.

9. The parties further acknowledge that inclusion of the waste water treatment from the Board's facilities and Marshall County High School will require the District to allocate up to 30,000 gallons per day (approximate on average) of its treatment plant's capacity to meet the Board's requirements, and this percentage (36.14%) has been used to determine the Board's financial participation in the total cost of this Project.

10. The parties' participation in this Project is authorized under the provisions of the Interlocal Cooperation Act (KRS 65.210 *et. seq.*) and KRS 79.110.

In consideration of the matters set forth above and the mutual benefits and obligations of the parties as set forth in this Agreement, the parties agree as follows:

SECTION ONE

1. The District will procure all of the easements and permits required for this Project, including any easements the District may require over the Board's property. District acknowledges that easements over and upon the Board's property are subject to an obligation for just compensation to the Board for any such easement obtained from the Board for the portion of

Project that does not benefit the Board. The District's plans and specifications for work to be performed on the Board's property have been reviewed by the Board's engineer and in accordance with State Department of Education regulations, this information has been provided to Tom Waldrop, a certified real estate appraiser approved by the State Department of Education to render an opinion of the value of the Board's properties before and after the District's taking of these easements, and that sum when determined, shall be taken by the Board as a credit on the Board's portion of the funding of this Project.

2. District will construct, maintain and operate the waste water treatment and collection system provided for in this Agreement.

3. County will facilitate funding to the District for expansion of its waste water collection system and the modifications, if any, required for the treatment plant to meet the District's obligations to the Board under this Agreement.

4. The Board will be responsible for any costs or expense related to the connection of its facilities to the District's waste water collection system and the Board's engineers will determine the location where the Board's service line should connect to the District's mains.

5. The Board agrees to contribute the following sums toward the District's capital cost for the expansion of its facilities which will service Marshall County High School and the Board's office and related facilities on High School Road, all of which shall directly benefit the Board:

- (a) Reimbursement for work to be performed by District on the Board's property as shown in those plans and specifications approved for this Project \$300,660.00

- (b) Board's portion of the capital cost of Lift Station No. 1 as shown in the plans and specifications approved for this Project \$110,010.00

(c)	Board's portion of the capital cost of the force main from Lift Station No. 1 to the treatment plant as shown on the plans and specifications approved for this Project	\$203,734.00
(d)	Board's portion of cost of the District's engineering services required for development of the plans and specifications for this Project and the oversight required of the contractor during construction	<u>\$116,169.00</u>
	TOTAL	\$730,573.00

6. The Board further agrees that it will set aside \$109,586.00 or additional funds to be used as a contingency fund for this Project. These funds shall be placed in an escrow account controlled by the Board. These funds will be used to pay any additional expenses the District may incur in its construction of the facilities required to serve Marshall County High School. Any request by the District to utilize these funds shall be documented by the District's contractor and approved by the District's engineers. Upon the Board's receipt of a request for payment properly documented, the Board's engineers will review that request and the supporting documentation, and provided the Board's engineers agree the requested funds should be included in the Board's portion of the Project cost, payment of same may be made from these contingency funds. In no event, however, shall the total payment made by the Board on the Project cost exceed \$840,159.00.

SECTION TWO

Parties acknowledge that the District's rates and charges for its service may need adjustment from time to time, and it is agreed that should the District consider any increase in its rates or charges, it will appoint a rate committee of three (3) citizens who reside or participate in the operation of any business in the area serviced by District, one of whom shall be a person appointed by the District from a list of three names submitted to the District's Chairman by the

Board. This committee will study the District's rates and charges for the services it provides and the District's costs and expenses of providing these services and this committee shall report its findings to the District's board and the committee will make a recommendation of any adjustment that is to be made to the District's rates and charges.

SECTION THREE

This Agreement shall remain in full force and effect for a term of four (4) years from the date of this Agreement and subsequently for like periods of four (4) years until terminated by either party by written notice of termination at least 180 days prior to the expiration of any such period. Powers of the Board and District provided for under this Agreement, notwithstanding termination of this Agreement itself, shall continue as necessary to continue the operation of a waste water collection and treatment system in the Draffenville community that will serve the Board's properties in that area.

SECTION FOUR

The parties agree that any property acquired by the District pursuant to the provisions of this Agreement, shall belong to the District and in the event of termination, no claim will be made by the Board or the County on any of same. It being understood that each party is to provide for the payment of any indebtedness that may have been incurred as a result of this Agreement, and neither party shall have any liability for any financial obligations of the other incurred pursuant to the provisions of this Agreement.

SECTION FIVE

This Agreement may be amended at any time by written agreement adopted by the governing bodies of the parties following at least one public hearing on the subject held at least 21 days after notice of the time and place of that hearing. The rights and obligations of any of

the parties under this Agreement shall not be assigned without written consent of the other parties.

SECTION SIX

Disputes under this Agreement shall be resolved through mediation. If the parties do not resolve their dispute by mediation, then the method of binding dispute resolution shall be litigation in a court of competent jurisdiction in Marshall County, Kentucky.

SECTION SEVEN

This Agreement shall be effective upon its adoption by the governing body of each party and the signing of same by the above named representative of that party.

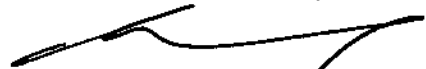
BOARD OF EDUCATION OF
MARSHALL COUNTY, KENTUCKY

By: _____
TRENT LOVETT, Superintendent

MARSHALL COUNTY SANITATION
DISTRICT

By: _____
RANDY GREEN, Chairman

MARSHALL COUNTY, KENTUCKY

By:  _____
KEVIN NEAL, County Judge/Executive