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WHEREAS, the MUNICIPALITY is prepared to execute this formal Agreement for Local Cooperation in order to induce the STATE to enter into such an agreement with the UNITED STATES.

NOW THEREFORE, the MUNICIPALITY and the STATE agree as follows:

1. The MUNICIPALITY agrees that if the UNITED STATES shall commence construction of the PROJECT in substantial accordance with the October 1987 Detailed Project Report, the MUNICIPALITY shall fulfill the following requirements of Local Cooperation:

a. Hold and save the UNITED STATES and the STATE harmless from all damages arising from the construction, operation and maintenance of the PROJECT except for damages due to the fault or negligence of the UNITED STATES or its contractors;

b. Perform ordinary maintenance and operation of all works in cooperation with the STATE after completion of the PROJECT in accordance with regulations or directions prescribed by the UNITED STATES and the STATE; The STATE and the UNITED STATES agree that the MUNICIPALITY shall operate the PROJECT within the target level guidelines shown on the Lake Keuka Water Level Guideline Graph attached hereto and made a part hereof;

c. With respect to areas protected from floods by the PROJECT, the MUNICIPALITY shall participate in, comply with and maintain eligibility in the National Flood Insurance Program;

d. The MUNICIPALITY shall publicize floodplain information and publicize the limitation of the protection afforded by the Project in the area concerned and provide this information to zoning and other regulatory agencies for their guidance and leadership in preventing unwise future development in the floodplain and in adopting such regulations as may be necessary to prevent unwise future development and to ensure compatibility with protection levels provided by the PROJECT;

e. The Village of Penn Yan shall adopt and enforce appropriate local laws or regulations to protect PROJECT lands, channel and works from encroachments and any other activities which may impair their operation or impede their maintenance;

f. The Village of Penn Yan and *the* MUNICIPALITY shall furnish without cost to the STATE all lands, easements

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and rights-of-way or other interest in real property required for the PROJECT, title to which is vested in the MUNICIPALITY as described in Exhibit "C" to (refer to Compact Agreement;

g. The MUNICIPALITY shall furnish to the UNITED STATES a 25 % share of the non-Federal cost, amounting to an estimated \$ 89,000, based upon an estimated total project cost of \$356,000, less credits for the value of lands and relocation of utilities owned by the Village of Penn Yan.

2. Upon return of the local cooperation agreement signed and certified by the MUNICIPALITY, the STATE shall:

a. Enter into an agreement for local cooperation with the UNITED STATES for PROJECT construction;

b. Furnish to the UNITED STATES any lands, easement and rights-of-way and relocate any utilities not owned by the Villiage of Penn Yan and or the MUNICIPALITY; and

c. Bear responsibility for rehabilitation, reconstruction or replacement of PROJECT facilities except in cases where rehabilitation, reconstruction or replacement becomes necessary due to deferred maintenance.

3. The MUNICIPALITY agrees that if an inspection by the STATE shows that the MUNICIPALITY is for any reason failing to operate, maintain and repair the PROJECT in accordance with assurances hereunder and has persisted in such failure after reasonable notice in writing by the STATE to the MUNICIPALITY, the STATE may repair or maintain the PROJECT in accordance with regulations or directions given by the UNITED STATES and the MUNICIPALITY shall reimburse the STATE for such expenses included expenses for staff salaries, fringe benefits, overhead, travel and other reasonable costs.

If, after opening construction proposals, the UNITED STATES finds that the total cost of the PROJECT has increased by 10% or less over the latest estimate of \$356,000, the MUNICIPALITY agrees to allow the STATE to act upon its behalf and advance the PROJECT into construction, and the MUNICIPALITY will fund the additional costs within 60 days. If, after opening construction proposals the UNITED STATES finds that the total cost of the PROJECT has increased by more than 10% over said \$356,000 estimate, based upon the latest engineering estimate, the STATE will not advance the PROJECT into construction without written concurrence from the MUNICIPALITY.