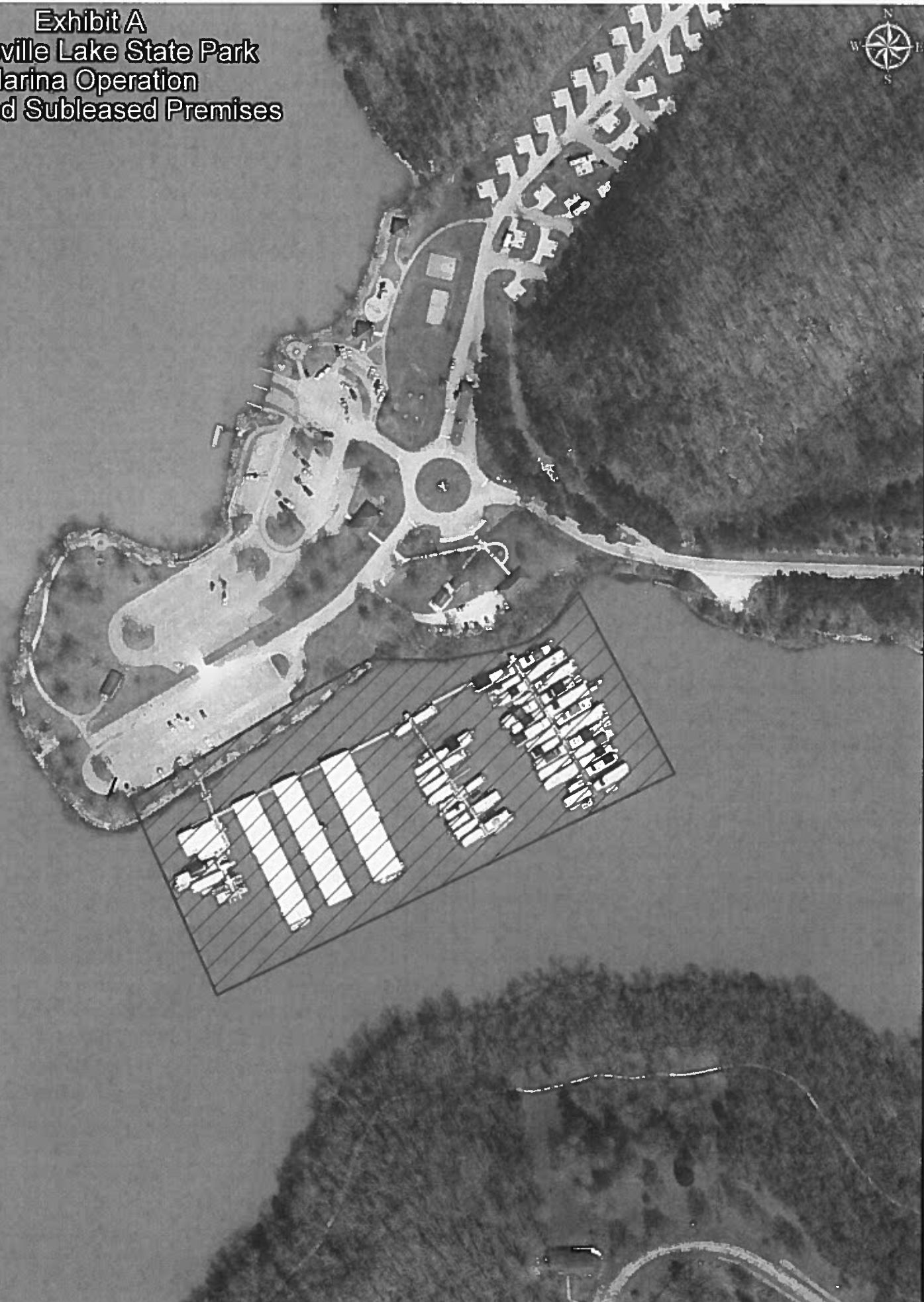



EXHIBIT A
SUBLEASED PREMISES

Exhibit A
Paintsville Lake State Park
Marina Operation
Proposed Subleased Premises



 Proposed Subleased Premises

0 250 500 1,000
Feet

EXHIBIT B
PRIME LEASE
COE

DEPARTMENT OF THE ARMY

LEASE

DACW69-1-84-0144

FOR PUBLIC PARK AND RECREATIONAL

Assg. 18 May 1984

PURPOSES

PAINTSVILLE LAKE, JOHNSON COUNTY, KENTUCKY

THE SECRETARY OF THE ARMY under authority of Section 4 of the Act of Congress approved 22 December 1944, as amended (16 U.S.C. § 460d), and the Federal Water Project Recreation Act, 79 Stat. 214 (16 U.S.C. § 460L-13), and pursuant to a contract entered into the 5th day of January, 1973, Contract No. DACW69-73-C-0082 (hereinafter referred to as the Contract), by and between the UNITED STATES OF AMERICA, (hereinafter referred to as the "Government"), and the COMMONWEALTH OF KENTUCKY (hereinafter referred to as the "Commonwealth"), hereby grants to the Commonwealth a Lease for a period of fifty (50) years commencing 1 May 1984, and ending on 30 April 2034, to use and occupy approximately 242 acres of land and water areas under the primary jurisdiction of the Department of the Army in the Paintsville Lake project area (hereinafter referred to as the premises) as shown outlined in red on Exhibit A attached hereto and by this reference made a part hereof.

THIS LEASE is granted subject to the following conditions:

1. The Commonwealth shall conform to such regulations as the Secretary of the Army may issue to govern the public use of the project area, and shall comply with the provisions of the above-cited Acts of Congress. The Commonwealth shall protect the premises from fire, vandalism, and soil erosion, and may make and enforce such regulations as are necessary and within its legal authority in exercising the privileges granted in this lease, provided that such regulations are not inconsistent with those issued by the Secretary of the Army or with the provisions of the above-cited Acts of Congress.

2. The Commonwealth agrees to administer the land and water areas included in the lease for recreation purposes and to bear the costs of operation and maintenance of all facilities and improvements on the premises at the commencement of this lease or added during its term. The Commonwealth further agrees to replacement of facilities constructed pursuant to the Contract and any additional facilities constructed pursuant to future cost-sharing contracts. As used in this lease, the term, "replacement," shall be construed to mean the replacement in whole or in part of any structure or improvement so worn or damaged in whole or in part by any cause that the parties hereto mutually agree that it no longer adequately serves its designed function with normal maintenance. The Commonwealth shall be guided by an Annual Plan of Operation and Maintenance in

furtherance of the Plan of Recreation Development and Management adopted pursuant to Article 1 of the Contract and by this reference made a part hereof. On or before the anniversary date of the lease each year, the parties shall agree on the Annual Plan which shall include, but is not limited to, the following:

a. Plans for management activities to be undertaken by the Commonwealth including improvements and other facilities to be constructed thereon in accordance with the Contract.

b. Report of the management, maintenance and development accomplishments of the Commonwealth for the preceding year.

c. Significant modifications of policies or procedures which have developed or are to be applied.

d. Minor modifications to the Plan of Recreation Development and Management (major modifications to be accomplished by amendment of the Plan).

3. In addition to the fees and charges authorized under the provisions of Article 4 of the Contract, the Commonwealth and its sublessees may conduct such revenue producing activities as are within the scope of Article 1 of the Contract. Except for timber salvaged and sold by the Commonwealth when in the way of construction, all sales of forest products will be conducted by the Government and the proceeds therefrom shall not be available to the Commonwealth under the provisions of this lease.

4. That, upon the commencement of this lease, the parties hereto shall cause to be made an inventory of all improvements constructed in whole or in part with Federal funds under the terms of the Contract. From time to time there shall be added to said inventory such additional improvements as may be constructed pursuant to the Contract. Certain types of "Additional Facilities", including but not limited to restaurants, lodges, golf courses, cabins, clubhouses, overnight or vacation type structures, stables, marinas, swimming pools, commissaries, chairlifts and such similar revenue producing facilities constructed under the authority of Article 3 of the Contract shall not be added to this inventory. The inventory of improvements shall include descriptions and drawings sufficient to permit their identification and condition and to replace them, if required during the term or on the expiration or termination of this lease. Said inventory and all amendments thereto shall be approved in writing by authorized representatives of the parties hereto and shall thereupon become a part of this lease as if originally annexed.

5. The Commonwealth may grant permits, licenses and subleases for all or portions of the leased property for purposes which are consistent with the terms and conditions of this lease and with the Plan of Recreation Development and Management. All such grants shall state that they are granted subject to the provisions of this lease and they all shall be approved in writing by the District Engineer before becoming effective. In order to protect the investments of sublessees, the District Engineer is authorized to approve subleases which require the Government to continue to honor such parts of the subleases which may be necessary to assure the continuation of the subleased activities upon a default which would result in a revocation of the prime lease under Condition 14 hereof.

6. The Commonwealth shall establish and maintain adequate records and accounts and render annual statements of receipts and expenditures to the District Engineer, except for annual or weekly entrance fees which also are honored at other recreational areas operated by the Commonwealth. The District Engineer shall have the right to perform audits of the Commonwealth's records and accounts and to require the Commonwealth to audit the records and accounts of sublessees and furnish the District Engineer a copy of the results of such an audit. In lieu of an audit by the Commonwealth, the District Engineer will accept an audit by a Certified Public Accountant.

7. The rates and prices charged by the Commonwealth or its grantees for revenue producing activities shall be reasonable and comparable to rates charged for similar goods and services by others in the community and on the reservoir. The Government shall have the right to review such rates and prices and require an increase or reduction where it finds the objective of this paragraph has been violated.

8. The right is reserved to the Government, its officers, agents and employees, to enter upon the premises at any time to make inspections concerning the operation and maintenance of the lands and facilities provided hereunder, and for any purpose necessary or convenient in connection with river and harbor and flood control work, and to remove timber or other material required for such work, to flood the premises when necessary, and/or to make any other use of the land as may be necessary in connection with public navigation and flood control, and the Commonwealth shall have no claim for damages of any character on account thereof against the Government or any agent, officer or employee thereof.

9. The Government and its officers and employees shall not be liable in any manner to the Commonwealth for or on account of damages caused by the development, operation, and maintenance of the general recreation facilities of the project. To the extent

that it may legally do so, the Commonwealth hereby releases the Government and agrees to hold it free and harmless and to indemnify it from all damages, claims, or demands that may result from development, operation, and maintenance of the premises.

10. The Commonwealth shall require its grantees to obtain from a reputable insurance company, acceptable to the Government, liability or indemnity insurance providing for minimum limits of \$100,000.00 per person in any one claim, and an aggregate limit of \$300,000.00 for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, and \$50,000.00 for damage to property suffered or alleged to have been suffered by any person or persons resulting from the operations of the grantees of the Commonwealth under the terms of this lease and the agreements between the Commonwealth and its grantees.

11. The Commonwealth and its grantees shall not discriminate against any person or persons because of age, race, creed, color, sex or national origin in the conduct of their operations hereunder. The Commonwealth has furnished as part of this lease an assurance (Exhibit B attached hereto and made a part hereof) that it will comply with the Age Discrimination Act of 1975 (42 U.S.C. § 6102); the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794); with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and Department of Defense Directive

5500.11, issued pursuant thereto and published in Part 300 of Title 32, Code of Federal Regulations, and all grantees shall supply like assurances.

12. This lease is subject to all existing easements and easements subsequently granted for roadways and utilities and for other purposes located or to be located on the premises, provided that the proposed grant of any easement will be coordinated with the Commonwealth and easements will not be granted which will, in the opinion of the District Engineer, interfere with developments, present or proposed, by the Commonwealth.

13. The Commonwealth shall comply promptly with any regulations, conditions or instructions affecting the activity hereby authorized if and when issued by the Environmental Protection Agency and/or a State Water Pollution Control Agency having jurisdiction to abate or prevent water pollution. Such regulations, conditions or instructions in effect or prescribed by the Environmental Protection Agency or State Agency are hereby made a condition of this lease.

14. This lease may be revoked by the Secretary of the Army in the event the Commonwealth violates any of the terms and conditions of this lease and continues and persists therein for thirty (30) days after notice thereof, in writing, by the District Engineer. Such a termination shall not derogate or diminish such other remedies in law as may be available to the

Government and in no way shall it act to relieve the Commonwealth of its responsibilities and obligations under the Contract. In lieu of revocation, the District Engineer, in his discretion, upon a finding that a violation constitutes a health or safety hazard, may suspend the use of that operation or facility until such deficiency is rectified.

15. On or before the date of expiration of this lease, the Commonwealth shall vacate the premises, remove its property therefrom, and restore the premises to a condition satisfactory to the District Engineer. If, however, this lease is revoked, the Commonwealth shall vacate the premises, remove its property therefrom, and restore the premises as aforesaid within such time as the Secretary of the Army may designate. In either event, if the Commonwealth shall fail or neglect to remove its property and so restore the premises, then its property shall become the property of the United States of America with no compensation therefor and no claim for damages against the United States of America or its officers or agents shall be created by or made on account thereof.


16. All notices to be given pursuant to this lease shall be addressed, if to the Commonwealth, to the Commissioner of Parks, Commonwealth of Kentucky, Capital Plaza Tower, Frankfort, Kentucky 40601, if to the United States of America, to the District Engineer, Huntington District, U. S. Army Corps of Engineers, 502 Eighth Street, Huntington, West Virginia 25701, or as may from time to time be directed by the parties. Notice

shall be deemed to have been duly given if and when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid and deposited postage prepaid (or, if mailed by the United States of America, deposited under its franking privilege) in a post office or branch post office regularly maintained by the United States Postal Service.

17. That the Commonwealth shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, archaeological, architectural or other cultural artifacts, relics, vestiges, remains or objects of antiquity. In the event such items are discovered on the premises, the Commonwealth shall immediately notify the District Engineer, Huntington District, and the Kentucky State Historic Preservation Officer and the site and the material shall be protected by the Commonwealth from further disturbance until a professional examination of them can be made or until clearance to proceed is authorized by the District Engineer.

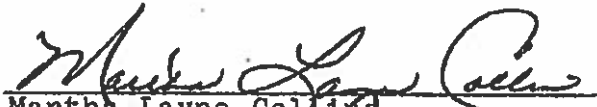
IN WITNESS WHEREOF, I have hereunto set my hand by authority of the Secretary of the Army this 5th day of April, 1984.

UNITED STATES OF AMERICA

By 
John W. Devens
Colonel, Corps of Engineers
District Engineer

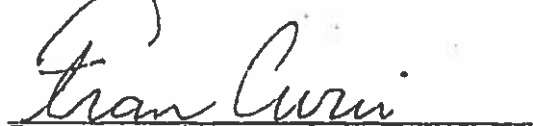
THIS LEASE is also executed by the Commonwealth this 30th day
of April, 1984,

COMMONWEALTH OF KENTUCKY



Martha Layne Collins
Governor

KENTUCKY DEPARTMENT OF PARKS



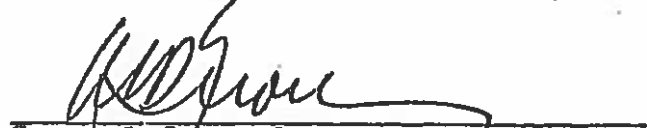
Fran Curci
Commissioner

FINANCE AND ADMINISTRATION CABINET



Lester M. Thompson
Secretary

Approved for form and legality:



General Counsel
Finance and Administration Cabinet

ASSURANCE OF COMPLIANCE WITH THE AGE DISCRIMINATION ACT OF 1975;
WITH THE REHABILITATION ACT OF 1973;
WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964; AND,
WITH DEPARTMENT OF DEFENSE DIRECTIVE 5500.11

THE COMMONWEALTH OF KENTUCKY (hereinafter called the
(Commonwealth) HEREBY AGREES THAT it will comply with the Age
Discrimination Act of 1975 (42 U.S.C. § 6102); with the
Rehabilitation Act of 1973, as amended (29 U.S.C. § 794); with
Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d), and
the Department of Defense Directive 5500.11 (32 C.F.R. § 300), to
the end that, in accordance with the above cited Acts and
Directive, no person in the United States shall, on the ground of
race, color, creed, age, sex, handicap, or national origin be
excluded from participation in, be denied the benefits of, or be
otherwise subjected to discrimination under any program or
activity for which the Commonwealth receives Federal financial
assistance from the Department of the Army and HEREBY GIVES
ASSURANCE THAT it will immediately take any measure necessary to
effectuate this agreement.

If any real property or structure thereon is provided or
improved with the aid of Federal financial assistance extended to
the Commonwealth by the Department of the Army, this assurance
shall obligate the Commonwealth, or in the case of any transfer
of such property, any transferee, for the period during which the
real property or structure is used for a purpose for which the

EXHIBIT B

Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance shall obligate the Commonwealth for the period during which it retains ownership or possession of the property. In all other cases, this assurance shall obligate the Commonwealth for the period during which the Federal financial assistance is extended to it by the Department of the Army.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Commonwealth by the Department of the Army, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Commonwealth recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Commonwealth, its

successors, transferees, and assignees, and the person or persons whose signature appear below are authorized to sign this assurance on behalf of the Commonwealth.

DATED this 30TH day of April, 19 84.

COMMONWEALTH OF KENTUCKY

BY Martha Layne Collins
Martha Layne Collins
Governor