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May 04, 2007

Mr. Guy Loftman
532 N. Walnut Street
Bloomington, IN 47408

VIA FACSIMILE AND US MAIL

Re: Indian Creek Firefighters - Contract

Dear Guy:

1. Re Audit: I asked you to provide any allegations of breach of contract in our conversation on February 26, 2007. You mentioned three areas: a) working fire trucks; b) EMT bags; and c) training & certification for all current firefighters. You confirmed that those were the only three areas of alleged breach in our subsequent conversation on February 27, 2007. You did not mention anything about an audit then or in any subsequent conversation. You did add a subsequent request for bank records, which were hand delivered to you with the other documentation on March 13, 2007. We have received no further comment or question from your client on the bank records.

Further, the language of the contract says that ICFF will 'submit to an audit,' not that ICFF will automatically obtain an audit at its own expense each year. To my knowledge, and upon consultation with ICFF, the Trustee has not requested an audit for last year or for any year in recent memory. No audit has been mentioned until your letter of April 30, 2007. The ICFF Treasurer, Mr. Brad Swain, informed me that each year he voluntarily provides the Trustee with a copy of all state and federal tax returns, and that in addition, the ICFF was audited by Phyllis Kreis, C.P.A., about three or four years ago in preparation for a grant application.

2. Re Contract: I asked you in our first conversation about this matter, on February 26, 2007, whether the Trustee would even be interested in signing a new contract with the ICFF. You informed me that you believed she would, but that she would want more control over the department. We agreed in that and subsequent conversations (confirmed in my letter to you faxed on February 27, 2007) to table the matter of a new contract until the matter of your client's allegations of breach and my client's allegations of non-payment under the contract were resolved. When your client provided the proposed 'Supplement #2' directly to my client, I called you to ask that any proposals be sent through my office. Also during that conversation, I let you know we were drafting a proposed contract. At no time during that or any other conversation did you alert me that your client was, in fact, setting up her own fire department, attempting to contract with another fire department, or in any way indicate that she would not consider a contract proposal from

ICFF.

3. Re Lease: We disagree on the interpretation of the lease. I believe that the lease requires protection of the type required by almost any lease---basic occupancy such that vagrants don't move in and such that the property is cared for. ICFF is certainly in a position to provide that protection. This interpretation is buttressed by the lease's separate language requiring the land to be used as a fire station--please see the final sentence of paragraph 4 of section 4: "and the Lessee's utilization of said land solely as a fire station."
4. Re turnover of ICFF's equipment and building: ICFF declines to turn over its firefighting equipment. ICFF is in a position to continue to protect Indian Creek residents and believes it is in the best position to ensure that its resources continue to serve township residents and neighboring communities.

Very Truly Yours,

Catherine Stafford
Attorney at Law

cc: Dee Owens, President
Indian Creek Firefighters, Inc.