

INDIAN CREEK TOWNSHIP TRUSTEE

LINDA HOLLINGSWORTH

8383 S. Mt. Zion Rd.
Bloomington, In. 47403

February 9, 2007

Rich Hansen, President
Indian Creek Fire Fighters, Inc.
8019 South Rockport road
Bloomington, IN 47403

By certified U.S. mail, return receipt requested

Dear Mr. Hansen:

I have reviewed your letter of January 30, 2007 declining to modify the March 16, 2006 contract (the Contract) between the Indian Creek Fire Fighters, Inc. (the Corporation) and Indian Creek Township (the Township). In light of the Corporation's refusal to enter into the contract supplement, and in light of serious and ongoing breaches of the Contract by the corporation, I have decided to terminate the contract. Enclosed you will find my Termination Of Lease And Contract For Fire Protection.

Of primary concern is the failure of the Corporation to maintain equipment. Despite over \$50,000 paid by the Township to the Corporation in 2006, five of the six emergency vehicles are either completely inoperable or seriously defective. The Corporation's request for at least \$10,100 from the Township for additional maintenance expenses is unjustifiable, when more than sufficient funds were paid by the Township to the Corporation to maintain the equipment last year. The Corporation has failed to cure its breach or reach an alternate agreement with the Township following notice of breach, presented as the Township's request for the modified lease. The Township is thereby entitled to recover from the Corporation the July 1, 2006 payment of \$15,750.

In light of the Corporation's refusal to enter into the lease supplement and its indication that it will retain all equipment on termination of the contract, the Township has determined that it will not provide any funds to repair the equipment. That would be giving Township fire protection money to repair Corporation equipment that will not be available to fight fires in the Township. That would be bad policy.

In light of the inability of the Corporation to provide fire fighting services at this time, no advance payments will be made. If the Corporation invoices the Township for the sum of \$4,625 for payment for services actually provided from January 14, 2007 through February 14, 2007, and adequate documentation that the Corporation was in compliance with the Contract, the invoice will be promptly paid. But the Township will not pay in advance for services that it is abundantly clear the Corporation cannot currently perform.

As Trustee. I know of no lease or legal document concerning the property other than the October 16, 1973 lease between the Corporation and MCCSC. If there are other document(s) controlling the relationship between the parties with respect to the real estate, please provide me with copies. The Township disagrees with the Corporation's interpretation of the 1973 lease in two particulars.

1. The 2013 expiration date is conditional, not absolute. The real estate subject to the lease is now owned by Indian Creek Township, which is landlord under the lease. Part of the consideration to be provided by Lessee to Lessor is "protection of its (lessor's) buildings and property at Kirksville, Indiana". If the Corporation does not provide fire protection, then it is in breach of the lease. The Corporation has failed to provide fire protection, and is currently incapable of providing fire protection. In light of this breach of the lease, the Township is terminating the lease, as stated in the Termination of Lease and Contract for Fire Protection.

2. The lease does not provide that improvements remain the property of the lessee. The Corporation was authorized to build the building, but has no ownership rights therein. The Corporation is merely a tenant of the real estate, land and building. If the lease is breached, or terminates by its own terms, the Corporation's right to possession of both the land and improvements ends.

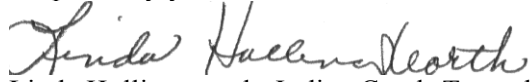
It is sad to realize that the Corporation might be unable to provide fire protection for Indian Creek Township residents and businesses and refuse to turn over its fire fighting equipment to the Township so that fire protection can be provided with the equipment intended to provide that protection, but the Township does not dispute that the Corporation has a right to follow such a path. The Township offers to purchase all equipment and to assume any debt associated with it, for \$1.00. I hope you will conclude that such a sale would be in the best interest of the citizens of Indian Creek Township

The Township is willing to discuss mechanisms to preserve Corporation assets for their intended purpose, but fire fighting in the future must be provided through an organization which has a legal duty to cooperate with the Indian Creek Township Trustee. If the Corporation chooses not to make such a

transition, then the Township will not enter into further contracts with the Corporation.

On behalf of Indian Creek Township and its citizens, deepest thanks are expressed to the many volunteers and staff members who have provided so much service for so many years.

Respectfully yours,

A handwritten signature in cursive script that reads "Linda Hollingsworth".

Linda Hollingsworth, Indian Creek Township Trustee

This document prepared for Indian Creek Township by Guy R. Loftman, Attorney
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