

COPY

THIS CONTRACT made and entered into this 3rd day of January, 2005, by and between

THE CITY OF BARDSTOWN, KENTUCKY, a municipality located in Nelson County, Kentucky with Post Office address at 220 North Fifth Street, Bardstown, Kentucky 40004, hereinafter referred to as the "City", and

BARDSTOWN-NELSON COUNTY VOLUNTEER FIRE DEPARTMENT, INC., a Kentucky nonprofit corporation, situated in Nelson County, Kentucky, with Post Office address at 230 North Fifth Street, Bardstown, Kentucky 40004, hereinafter referred to as the, "Corporation",

WITNESSETH:

WHEREAS, the parties to this contract have reached an understanding whereby the City will employ three additional full-time firefighters and additional part-time firefighters which will be the equivalent of one other full-time firefighter as a result of an understanding between the parties and Nelson Fiscal Court which agreed to increase the Corporation's fire department dues by \$10.00 per residential customer and to include all commercial and industrial customers in the collection of fire dues for the area served outside the city limits of Bardstown by the Corporation.

NOW THEREFORE, for and in consideration of the Covenants and agreements hereinafter contained, the parties hereto agree as follows:


1. The City shall employ three additional full-time firefighters and additional part-time firefighters which will be the equivalent of one full-time firefighter in order to provide more complete fire coverage.

2. The Corporation will reimburse the City on a quarterly basis for the City's expenses directly related to the cost of two full-time firefighters. These costs shall include: salary, including overtime; all normal fringe benefits that are provided to full-time City employees; the cost of training; and uniforms and gear, as required from time to time. The cost to be billed to the Corporation shall be based on an average of the expenses for the three new full-time positions once these positions are filled.
3. The Corporation agrees to pay the actual costs for two additional full-time firefighters solely from the funds received by the Corporation as a result of the \$10.00 increase in residential fire dues and from the income received from business and industrial customers dues minus \$21,000.00 which has been budgeted for operating expenses of the Corporation. The Corporation's responsibility to pay the actual costs is limited to the funds received from the above sources. It is understood that in the event that the City annexes an area within corporation's territory, the corporation will not receive any fire dues in the year that City begins collecting property taxes for the annexed area.
4. The amount paid by the Corporation to the City shall not exceed the actual costs incurred for two additional full-time firefighters as set forth above.
5. This Contract will expire on June 30, 2006 and shall be automatically renewed for successive one year periods in the absence of a written notice

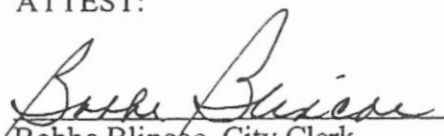
of termination by either party. Either party may terminate this Contract by giving a one year written notice to the other party of its decision not to renew the Contract.

IN WITNESS WHEREOF, the parties hereto acting under the authority of their respective governing bodies have caused this Contract to be duly executed in two counter parts each of which shall constitute an original.

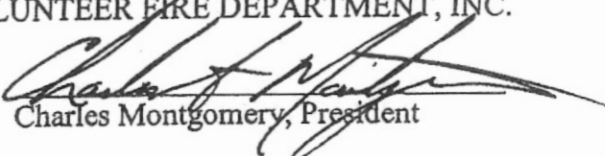
THE CITY OF BARDSTOWN, KENTUCKY

BY: 
Dixie P. Hibbs, Mayor


ATTEST:


Bobbe Blincoe, City Clerk

BARDSTOWN-NELSON COUNTY
VOLUNTEER FIRE DEPARTMENT, INC.

BY: 
Charles Montgomery, President

ATTEST:


Sean Roby, Secretary