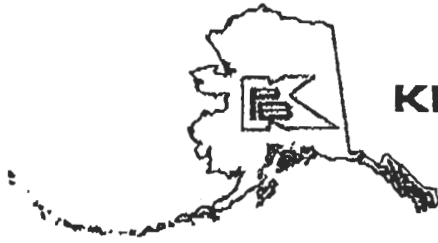


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KENAI PENINSULA BOROUGH

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DALE BAGLEY
MAYOR

July 12, 2005

Walt Wrede, City Manager
City of Homer
491 East Pioneer Avenue
Homer, AK 99603

Re: Continuation of agreement for provision of fire and emergency medical services

Dear Mr. Wrede:

By this letter the Kenai Peninsula Borough, on behalf of the Kachemak Emergency Service Area, requests that the city agree to continue to provide fire and emergency medical services to the Kachemak Emergency Service Area at the same level as agreed upon in the prior Agreement for Provision of Fire and Emergency Medical Services, which expired June 30, 2005. As you know, the City of Homer and service area representatives have been negotiating the new proposed contract, which is expected to be retroactively effective on June 1, 2005. In order to avoid any disruption in service, this letter is to memorialize our informal understanding that services will be provided at the same level as before and that the City of Homer will be compensated for these services based upon the compensation provision to be agreed upon in the new agreement. It is understood that the agreement in negotiation must be approved by both the assembly and city council.

If this is agreeable to you, please sign below and return this letter to me.

Yours truly,

Dale Bagley
Borough Mayor

On behalf of the City of Homer, I hereby agree with the above terms.

7/12/05

Walt Wrede, Homer City Manager / date

CAREY MEYER, ACTING CITY MANAGER