CONTRACT BETWEEN
THE ELIZABETHTOWN INDEPENDENT BOARD OF EDUCATION
AND
THE HARDIN COUNTY BOARD OF EDUCATION

THIS CONTRACT is made and entered into this 20th day of December 2007, by
and between the Elizabethtown Independent Board of Education and the Hardin County
Board of Education.

WHEREAS, each Board of Education recognizes and respects the proud and
excellent tradition of each District in educating the children of Kentucky; and

WHEREAS, each Board of Education wishes to improve communication and
trust; and

WHEREAS, the Boards have met in a joint session to identify and address past
and existing issues of contention; and

WHEREAS, the Elizabethtown Independent Board of Education is willing to
agree not to annex property currently situated in the Hardin County School system for
the term of this agreement and the Hardin County Board of Education is willing to agree
not to attempt to facilitate a merger of the Elizabethtown District into the Hardin County
District for a like period of time; and

WHEREAS, both Boards are willing to sign non-resident student contracts for a
like period of time pursuant to the provisions contained herein; and

WHEREAS, both Boards wish to memorialize their contract in resolution of the
differences between them;

NOW, THEREFORE, the Boards of Education of the respective School Districts
hereby agree as follows:
I. DISPOSITION OF ANNEXATION PETITIONS:

A. The Hardin County Board of Education ("Hardin County" or "HCS") will approve annexation Petitions #5 and #8 presented to them by the Elizabethtown Board of Education ("Elizabethtown" or "EIS"). Specifically, it is agreed that the Emerine property described in Petition #5 and the Hart property described in Petition #8 will be transferred from Hardin County to Elizabethtown. A true and accurate copy of the two petitions as well as a map identifying the property to be transferred is attached hereto as Exhibit #1 and Exhibit #2. A land survey of the property described in Petitions #5 and #8 shall be conducted and the results of same shall be the actual legal description which shall be set forth in the board minutes of each district. EIS agrees to pay for the cost of same.

B. Elizabethtown agrees to take all steps necessary to insure that Petitions #3, 4, 6, and 7 are withdrawn from submission to Hardin County. Elizabethtown further agrees to dismiss appeals presently pending before the Kentucky State School Board regarding Petitions #1 (Pear Orchard) and #2 (Boone).

II. NUMBER OF NON-RESIDENT CONTRACTS

A. Each District agrees to sign non-resident contracts as described hereafter. The term "non-resident contract" is intended to encompass the "written agreement" contemplated in KRS 157.350 (4)(a) and 702 KAR 7:125, Section (14). The term "non-resident contract" as used herein, encompasses both "employee non-resident contracts" and "additional non-resident contracts" as defined in II B and II C herein.

B. Each District agrees to execute two types of non-resident contracts. The first type is a non-resident contract applicable to students who reside in a district but whose
parent(s) is employed by the other district. This type of non-resident contract shall be referred to herein as “employee non-resident contracts”. For purposes of employee non-resident contracts, the parent shall be considered an employee of a given district if said employee is eligible for state health benefits as defined in 702 KAR 1:035, Sec. 1 (3) (4). The term “parent” shall include a biological parent, adoptive parent or stepparent residing in the home of the student utilizing the employee non-resident contract.

C. Separate from and in addition to the employee non-resident contracts identified in paragraph IIB above, each District agrees that a limited number of students not covered by an employee non-resident contract shall be permitted to attend the other District. This type of non-resident contract student shall be referred to herein as “additional non-resident contracts.” Each District will allow additional non-resident contract students to attend the other District as follows:

<table>
<thead>
<tr>
<th>School year</th>
<th>Maximum Additional Non-Resident Contract Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>100</td>
</tr>
<tr>
<td>2009-2010</td>
<td>125</td>
</tr>
<tr>
<td>2010-2011</td>
<td>150</td>
</tr>
<tr>
<td>2011-2012</td>
<td>175</td>
</tr>
<tr>
<td>2012-2013</td>
<td>200</td>
</tr>
</tbody>
</table>

As to the additional non-resident contract students, the parties agree to the following additional provisions:

Beginning with the 2013-2014 school year additional non-resident contract students shall be increased or decreased in an amount equal to the percentage increase or decrease of student enrollment in HCS. Percentage increase or decrease in HCS enrollment at that time shall be determined by comparing the second month ADA (average daily attendance) for the two (2) most recent school years.
For example, if there are 200 additional non-resident contract students attending EIS at the conclusion of the 2012-2013 school year and it is determined that HCS student population grew by 10% in the 2012-2013 school year as compared to 2011-2012 school year, then, in that event, beginning in the 2013-2014 school year EIS would be entitled to a total of 220 additional non-resident contract students. The same formula will be applied for purposes of calculating any additional non-resident contract students each year thereafter for the remaining term of this contract.

If in a given school year it is determined that HCS has incurred a decrease in student enrollment, other than a decrease because of non-resident contracts, when compared to the immediate preceding year, then in that event no additional contracts will be signed for the ensuing school year. EIS would retain in the ensuing school year all students previously enrolled under the additional non-resident student contracts and all students enrolled under the employee non-resident student contract. However, no new additional non-resident contract students would be enrolled at EIS. If following a year(s) in which HCS has had a reduction in student enrollment, followed by a subsequent increase in student enrollment, the percentage of increase to which EIS is entitled will be applied to either the actual number of additional non-resident contract students enrolled at EIS or the base number of 200, contemplated by paragraph II (C) above, whichever is greater.

The same process will apply for students wishing to attend HCS from EIS.

III. SELECTION OF STUDENTS COVERED BY ADDITIONAL NON-RESIDENT CONTRACTS

A. For purposes of determining which students will be enrolled at EIS or HCS as additional non-resident contract students, the parties agree to a random selection process
from the applications made to the district receiving students. Students must apply to the office of the Superintendent in the district of choice by submitting the form which is attached hereto and identified as Exhibit #3. The Superintendent receiving this application will forward a copy of the application to the Superintendent of the sending district.

**B.** For the 2008-09 school year, it is agreed that students enrolled in EIS and paying tuition as of Dec. 13, 2007 will be given first priority as to the 100 additional non-resident contracts allocated to EIS pursuant to section II-C for the 2008-09 school year. The list of students paying tuition as of Dec. 13, 2007 will be provided to HCS the next business day after execution of this agreement by both Boards. In subsequent years, EIS students on said tuition list as of Dec. 13, 2007, and who were selected by the random selection process for the 2008-2009 school years, will continue to be additional non-resident contract students. Siblings of said tuition students shall also be added automatically when they become school age, and shall be counted towards the maximum number allowed as set forth in section II(C) above.

**C.** As to the 2008-2009 school year, applications to be included in the random selection process must be received not later than the close of business on March 31, 2008. A random draw will take place in the presence of both Superintendents and a member of the respective Boards of Education not later than April 30, 2008. Thereafter, applications to be included in the random selection process to become an additional contract student must be received not later than the close of business November 30th of each year, to be considered for the subsequent year additional non-resident contracts. A random draw
will take place in the presence of both Superintendents and a member of the respective Boards of Education not later than December 31st of each year.

D. For purposes of publicizing the method by which additional contract students will be selected, a joint notice will be published twice in a local newspaper with daily publication and also for six (6) days on a local radio station to be agreed upon by the Districts. Other prevalent means of communication existing at that time may be used by agreement of both Districts. The publication would be for purposes of notifying the Hardin County School System residents and Elizabethtown School System residents of the upcoming random selections. Each District will also send email notification to all employees of each District reminding them of upcoming registration opportunities for the random selection of additional non-resident contract students. The cost of the newspaper and radio advertisement will be paid one-half by each District. District officials or employees shall not circumvent this process by encouraging individuals to seek enrollment in another district.

E. Students, if any, not selected via the random selection process may reapply the next school year. There will be no waiting list established, and no preference shall be given merely because one may have applied in previous years. It is understood that any student not selected via the random selection process has the right to attend either District if they elect to pay the standard tuition (EIS tuition is currently $3500 for the 2007-2008 school year but is subject to change).

F. If a student drawn via the random selection process has siblings who wish to attend in the same District, the siblings residing in the same household would automatically be permitted to attend the same District under the random selection
process. Each student to attend from one household will be counted against the maximum additional contract students permitted to attend the same District as set forth in paragraph II (C). Provided, however, if the student selected via the random selection process is from a family with more than one student, and permitting all siblings residing in the same household to attend the same District would result in exceeding the maximum number of additional contract students for a given year, it is nonetheless agreed that the additional students would be permitted to enroll in the same District in the ensuing school year. An adjustment would be made the following year to compensate for the additional students above the agreed upon limit allowed to attend the same District. For purposes of this contract, the term “sibling” would include brothers/sisters, half brothers/sisters, step brothers/sisters and adopted brothers/sisters, residing in the same household as the sibling selected by the random selection process.

G. Once a student is admitted as an employee non-resident contract student or as an additional non-resident contract student, each District shall take no action to encourage or force said student to leave the District because of any undesirable behavior or status (such as disability) of the student. However, each District recognizes that a parent/guardian may choose on his/her own volition to relocate to another District.

IV. TERM OF CONTRACT

This contract shall remain in effect until it terminates on June 30, 2032, or by mutual agreement. High school students enrolled in either District under the additional non-resident contract and all students enrolled under the employee non-resident contracts shall be permitted to remain in the District in which they are enrolled for up to an additional three (3) years. This will insure that any student in high school at the
termination of the contract will have the opportunity to graduate from the high school in which they are enrolled at the time of the termination of the contract. The Boards agree to discuss the possible extension of this contract on or about the year 2028.

V. BREACH OF CONTRACT

Either District shall be entitled to seek specific performance of this contract in the Hardin Circuit Court in the event of its breach by the other District. The parties recognize that the contract would be breached if either District accepts an annexation petition, in the absence of mutual consent by the two Districts for the transfer of realty from one district to the other. This contract would also be breached if either District refused to approve either type of non-resident contracts as previously defined herein. In the event this contract is breached as described in either fashion, the agreed penalty is as follows:

A. If Hardin County breaches this contract it is agreed that EIS will be entitled to an additional 200 students during the ensuing academic year. This additional 200 students will be added to the total number of contract students every year thereafter for the remaining term of the contract. For purposes of clarification there would be an increase of 200 students in the ensuing school year. The next school year, the penalty of 200 students would still apply. However, there would not be a total of 400 penalty students in year two (or 600 in year three) but rather 200 penalty students per year, for the remainder of the contract.

B. If EIS is found to have breached this contract by accepting an annexation petition, initiating an annexation or otherwise seek to change the respective District boundaries, without the consent of both boards, the penalty would be the termination of
all employee non-resident contracts and all additional non-resident contracts for the remaining term of the contract.

C. The parties recognize a third way by which this contract would be breached is if either District entered into an intentional pattern of omission or co-mission intended to circumvent the letter and spirit of this contract. Examples of such acts would include, but not be limited to the following: falsifying employment status; promoting, enabling or facilitating the abuse of guardianships; discouraging and/or penalizing students or their families who seek non-resident employee contract status or additional non-resident contract status.

In light of the difficulty of clearly defining an intentional pattern of acts of omission or co-mission which would constitute a breach of this contract, the parties agree that if such a breach is perceived, they will immediately contact the other District with the objective being to resolve the perceived breach by mutual effort.

D. If the Districts are unable to come to a mutually acceptable resolution of the perceived breach, it is agreed that they will agree to non-binding mediation and the cost of which shall be borne equally. If mediation is unsuccessful both Districts agree to select a third party arbitrator to consider the allegation. If the Districts are unable to agree to a mutually acceptable third party arbitrator, then each District will nominate an arbitrator of their own and the two arbitrators will select a third arbitrator to hear the dispute. Both Districts agree that the arbitration proceeding shall be governed by Kentucky Chapter 417 or its successor. The selected arbitrator is hereby authorized to conduct a hearing in accordance with Kentucky Chapter 417 or its successor. The selected arbitrator is further authorized to impose the appropriate remedy and/or penalty for the violation of the
contract if the arbitrator finds that the contract has been violated. The objective of this clause is to provide for an expedited resolution of the perceived breach of the contract at minimal costs to both Districts and to allow for correction of the alleged violation.

VI. GUARDIANSHIPS/LIMITED GUARDIANSHIPS/AND/OR FALSE PRETENSE

It is agreed that neither District will automatically recognize a guardianship or false pretense for purposes of establishing residency within school or district boundaries. It is further agreed that a student who attempts to establish residency by utilizing a guardianship or false pretense under circumstances in which the student has one or more parents residing in the other district, then the guardianship or false pretense is presumed to be intended to circumvent the residency laws of this State and the intent of this contract. It is specifically agreed that a guardianship or false pretense for mere educational purposes, in the absence of other clearly identifiable legitimate reasons, such as the well-being of the child or the inability of the child’s parents/guardian to care for the child, will result in the denial of admission of the student based upon a guardianship or false pretense.

However, both Districts do acknowledge that there exists legitimate circumstances in which a guardianship is appropriate. If either District is presented with a guardianship and/or limited guardianship which appears to be legitimate and in good faith, that District will immediately contact the other District and both Districts will conduct an investigation of the situation including, but not limited to, a meeting with the child, parent, proposed guardian and any other appropriate individual(s) involved with the situation. The investigation will determine if the student has taken up an actual residence with the appointed guardian/limited guardian.
Not until such time as the validity, legitimacy, and necessity of the guardianship has been verified to the satisfaction of both Districts will the student be enrolled in a District based solely upon a guardianship. Until approval is granted, the student must remain in the District in which the student is currently enrolled. In those instances in which the Districts agree that the proposed guardianship or false pretense was for purposes of circumventing this contract, then the penalty to be imposed on the parties and the student intending to circumvent the contract is that the student will not be eligible for employee non-resident contract status or additional non-resident contract status for the remainder of his/her educational years. Further, the student will not be permitted to enroll in the District for which the guardianship was sought as an employee non-resident contract student, an additional non-resident contract student, or as a tuition student for his/her educational years.

In the event the Districts cannot agree regarding the legitimacy and propriety of the proposed guardianship, then within 30 days thereafter, the issue will be submitted to mediation/arbitration as described in paragraph V(D) above. The decision of the arbitrator shall be a final and binding determination.

VII. ANNUAL MEETING

Both Districts hereby obligate themselves, and their successors, to conduct an annual meeting in October or November of each year for purposes of addressing issues pertinent to the education of their students as well as the application and enforcement of this contract.
VIII. INFORMATION TO BE SHARED REGARDING ENROLLMENT

The Superintendent (or designee) of each District shall be entitled to a copy of enrollment information of the other District including the identity of each student enrolled in the other District and the student’s home address. Provided, however, this information shall be kept confidential and shall be used only by the two Districts for purposes of complying with the provisions of this Contract. Additionally, each District will be entitled to know the basis by which any particular student(s) attends the other District, i.e. employee non-resident contract, additional non-resident contract, district resident, tuition student, guardianship, or otherwise.

IX. ALLOCATION OF STATE FUNDS

It is agreed that the District which educates a student by virtue of either type of non-resident contract described herein shall be entitled to receive all state funding attributable to that student. Presently, this funding is referred to as SEEK funding or ADA funding. Regardless of the name and description of the funds, each District agrees that state funding shall be paid to the District that educates the child pursuant to this contract.

X. BINDING EFFECT

The Board of Education for the Elizabethtown Independent School District and the Board of Education for the Hardin County Schools are valid and existing Boards of Education authorized and existing under the laws of the Commonwealth of Kentucky. Each Board of Education is a body politic and corporate, with perpetual succession, authorized to make contracts. It is the expressed and stated intent of each District that
this contract shall be binding on their successor boards as authorized and envisioned by KRS 160.160(1).

XI. NO LEGAL RIGHTS TO THIRD PARTY BENEFICIARIES

This contract does not give legal rights to third party beneficiaries and is subject to enforcement only between the two school Districts.

XII. SEVERABILITY

If it is determined that any clause set forth in this contract is unconstitutional, illegal, or otherwise unenforceable, the parties agree that the remaining terms, conditions and provisions shall be given their full force and effect notwithstanding any finding that any one or more clauses is otherwise unenforceable.

XIII. NECESSARY ACTS

Each and every party, to and including their respective employees, agents, successors and assigns, will execute any and all documents necessary to give this Contract its full force and effect and will take all actions necessary to enforce this contract, including, but not limited to, initiating and/or defending legal causes of action.

XIV. STANDARDS FOR EXECUTION AND ENFORCEMENT OF THE CONTRACT

To aid in their effort to instill and provide confidence and trust in the actions between their districts, the Boards, by their respective authority, declare, require and bind themselves, their employees, agents, successors and assigns to always act with regard to this Contract with the utmost integrity and honesty. The respective Boards declare and require all actions concerning this Contract shall be transacted based on the best of ethical and moral standards. The Boards, by their respective authority, declare that all matters concerning this Contract shall be completely transparent, unless otherwise prohibited by
law. Each school district shall freely and with reasonable expediency provide any and all information in their records concerning this contract to the other school district.

Any perceived violation of the above paragraph shall be brought to the attention of the other party, and the parties shall make all reasonable effort to resolve the matter. If they cannot resolve the matter (including whether the best ethical and moral standards are being applied) the matter shall be submitted to mediation/arbitration for resolution as set out in V(D) above.

HARDIN COUNTY BOARD OF EDUCATION:

Byron Nelson
Kay Sharon
Scott Tubbs
Jo Emery
Charlie Wise
Nannette Johnston, Superintendent

ELIZABETHTOWN BOARD OF EDUCATION

Dr. William T. Clagett
Dianne Cooper
Regina Churchill
APPLICATION FOR ENROLLMENT IN HARDIN COUNTY SCHOOLS OR ELIZABETHTOWN INDEPENDENT SCHOOLS AS A NON-RESIDENT (NON-EMPLOYEE) CONTRACT STUDENT

PARENT/GUARDIAN: ____________________________ ADDRESS ____________________________

FATHER ____________________________ ____________________________

MOTHER ____________________________ ____________________________

CHILD'S NAME: ____________________________ DATE OF BIRTH: ____________________________ GRADE (CURRENT YEAR) ____________________________

SCHOOL STUDENT CURRENTLY ATTENDING: ____________________________

SCHOOL STUDENT PROPOSES TO ATTEND: ____________________________

I understand the following conditions must be met in order for my child(ren) to be granted an exception:

1. This written request must be filed with the Superintendent's Office of the District in which the student wishes to enroll on or before November 30th. For the 2008-2009 school year only the request shall be due by March 31st and the draw will be conducted by April 30th, 2008.

2. My child's name must be drawn via a random selection process.

3. If my child's name is drawn, I realize they shall begin school in this district at the beginning of the next school year (along with other children submitted on this list) and if any child listed above leaves this district, or decides not to attend the immediate following year, I realize that I would have to reapply in the random selection process for them to return.

Each person who has signed this application acknowledges that they are aware that the penalty for providing false information on this form is that the student will not be permitted to enroll as a contract student or as a tuition student in the district they are seeking to enroll for the remainder of their educational years. Also, each person who signs this form acknowledges that they are aware that athletic eligibility shall be determined by KHSAA guidelines. Also, each person agrees and understands that a copy of this application shall be sent to Hardin County and/or the Elizabethtown Independent District.

(Parent Signature) ____________________________ (Date) ____________________________

(Parent Signature) ____________________________ (Date) ____________________________

(Guardian Signature) ____________________________ (Date) ____________________________

NOTE: This form must be completed and returned to the Superintendent's Office of the District in which the student wishes to enroll. A deposit may be required by each district with the application.
REASON(S) FOR REQUEST (OPTIONAL): ____________________________

______________________________

______________________________

Exhibit # 3

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