

IN THE CHANCERY COURT FOR MADISON COUNTY, TENNESSEE
TWENTY-SIXTH JUDICIAL DISTRICT
AT JACKSON

MADISON COUNTY, TENNESSEE,)
)
 Plaintiff,)
)
 and)
)
 JACKSON-MADISON COUNTY SCHOOL) No. 75594
 SYSTEM,)
)
 Intervening Plaintiff,)
)
 vs.)
)
 CITY OF JACKSON, TENNESSEE,)
)
 Defendant.)

ENTERED
9-14-17

ORDER OF COMPROMISE AND DISMISSAL

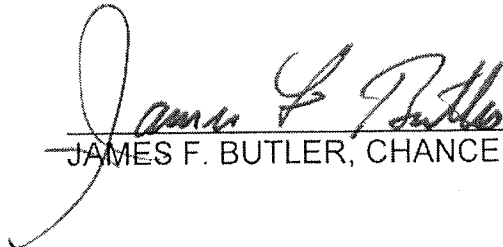
Came the parties, by and through their respective attorneys, and stated to the Court that the matters and things in controversy between the parties in this cause have been compromised and settled, as set forth in the Agreement attached as Exhibit 1 to this Order. The Court is pleased to, and does, grant said motion to dismiss the cause with prejudice.

IT IS THEREFORE, ORDERED, ADJUDGED AND DECREED that this cause be, and the same is hereby, dismissed against Defendant, City of Jackson, Tennessee, with prejudice.

IT IS FURTHER, ORDERED, ADJUDGED AND DECREED that no discretionary costs or attorneys' fees will be applied for or awarded. Madison County,

Tennessee and the City of Jackson, Tennessee shall each pay one half (1/2) of the Madison County Chancery Court Clerk's costs of this cause, if any, for which execution may issue.

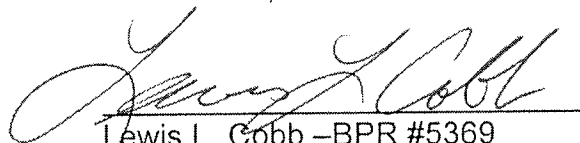
ENTERED this the 14th day of September, 2017.



JAMES F. BUTLER, CHANCELLOR

APPROVED FOR ENTRY:

SPRAGINS, BARNETT & COBB, PLC



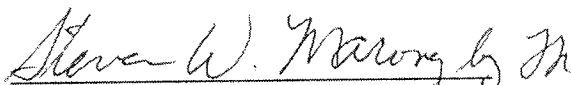
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TEEL & MARONEY, P.L.C.



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**AGREEMENT BETWEEN MADISON COUNTY, TENNESSEE, THE CITY OF
JACKSON, TENNESSEE, AND THE JACKSON-MADISON COUNTY SCHOOL
SYSTEM REGARDING ALLOCATION OF LOCAL OPTION SALES TAX REVENUE
TO FUND THE JACKSON-MADISON COUNTY SCHOOL SYSTEM**

This Agreement made and entered into this the 25th day of JULY, 2017, by and between Madison County, Tennessee (hereafter, "County"), the City of Jackson, Tennessee (hereafter, "City"), and the Jackson-Madison County School System (hereafter, "System").

WITNESSETH:

WHEREAS, Tennessee Code Annotated § 67-6-712(a)(1) and (2) provides that counties may adopt a local option sales tax whereby one-half of the proceeds of said tax shall be expended and distributed in the same manner as the county property tax for school purposes is expended and distributed, and the other one-half of revenues of said tax shall be distributed to a county or incorporated city or town, depending upon which entity makes the collection of said revenues; and

WHEREAS, Tennessee Code Annotated § 67-6-712(2)(c) provides that a county and city or town may by contract provide for other distribution of the one-half (½) of local sales tax revenue not allocated to school purposes; and

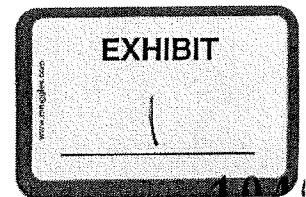
WHEREAS, by referendum held on August 4, 1966, the County adopted a 1.5% local sales tax which continues to the present day, the revenues of which are distributed in accordance with Tennessee Code Annotated § 67-6-712(a) and (b); and

WHEREAS, by referendum held on May 25, 1989, the County and the City approved a school consolidation plan which created the System; and

WHEREAS, by referendum held on May 25, 1989, the County adopted a 1.25% local sales tax which continues to the present day; and

WHEREAS, since adoption of the additional 1.25% local sales tax, the one-half (½) of local sales tax revenue not otherwise allocated to school purposes by statute has nonetheless been dedicated solely to the funding of the System, notwithstanding the point of collection of said taxes; and

WHEREAS, the arrangement described in the preceding paragraph (which the County has characterized an agreement and which the City has characterized a



donation) has continued without interruption since adoption of the additional 1.25% local sales tax; and

WHEREAS, the City announced its decision to discontinue this arrangement by City Council vote of May 18, 2017; and

WHEREAS, the County has filed suit against the City in Madison County Chancery Court seeking to continue this arrangement; and

WHEREAS, the System has intervened to join with the County in this lawsuit against the City; and

WHEREAS, the parties seek to resolve this dispute amicably; and

WHEREAS, County, City, and System desire to enter into an agreement for the sharing of costs of funding the System;

IT IS, THEREFORE, AGREED between County, City, and System as follows:

1. The local sales tax revenue collected within the City shall be distributed as follows:
 - a. One-half (1/2) of the local option sales tax revenues collected pursuant to the May 25th, 1989 referendum shall be expended and distributed in the same manner as the county property tax for school purposes is expended and distributed, as set forth in Tennessee Code Annotated § 67-6-712(a)(1).
 - b. Of the remaining one-half (1/2) of revenues:
 - i. fifty percent (50%) shall be retained by the City.
 - ii. fifty percent (50%) shall be paid to the County to be used solely for the consolidated Jackson-Madison County School System.
2. The City agrees that during the fiscal year 2017-18, the City shall pay to the System the remaining principal it owes to the System from the City's past collection of the mixing bar tax (which amount as of June 28, 2017 is \$1,576,921.55).
3. The City agrees that during the fiscal year 2017-18, the City shall pay to the County the sum of \$195,040.50, which represents the funding deficit for 2015 owed by the City to the County in support of the Jackson-Madison County Library/EMA.
4. The City and County agree that, during the duration of this Agreement, when the total sales tax revenue collected by the City from the 1.25% increase exceeds Twelve Million Dollars (\$12,000,000.00) for a fiscal year, the City and the County

will each donate their one-half (1/2) of the amount of that excess, with each party's annual donation to be no more than Five Hundred Thousand Dollar (\$500,000.00), for a total donation of no more than One Million Dollars (\$1,000,000.00), to the Jackson-Madison County Educational Foundation, ("Foundation"), a non-profit entity, governed by a Board of Trustees of which an equal number shall be appointed by the County, the City, and the System. As an example of the annual donations, if \$12,500,000.00 is received from the City's share of the 1.25% increase, the City will donate \$250,000.00 and the County will donate \$250,000.00 to the Foundation. If \$15,000,000.00 were to be received from the City's share of the 1.25% increase, the City would donate \$500,000.00 and the County would donate \$500,000.00.

5. This Agreement shall be and remain in effect for a ten (10) year period commencing July 1, 2017 until June 30, 2027. Either party has the right to terminate the Agreement upon giving written notice to the other party's Mayor not less than one hundred eighty (180) days in advance of June 30, 2027. If neither party exercises its right to terminate the Agreement one-hundred eighty (180) days prior to June 30, 2027, or the Agreement is not modified by the parties, the Agreement shall remain in effect for successive two year periods with either party having the right to terminate or request a modification of the Agreement upon giving written notice to the other party's Mayor not less than one hundred eighty days in advance of any of the two year anniversaries of June 30, 2027. For example, either party may terminate or request a modification of the Agreement by giving 180 days' notice prior to either June 30, 2027, June 30, 2029, June 30, 2031, June 30, 2033, or any successive two year anniversary. Notice of termination of this Agreement shall be deemed to have been given on the date that is postmarked on the envelope mailing such notice.
6. The lawsuit styled "Madison County, Tennessee v. the City of Jackson, Tennessee", Docket No. 75594, filed in Madison County Chancery Court, shall be dismissed.

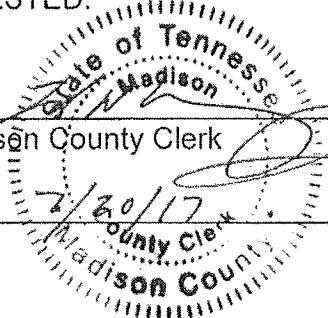
APPROVED:

Jimmy Harris
Madison County Mayor
7-20-17
Date

APPROVED:

[Signature]
City of Jackson Mayor
7/14/17
Date

ATTESTED:


[Signature]
Madison County Clerk
7/20/17
Date

ATTESTED:

[Signature]
City of Jackson Recorder
7/11/17
Date

APPROVED:

[Signature]
Jackson-Madison County School Superintendent
7-13-17
Date

[Signature]
Jackson-Madison County Board Chairman
7-23-17
Date