MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF LAKELAND AND THE LAKELAND SCHOOL SYSTEM

This Memorandum of Understanding, dated this ____ day of November, 2019, is by and between the City of Lakeland, Tennessee (the “City”) and the Lakeland School System (the “School System”).

WHEREAS, the City is a Tennessee municipal corporation;

WHEREAS, the Tennessee legislature passed Public Chapter No. 256 of the 2013 Public Acts to amend Title 49 relative to local educational agencies, including Tennessee Code Annotated § 49-2-127(b), which authorizes the governing body of a municipality to establish, by ordinance, a municipal board of education in compliance with Tenn. Code Ann. § 49-2-01;

WHEREAS, the School System was lawfully established by local ordinance pursuant to Tenn. Code Ann. § 49-2-106 and in compliance with Tenn. Code Ann. § 49-2-201;

WHEREAS, the School System is an entity authorized pursuant to the laws of the State of Tennessee to operate a public school district within Lakeland, Tennessee;

WHEREAS, the School System is funded in part by the City;

WHEREAS, the School System and the City believe that building and operating high school facilities in Lakeland to educate Lakeland students in grades nine through twelve is in the best interest of Lakeland students and in furtherance of the educational purposes set forth in Tennessee law;

WHEREAS, the School System has approved and submitted to the City a capital improvement plan requesting funds to build a high school wing and other facilities to educate Lakeland high school students on the existing Lakeland Middle Preparatory School campus;

WHEREAS, the School System has collected a fund balance which currently exceeds the minimum required by Tennessee law regulating school system fund balances;
WHEREAS, the School System has funds available and the desire to assist the City relative to the construction of a high school in Lakeland and reduce the financial impact on the City;

WHEREAS, the City desires to construct a high school wing and other facilities to educate Lakeland high school students on the existing Lakeland Middle Preparatory School campus;

WHEREAS, the City desires to secure financing and provide funds sufficient for the full construction of a high school facility to the Board of Education for the School System by December 31, 2019; and

WHEREAS, the City and the School System enter into this Memorandum of Understanding to memorialize the School System’s contribution of $700,000.00 per year of the School System’s fund balance monies or the equivalent thereof for four years (FY 2020, 2021, 2022, and 2023) to be used to offset the costs associated with School capital projects.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the sufficiency of which is hereby confirmed, the parties do covenant and agree as follows:

1. **Acknowledgment as to the Purpose of the School System’s Fund Balance Contribution.** For the purpose of assisting with the City’s financing of debt service associated with School System capital projects, the School System agrees to contribute $700,000.00 per year of the School System’s fund balance monies or the equivalent thereof for Fiscal Years 2020, 2021, 2022, and 2023, evidencing a total indebtedness to the City in the amount of $2,800,000. The School System agrees and acknowledges that this debt obligation to the City is a material inducement for the City to obtain financing for the construction of the high school.
2. **Contingencies of School System’s Fund Balance Contribution.** The contribution of any School System funds shall be contingent on (1) the funds being specifically designated by the City to offset or pay debt service related to School System capital projects including the actual construction of a high school facility, and not used for purposes related to studying or planning for the possible construction of a high school facility; (2) the City first securing financing and providing funds by December 31, 2019 to the Board of Education for the School System in an amount equal to at least $40,000,000.00; and (3) the City provide an amount equal to at least $40,000,000.00 in one lump sum transfer to the School System.

3. **Timing and Manner of School System’s Fund Balance Contribution.** The City shall send the first of the four $700,000.00 invoices to the School System by January 10, 2020. The School System shall make the first payment no later than January 31, 2020. The City shall send the second invoice to the School System between July 1 and July 15, 2020. The School System shall pay the second invoice no later than July 31, 2020. The third and fourth invoices shall be sent between July 1st and 15th of 2021 and 2022 respectively. The School System shall pay the third and fourth invoices no later than July 31st of the year in which the invoice is received. In the event that said payments are not paid timely by the School System, the City shall have the right, and the School System shall consent to, each unpaid invoice or any portion thereof, to be deducted from any annual contribution from the City for maintenance of effort, to the extent permitted by applicable law.

4. **Term of Memorandum of Understanding.** The term of this Memorandum of Understanding shall commence on the date of this Memorandum of Understanding, and shall continue until such time as the obligations contained herein are fully satisfied. The School
System’s obligations under this Memorandum of Understanding shall be fully satisfied upon payment of the fourth invoice referenced in the preceding paragraph.

5. **General Provisions.**

   A. This Memorandum of Understanding is complete and contains the entire understanding between the parties relating to the subject matter contained herein.

   B. The parties may only amend or terminate this Memorandum of Understanding in writing signed by both parties.

   C. The parties agree to operate in good faith to implement the objectives of this Memorandum of Understanding.

   D. This Memorandum of Understanding shall be governed by and construed in accordance with the laws of the State of Tennessee.

   **IN WITNESS WHEREOF,** the City of Lakeland, Tennessee and the Lakeland School System have executed this Memorandum of Understanding as of the first day above written.

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**CITY OF LAKELAND, TENNESSEE**

____________________________________
Mike Cunningham
Mayor, Lakeland, Tennessee

**LAKELAND SCHOOL SYSTEM**

____________________________________  ___________________________________
Dr. W. Edward Horrell, III    Kevin Floyd
Superintendent, Lakeland School System  Chairman, Board of Education for the Lakeland School System