

AGREEMENT OF COMPROMISE AND SETTLEMENT

This Agreement is entered into by the Board of Commissioners of Shelby County (the "County Commission"), Shelby County, Tennessee ("the County"), the Shelby County Board of Education (the "County Board of Education"), the **City of Millington**, Tennessee (the "City"), and the Millington Board of Education (the "Millington Board") (hereinafter referred collectively as "the Parties").

WHEREAS, the County Commission has sued the City and others in the United States District Court for the Western District of Tennessee (Docket No. 11-2101) alleging that the City's efforts to create its own municipal school district is illegal because they are motivated by racially-discriminatory intent and violative of various constitutional provisions (the "Pending Litigation"); and

WHEREAS, the City has denied the allegations of the Pending Litigation and vigorously defended against all claims that its actions are illegal; and

WHEREAS, this Agreement of Settlement and Compromise is intended to resolve all claims and contentions between the Parties concerning the creation of a municipal school district in the City which are or could be alleged in the Pending Litigation; and

THEREFORE, in view of the good and valuable consideration stated above, the sufficiency of which is hereby acknowledged by the Parties, it is AGREED that:

1. Pursuant to Tennessee Code Annotated § 49-2-127 and Chapter 256 of the Public Acts of 2013, the City shall create a new municipal school district, which system shall commence instruction no earlier than August 1, 2014.
2. The Millington Board of Education shall provide for the supervision, management, and operation of E.A. Harrold Elementary School, Millington Elementary School, Millington High School and Millington Middle School (the "City Schools").
3. The Millington Board of Education shall receive and control all local, state, and federal funding that it is due to operate the Millington Board of Education pursuant to applicable law.
4. The boundaries of the Millington Municipal School District shall be coextensive with the boundaries of the City of Millington and the Millington Reserve area as the City's boundaries may change from time to time.
5. The Shelby County Board of Education shall deed E.A. Harrold Elementary School, Millington Elementary School, Millington High School and Millington Middle School to the Millington Board of Education pursuant to the terms and conditions of the Deed,

attached hereto as Exhibit "A" upon written certification by the Millington Board of Education that it will commence educating students in the Fall term of the 2014-2015 school year; provided that in no event shall said buildings be deeded prior to May 31, 2014.

6. The Shelby County Board of Education shall convey, by bill of sale, all unencumbered furniture, fixtures, books, supplies and equipment contained within or on the grounds of E.A. Harrold Elementary School, Millington Elementary School, Millington High School and Millington Middle School as of the effective date of this Agreement (such items to include but not be limited to all "FF&E" as that accounting term is utilized in connection with the books and records of the Shelby County Board of Education); provided that in no event shall said furniture, fixtures and/or equipment be conveyed prior to May 31, 2014. The Millington Board of Education shall retain all right, title and interest in any and all student activity general funds held at each respective school described above as provided for by Tennessee law including but not limited to T.C.A. § 49-2-110 and any and all rules and regulations of the Tennessee State Comptroller.
7. The Millington Board of Education agrees to pay the Shelby County Board of Education Two Hundred Thirty Thousand, Two Hundred Nineteen Dollars (\$230,219) per calendar year for twelve (12) years with the first payment paid by November 1, 2014 and the remaining payments by November 1 of each year following. The parties agree that if any of the twelve (12) Two Hundred Thirty Thousand, Two Hundred Nineteen Dollars (\$230,219) payments are not received by the Shelby County Board of Education by November 1 of each year commencing on November 1, 2014, the buildings and property described in numbered Paragraph 5 of this Agreement shall revert to the Shelby County Board of Education in accordance with the provisions set forth in the Deed. The commencement of said payments are contingent upon the Millington Board of Education commencing the education of students in the Fall term of the 2014-2015 school year; otherwise the payments shall begin in November of the school year in which the Millington Board of Education commences educating students. The payments required by this paragraph shall not be made as consideration for the transfer of title contemplated in Paragraph 5, but are instead made in return for the other promises and covenants contained herein.
8. The County Commission agrees that it will not reduce or supplant the County Commission's maintenance of effort responsibility to the County Board of Education as a result of the payments made by the Millington Board of Education to the Shelby County Board of Education as set forth in numbered Paragraph 7 of the Agreement. However, the County Board of Education agrees that the payments made by the Millington Board of Education to the Shelby County Board of Education as set forth in numbered Paragraph 7 of the Agreement shall be used by the County Board of Education to reduce its retiree health and life insurance liabilities incurred as of May 31, 2014.

- 9. Except as to the obligations imposed herein, the Parties hereby release, remit and discharge any and all claims, demands, and causes of action that have been asserted in the Pending Litigation, or that could have been asserted in the Pending Litigation, whether known or unknown, that they may have now, or may have in the future, against each other arising in any way out of the creation of a municipal school district in the City of Millington.
- 10. This Agreement may be signed in multiple counterparts, each of which shall be an original, and shall be binding on the Parties hereto and their successors and assigns. This Agreement is not intended to create rights or any form or causes of action for any other party (not a signatory to this Agreement). It may only be amended by signed consent of each of the Parties upon approval of the Court.
- 11. The County Commission agrees to dismiss with prejudice all claims as to the City of Millington in the Pending Litigation, with each Party to bear its own costs and fees.
- 12. The Parties agree that the exclusive venue for any dispute or controversy regarding this Agreement shall be the United States District Court for the Western District of Tennessee Western Division.
- 13. The signatories to this Agreement warrant and represent that they have the full and proper authorization to affix their signature to this document on behalf of the entity that they represent.
- 14. If any provision of this Agreement is held to be unlawful, invalid or unenforceable under any present or future laws, such provision shall be fully severable; and this Agreement shall then be construed and enforced as if such unlawful, invalid or unenforceable provision had not been a part hereof. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such unlawful, invalid or unenforceable provision or by its severance here from. Furthermore, in lieu of such unlawful, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such unlawful, invalid or unenforceable provision as possible.

**THE BOARD OF COUNTY COMMISSIONERS
OF SHELBY COUNTY, TENNESSEE**

THE CITY OF MILLINGTON

By: _____
Chairman

By: _____
Mayor

Date: _____

Date: _____

THE SHELBY COUNTY BOARD OF EDUCATION

By: _____
Kevin Woods, Chairman

Date: _____

By: _____
Chris Caldwell, Vice Chairman

Date: _____

By: _____
Shante Avant, Member

Date: _____

By: _____
Billy Orgel, Member

Date: _____

By: _____
Teresa Jones, Member

Date: _____

By: _____
David A. Pickler, Member

Date: _____

By: _____
David Reaves, Member

Date: _____

MILLINGTON BOARD OF EDUCATION

By: _____
Greg Ritter, Member

Date: _____

By: _____
Cecilia "C.J." Haley, Member

Date: _____

By: _____
Chuck Hurt, Jr., Member

Date: _____

By: _____
Cody Childress, Member

Date: _____

By: _____
Louise Kennon, Member

Date: _____

By: _____
Jennifer Ray Carroll, Member

Date: _____

By: _____
Donald K. Holsinger, Member

Date: _____

Shelby County, Tennessee

By: _____
Mayor

Date: _____