

**INTRAGOVERNMENTAL MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
THE KNOX COUNTY COMMISSION,
THE MAYOR OF KNOX COUNTY
AND
THE KNOX COUNTY BOARD OF EDUCATION**

THIS INTRAGOVERNMENTAL Memorandum of Understanding and Agreement is made and entered into this 1st day of July, 2015 among Knox County, a political subdivision of the State of Tennessee, a Home Rule Public Corporation and Charter Government and its elected entities, Knox County Commission, the Mayor of Knox County and the Knox County Board of Education.

WITNESSETH

WHEREAS the County Commission desires to support the Mayor's initiatives to enhance and improve public education in Knox County; and

WHEREAS, the Mayor wishes Knox County teachers to receive appropriate compensation for their dedicated service; and

WHEREAS, the Mayor desires that the Hardin Valley and Gibbs communities receive the middle schools that their communities need; and

WHEREAS, the Mayor desires to place the Andrew Johnson Building back on the County and City tax rolls, thereby promoting economic development in Knox County; and

WHEREAS, the Mayor desires to assist Knox County Board of Education in a mutual effort to enhance fiscal responsibilities.

NOW, THEREFORE the parties do hereby mutually agree as follows:

TEACHER COMPENSATION

1. Knox County will pay Knox County Schools \$3 million on or after November 24, 2015 for the purpose of a one-time planned APEX bonus for teachers which shall free up recurring revenue to enable teachers to receive a raise of approximately 2 percent. This one-time payment will be treated as a transfer, which, by definition, is not a component included in Maintenance of Effort. This will be in addition to \$1 million of cuts Knox County Schools will make, which amount will be contributed to the raise.
2. Knox County Commission will amend the Mayor's 2016 Proposed Budget to include this one-time bonus.
3. Knox County will pay to the Schools' payroll account, the sum of three million dollars (\$3,000,000.00) on or after November 24, 2015.
4. Knox County Board of Education agrees that the aforementioned one million dollars (\$1,000,000.00) in cuts shall fund raises for certified teachers.

5. Knox County Board of Education agrees the raises herein set out shall be in addition to the normal step raises to which certified teachers are otherwise entitled and awarded.

CONSTRUCTION OF HARDIN VALLEY and GIBBS MIDDLE SCHOOLS

6. Knox County Commission shall amend the proposed 2016-2020 Capital Improvement Plan to include the building of both Hardin Valley & Gibbs Middle Schools.

7. Knox County will design and build Hardin Valley Middle School in an amount not to exceed thirty-four million, five hundred thousand dollars (\$34,500,000.00). The procedure shall be by a public "design/build" procurement process as dictated by Knox County Charter and Knox County Ordinance. This capital expenditure amount shall be included in the annual debt service of the Knox County Board of Education.

8. Knox County will design and build Gibbs Middle School in an amount not to exceed thirty million, dollars (\$30,000,000.00). The procedure shall be by a public "design/build" procurement process as dictated by Knox County Charter and Knox County Ordinance. This capital expenditure shall be in two (2) parts, the first part is twenty-one million dollars (\$21,000,000.00) which shall be included in the annual debt service of the Knox County Board of Education. Any amount in excess of this first part (\$21,000,000.00) shall be included in the Knox County debt service. The Board of Education portion of the bonds shall be issued and used first.

9. The bid requests will be for high-quality, modern school buildings and construction techniques in accordance with state standards and with every effort made to meet local design standards.

10. The construction of each school shall be tracked by separate organization codes, with all expenditures being charged correctly.

11. The annual totals on the revised Schools Capital Improvement Plan (attached hereto as Exhibit A) shall not be amended until Fiscal Year 2021.

SALE OF ANDREW JOHNSON BUILDING

12. Knox County Commission and the Knox County Mayor desire to develop a plan to sell the Andrew Johnson building and to move the Knox County School operations to another facility. Knox County Purchasing will locate amenable sites and present them to the Board of Education for consideration. The Board of Education shall cooperate with Knox County Purchasing in facilitating this procedure of selecting a new location.

FISCAL RESPONSIBILITY

13. Both the Knox County and Knox County Board of Education finance departments shall work together to provide quarterly reports to the Mayor, the Knox County Board of Education and the Knox County Commission to identify ways and means to reduce education expenditures in order for the Board of Education to advance the 2020 Plan and make certain the annual operating expenses of the two (2) new middle schools are appropriately and fully funded. These reports shall be presented on a quarterly basis at the Knox County Commission Finance Committee meetings.

14. To achieve these efficiencies, recommendations may include, but are not limited to, the following: cutting failing programs, reducing employees and looking at traditional class schedules.

15. Knox County Board of Education shall implement a written plan to reconstitute its unassigned fund balance to be equal to, at least, one month of school payroll.
16. Beginning in 2017, Knox County Board of Education shall begin a 3 year phase-out of the Mayor's Reading Initiative.
17. If an economic downturn were occur within the next 3 years, the Board of Education shall implement the necessary reductions in expenditures to maintain adequate funding for the operation and debt service of the two (2) new schools referenced herein.
18. The Board of Education shall strive to propose budgets through Fiscal Year 2019 within revenue projections provided by the Knox County Finance Department and agreed upon by the Schools' Finance Department.

WHEREFORE, the parties, having passed the appropriate resolution, set their hands this _____ day of _____, 2015.

Chairman, Knox County Commission, Brad Anders

Knox County Mayor, Tim Burchett

Chairman, Knox County Board of Education, Mike McMillan