

3. The Sales Tax Agreement does not contain an express provision as to its duration or means of termination.

4. In the fifty years since the signing of the Sales Tax Agreement, Shelbyville has expanded exponentially. As the City grows, so do the needs of its citizens. Currently, Shelbyville is in need of three additional firefighters and will soon need several additional police officers as new residents move into the almost 2,000 new homes in the City.

5. And as the number of its citizens grows, so do the needs for community facilities, such as sports complexes and parks. Shelbyville needs the revenue generated by its share of the local option sales tax to meet these essential needs and many others.

6. Moreover, education funding in Tennessee has vastly changed over the past fifty years. Whereas local funding was key to education in 1974, school districts now receive tens of millions of dollars in funding from the state and federal governments every year.

7. For all of these reasons, and because the essential purpose of the Sales Tax Agreement was fulfilled decades ago, Shelbyville has notified the County that the Sales Tax Agreement will be terminated effective July 1, 2024. In response, the County has taken the incredible position that the agreement must last *into perpetuity* and that the County will not recognize the City's termination.

8. Both the Sales Tax Agreement itself, as well as contemporaneous documents, make it clear that the tax revenue Shelbyville relinquished in the Sales Tax Agreement was intended to pay off bond debt the County incurred for school building improvements.

9. In the decades since that bond debt was fully paid off, the County has had ample time to secure other sources of funding for education that do not simultaneously restrict Shelbyville's ability to provide for its citizens. The County has not done so.

10. Accordingly, and for the reasons discussed below, Shelbyville now asks this Court to issue a declaratory judgment that the parties' 1974 Sales Tax Agreement is terminated effective July 1, 2024.

PARTIES

11. The City of Shelbyville is a Municipal Corporation, organized and existing pursuant to Chapter 754, Private Acts of 1947 of the State of Tennessee, and is the county seat of Bedford County.

12. Bedford County is a Tennessee county governed by the Bedford County Board of Commissioners.

JURISDICTION

13. Shelbyville brings this action for declaratory judgment pursuant to Tenn. Code Ann. § 29-14-101 *et seq.* and Rule 57 of the Tennessee Rules of Civil Procedure. This Court has subject matter jurisdiction over this action because Shelbyville and the County are parties to a contract whose rights are affected by that contract and who require a determination regarding the legal rights of each. Rendering a declaratory judgment as requested would terminate the uncertainty and controversy giving rise to this proceeding.

14. This Court is the proper venue for this action because it is the County in which a substantial part of the events giving rise to the claim occurred.

RELEVANT FACTS

I. Shelbyville Voted to Combine School Systems in 1968.

15. Prior to 1968, Shelbyville and Bedford County operated separate school systems.

16. On April 23, 1968, the Shelbyville City Council adopted a resolution calling for a referendum of the City voters to determine whether to merge Shelbyville's school system with the

County's and to transfer administration of the school system to the Bedford County Board of Education. *See Exhibit 1.* The referendum was authorized pursuant to Tenn. Code Ann. § 49-2-1002(a)(1).

17. In the referendum held on June 13, 1968, Shelbyville citizens voted in favor of merging the two school systems and transferring administration to the County. *See Exhibit 2.*

18. On June 10, 1969, as part of the school merger, Shelbyville and the Bedford County Board of Education entered into a Lease Purchase Agreement (the "Lease") for Shelbyville's school buildings. *See Exhibit 3.* Pursuant to the Lease, Shelbyville retained ownership of the school buildings but leased them to the County for nominal consideration.

II. The School Building Program

19. In January 1974, nearly six years after the referendum to merge the school systems, Shelbyville and the County determined that the school buildings required certain repairs or improvements. The Mayor of Shelbyville appointed a committee to determine the needs of the school buildings within Shelbyville's municipal limits and to make a report on its findings.

20. After the study was complete, the committee proposed two potential building programs. The first option, "Building Program A," had an estimated cost of \$9,941,087. The second option, "Building Program B," had an estimated cost of \$10,655,560.

21. Both programs (collectively, the "School Building Program") provided for substantial improvements to the school buildings owned by Shelbyville.

A. The 1963 Local Option Revenue Act

22. To fund the School Building Program, the County proposed assessing an additional .75% local sales tax pursuant to the 1963 Local Option Revenue Act ("the Act"). Tenn. Code Ann. § 67-6-702 *et seq.*

23. The Act authorizes county and city governments to levy a local option sales tax in addition to the state's sales tax, up to a maximum of an additional 2.75%. At the time the County proposed assessing an additional .75%, the County's current local option sales tax was 1%.

24. Revenue generated from a local option sales tax levied by a county is distributed as follows: (1) one half is distributed and expended for school purposes in the same manner as the county property tax; and (2) one half is distributed to the incorporated area where the sale occurred. Tenn. Code Ann. § 67-6-712(a)(1), (2)(B). If the sale occurred in an unincorporated area, the revenue is distributed to the county for any use the county directs.

25. The Act also provides that "a county and city or town may by contract provide for other distribution of the one-half (1/2) not allocated to school purposes." Tenn. Code Ann. § 67-6-712(a)(2)(C)

26. As a result, unless there is an agreement between the County and Shelbyville that provides otherwise, for any sale made in Shelbyville, the City is entitled to receive half of the revenue from a local option sales tax, and that revenue can be used for the City's own purposes.

B. The Municipalities Within Bedford County Relinquished Their Portions of the Proposed Tax to Retire the Bond Debt Incurred by the School Building Program.

27. In support of the School Building Program, and to retire the bond debt associated with the School Building Program, Bedford County municipalities all agreed to relinquish their half of the revenue from a new .75% local option sales tax.

28. On February 25, 1974, Shelbyville Mayor Griffin and City Councilmembers sent a letter to the County pledging to relinquish Shelbyville's share of the local option sales tax for the purpose of the School Building Program:

This correspondence is intended to convey to you and members of the Quarterly Court of Bedford County, Tennessee, a letter of intent to enter into an agreement

and/or contract with Bedford County in which The City of Shelbyville will agree to relinquish to Bedford County its part of the income that would result from a referendum approving an increase in Sales Tax over and above the existing rate, provided either "Plan A" or "Plan B" as submitted by the Bedford County School Board is approved by the court.

Exhibit 4.

29. Shelbyville's agreement to relinquish its share of the sales tax revenue was thus based on the express understanding that it was to fund the debt incurred by the School Building Program.

30. The other municipalities in the County followed suit. For example, on March 2, 1974, the town of Normandy, Tennessee pledged to relinquish its share in support of the School Building Program, stating as follows: "If the proposed \$10.6 million school building program passes the County Court and if a sales tax is approved by referendum, the Board of Mayor and Aldermen would be glad to turn over their share of the sales tax to Bedford County *to help pay for the retirement of the school bonds.*" Ex. 4 (emphasis added). The towns of Bell Buckle and Wartrace did the same. *Id.*

31. On March 4, 1974, the County voted to hold a referendum to levy the proposed additional .75% local option sales tax. *See id.*, at 2; *see also* Exhibit 5.

32. The referendum was held on May 2, 1974, and Bedford County residents voted in favor of the levy. The local option sales tax was thereafter increased from 1% to 1.75%.

33. By statute, Shelbyville was entitled to one-half of the .75% increase.

34. On October 12, 1974, Shelbyville's City Council adopted Resolution No. 103-74, which empowered and authorized Shelbyville's mayor to enter into the Sales Tax Agreement with the County to relinquish its share of the .75% tax increase to retire the bonds associated with the School Building Program.

35. The parties signed the Sales Tax Agreement on October 14, 1974. Exhibit 6.

36. The Sales Tax Agreement contains the following provisions:

- a. This Contract is contingent upon the execution of an acceptable lease and/or lease-purchase agreement with the Bedford County School Board for the City of Shelbyville school property;
- b. All funds relinquished by the City of Shelbyville shall be used solely and exclusively by Bedford County for educational purposes;
- c. No other municipality located within Bedford County shall be permitted or allowed, in whole or in part to withhold any of their relinquishment of said sales and use tax, and no part of said relinquishment shall be refunded by the County, in any form, to any other municipality located within Bedford County;
- d. All provisions of "Building Program B" . . . shall be implemented in full and the sums of money allocated for the schools listed therein shall be expanded;
- e. An effective program of maintenance, repair and upkeep of all school buildings owned by the City of Shelbyville, or in which the City of Shelbyville owns an interest shall be instituted and followed, and said program shall be subject to periodic review by the City of Shelbyville, or upon request.

Id.

37. Thus, the relinquishment of Shelbyville's sales tax revenue was specifically tied to funding Building Program B and was never intended to last into perpetuity.

38. Furthermore, because the school systems were combined nearly six years prior to the Sales Tax Agreement, Shelbyville's relinquishment of its local option sales tax revenue cannot be deemed consideration for the County's on-going, general obligation to operate the school system. Past consideration is no consideration.

39. Currently, sales tax revenue generated within Shelbyville and the County is collected by the Tennessee Commissioner of Revenue and then distributed to Bedford County. Tenn. Code Ann. § 67-6-710(a)(1). Because of the Sales Tax Agreement, the County currently retains Shelbyville's portion of the .75% local option sales tax revenue authorized by the 1974 referendum.

III. Shelbyville Is Entitled To Terminate The Sales Tax Agreement.

40. In Tennessee, courts are “loathe to infer a perpetual obligation” under a contract. *Johnson v. Welch*, 2004 WL 7385802, at *9 (Tenn. Ct. App. 2004); *see also Higgins v. Oil, Chem. & Atomic Workers Int’l Union, Local # 3–677*, 811 S.W.2d 875, 881 (Tenn. 1991) (noting that “the law does not favor perpetual contracts”). As a result, “in the absence of a controlling provision fixing the duration of a contract, courts will deem the contract to be terminable with a reasonable period of time.” *Johnson*, 2004 WL 7385802, at *11; *see also Minor v. Minor*, 863 S.W.2d 51, 54 (Tenn. Ct. App. 1993) (“Where the parties have not clearly expressed the duration of the contract, or where the duration of the contract is indefinite, the courts will imply that they intended performance to continue for a reasonable time.”). “What is reasonable is determined by the intent of the parties and all the circumstances of the case, including the course of conduct of the parties and their reasonable contemplation and expectation.” *Johnson*, 2004 WL 7385802, at *11.

41. Similarly, courts have held that “contracts for an indefinite duration are generally terminable at will by either party *with reasonable notice*.” *Johnson*, 2004 WL 7385802, at *12 (emphasis in original) (citing *McReynolds v. Cherokee Ins. Co.*, 896 S.W.2d 777, 779 (Tenn. Ct. App. 1994)). What constitutes reasonable notice is fact specific. *Id.*

42. Here, the Sales Tax Agreement does not specifically state a duration. Instead, Shelbyville’s relinquishment of its share of the .75% tax increase was intended to fund the School Building Program and to retire the bonds necessary for the construction required by the program. Because those bonds have been paid off, and the essential purpose of that contract fulfilled, Shelbyville is entitled to terminate the Sales Tax Agreement. *McReynolds*, 896 S.W.2d at 780 (“The intention of the parties is, of course, the ultimate question to be decided on the construction of any agreement.”).

43. But even if the Sales Tax Agreement had not been intended to retire the bonds, it has been in place for nearly fifty years, which is more than a reasonable length of time. Tennessee law does not force contracts to last into perpetuity, nor should either party reasonably have expected it to. *Johnson*, 2004 WL 7385802, at *9, 11.

44. Under Tennessee law, Shelbyville is entitled to terminate the Sales Tax Agreement by providing the County with reasonable notice of the termination.

45. Consistent with Tennessee law, Shelbyville provided the County with reasonable notice of the July 1, 2024 termination of the Sales Tax Agreement.

46. On May 12, 2023, the Shelbyville City Council sent a letter to Bedford County, notifying the County of Shelbyville's need to terminate or amend the Sales Tax Agreement. Exhibit 7.

47. To provide the County with sufficient time to adjust to the termination, Shelbyville proposed a termination date of July 1, 2024. In its May 12, 2023 letter, Shelbyville alternatively suggested a potential amendment to the Sales Tax Agreement, pursuant to which the County would continue to receive a portion of the revenue at issue. *Id.*

48. In a letter dated September 27, 2023, counsel for Bedford County responded to Shelbyville and stated the County's position that Shelbyville "has no right to terminate the Contract under clear and established Tennessee law" and that Shelbyville's offer to amend the Sales Tax Agreement was "entirely unacceptable." Exhibit 8, at 2. In no uncertain terms, the letter made clear that the County would not honor or accept any termination of the Sales Tax Agreement. *Id.*

49. On November 16, 2023, and in response to the County's refusal to discuss possible amendments, the Shelbyville City Council voted to terminate the Sales Tax Agreement.

50. By letter dated and sent on November 17, 2023, Shelbyville notified the County that the Sales Tax Agreement will be terminated effective July 1, 2024. Exhibit 9.

51. In the November 17, 2023 letter, Shelbyville again informed the County that the City remained open to discussions about a *new* agreement to share sales tax proceeds, such as one that would allow Shelbyville to make necessary investments in its community while providing a portion of the funds to the County for general education. *See id.*

52. On February 14, 2024, the County, through its counsel, responded to Shelbyville's November 17 letter. In that letter, the County again stated its belief that the City cannot terminate the Sales Tax Agreement and stated the County's position that the City's November 17 letter terminating the Sales Tax Agreement had no legal effect.

53. To the extent the County still uses the revenue it receives pursuant to the Sales Tax Agreement to fund education, the County has had more than sufficient time to secure alternative funding or to otherwise prepare for the fact that it will no longer receive Shelbyville's half of the .75% tax as of the July 1, 2024 termination date.

54. Because the County has made it clear that it will not recognize the proper and legal termination of the Sales Tax Agreement and will continue to use the revenue it receives pursuant to that Agreement, this action for a declaratory judgment is necessary to declare the Sales Tax Agreement terminated, effective July 1, 2024.

IV. Shelbyville Is Entitled To Use Its Share Of The Local Option Sales Tax For The Benefit Of Its Citizens.

55. Nearly fifty years have passed since the Sales Tax Agreement was signed. During that time, Shelbyville has voluntarily relinquished tens of millions of dollars for the benefit of the students of the County, and it was proud to do so.

56. But the needs of Shelbyville and its citizens have grown during that time.

57. For example, Shelbyville currently employs *three fewer firefighters* than is recommended by applicable guidelines, and the City has not been able to hire men and women to fill those vital roles because it lacks sufficient funding. Furthermore, the City is nearing completion of nearly 2,000 new homes. With new residents moving into those homes, the City will also need several additional police officers and to fund other services necessary to meet the needs of those residents.

58. The City would also like to make other investments that will benefit the community as a whole, like building a new soccer complex that will directly benefit both citizens of Shelbyville *and* students in the County. Again, Shelbyville has had to delay these kinds of projects because of insufficient funding.

59. While Shelbyville has been relinquishing its tax revenue to the County, the County has chosen to use its revenue to pay for several large construction projects, including the Justice Center and renovating the County Courthouse. Meanwhile, the City's Fire Department, Police Department, and City Hall are all operating in facilities built in the 1960s with inadequate space to serve their current purposes. Funding is necessary to bring these buildings up to modern standards.

60. Education is undoubtedly a vital government function in Bedford County, and Shelbyville in no way intends to harm the County's students. Indeed, many of those students are Shelbyville's citizens as well. But other services are equally vital, such as police and fire protection, parks, and other essential city services. For too long, the City's investments in these essential services have been delayed because of inadequate revenue.

V. Funding of Education Has Changed in Tennessee

61. Not only have the needs of Shelbyville and its citizens changed over the past 50 years, but so has the way education is funded in Tennessee.

62. In 1974, when the parties entered the Sales Tax Agreement, education was largely funded by local governments. Barely three years into the agreement however, the Tennessee General Assembly began radically transforming the way education in Tennessee is funded.

63. In 1977, the General Assembly implemented the Tennessee Foundation Program, which brought state level funding to education. In 1992, the Tennessee Foundation Program was replaced with the Basic Education Program (BEP), which was then replaced by the Tennessee Investment in Student Achievement (TISA) in 2022.

64. What all of those education-funding regimes have in common is that they increased state funding for education. Because of these changes, the County now receives tens of millions of dollars from the state for education that it did not receive in 1974. In fact, virtually *all* education funding now comes from state sales tax revenues allocated to local school systems through programs such as TISA.

65. In 2022, for example, the County collected nearly \$56 million from the state for the purpose of education. This does not include the additional \$19 million the County collected from federal funding sources. These federal and state sources of educational funding significantly reduce the importance to the County of the approximately \$2 million Shelbyville relinquishes to the County every year under the Sales Tax Agreement. That revenue is far less essential to the County's obligation to educate the children in the County now than it was when the Sales Tax Agreement was signed, making termination of the Sales Tax Agreement at this time even more reasonable.

GROUND FOR RELIEF

66. The allegations in paragraphs 1 through 65 are incorporated as if fully set forth herein.

67. Pursuant to Tenn. Code Ann. § 29-14-102, this Court has the power to declare the rights, status, and other legal relations of the parties whether or not further relief could be claimed. Pursuant to Tenn. Code Ann. § 29-14-103, Shelbyville is a person interested under a written contract, instrument or other writing whose legal relations are thereby affected.

68. The Sales Tax Agreement does not state a duration and is, therefore, terminable after a reasonable time and upon reasonable notice. *See Johnson v. Welch*, 2004 WL 7385802, at *9. The Sales Tax Agreement has been in place for nearly fifty years, and such length of time is more than reasonable, particularly in light of the parties' original intent that the revenue received by the County under the Sales Tax Agreement was to be used to retire the bonds incurred by the School Building Program in 1974.

69. Moreover, by providing the County with nearly fourteen months' notice, Shelbyville has given the County reasonable notice of the Sales Tax Agreement's termination. Despite this, the County has stated it does not intend to abide by the termination and will continue using the revenue it receives pursuant to the Sales Tax Agreement.

70. Pursuant to Tenn. Code Ann. § 29-14-104, this Court has the general power to construe contracts regardless of any breach or lack thereof.

71. Pursuant to Tenn. Code Ann. §§ 29-14-101 *et seq.*, and Tennessee Rule of Civil Procedure 57, and for all of the reasons already stated, this Court should enter a declaratory judgment that the Sales Tax Agreement is terminated effective July 1, 2024.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that the Court grant it the following relief:

1. A declaratory judgment that the parties' 1974 Sales Tax Agreement is terminated, effective July 1, 2024;
 2. For any revenue retained by the County pursuant to the Sales Tax Agreement after July 1, 2024, all such revenue plus interest to be awarded to Plaintiff;
 3. Plaintiff recover all costs of this cause, pursuant to Tenn. Code Ann. § 29-14-111;
- and
4. All other legal and equitable relief to which Plaintiff is entitled, and which is just and proper.



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(615) 742-6200

*Attorneys for Plaintiff
City of Shelbyville*

EXHIBIT

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Berk #5

ADJ. NED MEETING CITY COUNCIL: April 11, 1968
7:30 P.M.

The Shelbyville City Council met in adjourned session at the City Hall on April 11, 1968 at 7:30 P.M.

Mayor Adams called the meeting to order and the following answered on roll call: Councilmen Taylor, Councilman Thompson, Councilman Blanton, Councilman Nichols.

Absent: Councilman John A. Boutwell, Councilman Lloyd L. Payne.

The Mayor declared a quorum present and the meeting was open for business.

Councilman Boutwell entered and was seated at 7:40 P.M.

The minutes of the regular meeting held on April 2, 1968 were read by the Recorder. There being no corrections or additions to the minutes, they were approved as read.

Mr. Caryle Langley gave a report of his trip along with Mayor Adams, and Mr. Morton Tune to Atlanta to discuss the East Side Urban Renewal Project, with the HUD Officials. Mr. Langley stated the project seemed favorable. He also stated the project would cover areas such as Belmont, White, Yancy and several other streets. This project was for development of houses only. However, at a later date when this area was developed, they would like to start on the downtown area.

On Motion of Councilman Nichols, seconded by Councilman Boutwell that we buy a lawn mower for Street work from Martin & Price in the amount of \$100.00.

On roll call the vote was as follows: "Aye" Councilman Boutwell, Councilman Taylor, Councilman Blanton, Councilman Thompson, Councilman Nichols. Nay: None.

Motion carried.

A discussion on the Purchasing and Location Plans of the Fire Station #2 was postponed until next meeting.

Mayor Adams advised the Council the terms of office for the Planning Commission.

Mr. Lytle (Jug) Landers, Chairman of the City Board, outlined the following Plan to Combine City Schools and County Schools, thereby asking for a referendum.

In keeping with the trend in the nation, Shelbyville's and Bedford County's interest, goals, business affairs and movements for progress have become partnerships in fact. Some legal barriers still exist which deter success in matters which concern all citizens. Great concern is, at the present time, being centered about the structure and operation of schools.

To overcome this condition it is proposed that Shelbyville and Bedford County schools should be combined to form one school system in which the students who live within the area of Bedford County which is served by Central High School could move through schools that have a common purpose. To this end, all planning and all expenditure could be pledged without any conflict of interests.

PLAN

1. Adoption of the 6-3-3 plan for structure and operation of that part of the school system which is served by Central High School.
2. The building of a new Senior High School (Grades 10-11-12) in the area of Shelbyville at the earliest possible date.
3. The conversion and renovation of the present Central High School into a facility suitable for the needs of Junior High School students (Grades 7-8-9).
4. The city's four schools, Grades 1-6, would become a part of the combined system.
5. The city's 7th and 8th grade students would be merged with county's Central Junior High school's 7th and 8th grade students to form the new Junior High School that will be housed in the present Central High School facility.
6. The buildings now housing city school children, grades 1-6,
 - (a) will be leased to the county for a nominal consideration and for an indefinite term.
 - (b) The city will retain its present indebtedness on these buildings.

Filed 3/6/84
1:13 o'clock
M.
Curt M. Cobb/C & M.
By Angela Hayes

305
Book 5

- (c) The county will assume full responsibility for the maintenance, operation, and insurance of these buildings.
7. The present Elm Street building will house the new Junior High School until the time that the present Central High School facility is ready for their occupancy.
- After students are removed from this building, consideration will be given to using it for administrative offices, special education classes, meeting place for community groups, etc.
8. The professional staff of the city schools will retain all tenure, sick-leave, insurance and employment rights.
9. The five present city schools will remain under the centralized cafeteria management that is now in effect in the city system.
10. Transportation will be furnished all eligible children within the city. Eligibility will be established on the same basis as it is outside the city.

AGREEMENT

1. Each board should vote its approval of
- (a) Developing one school system from the two school systems that are in operation now.
 - (b) The 6-3-3 plan as the desirable structure for the operation of the schools in the desired area.
2. The Shelbyville City Board of Education should pledge to
- (a) Request the City Council to approve the plan for combining the two systems into one system.
 - (b) If (a) is approved, to request the Council to call a referendum in which the citizens of Shelbyville could express their approval.
3. The Bedford County Board of Education should pledge to
- (a) Ask the Bedford County Quarterly Court to approve the plan for combining the two school systems into one system.
 - (b) Provide the funds necessary to put the plan into effect.

Mr. Landers gave several advantages of combining the schools. He also mentioned the only disadvantage would be on a representation basis. Mr. Landers pointed out that he thought people in general should have the opportunity to vote on it, as it would also benefit the tax payer.

A lengthy discussion was had by members of the Boards of Education and citizens present, including County Court Judge Mac Farrar, who was definitely behind the combining of both school systems. He stated that he would bring it before the County Court in July if the referendum was voted for on June 13th.

Mayor Adams stated the first notice would be put in the local paper on April 26, 1968 for 45 days from that date due to registration laws.

The City Attorney, John Shofner presented and read before the Council the following resolution:

"A RESOLUTION TO CALL FOR A REFERENDUM OF THE CITY VOTERS TO DETERMINE THE ISSUE OF TRANSFER OF THE SHELBYVILLE CITY SCHOOL SYSTEM TO BEDFORD COUNTY, PURSUANT TO PLAN AND SECTION 49-404, TENNESSEE CODE ANNOTATED."

WHEREAS, it has heretofore been recommended to the City Council of the City of Shelbyville by the Shelbyville City School System Board that said system be transferred to Bedford County pursuant to a plan of transfer, heretofore adopted by said Shelbyville City School Board and the Bedford County School Board, and;

WHEREAS, pursuant to Code Section 49-404, Tennessee Code Annotated, before such a transfer is effectuated, a referendum shall first be conducted on the subject; and the school system of said town or City shall not be transferred to the County unless a majority of the voters who cast votes in the referendum shall vote in favor of such transfer, and;

WHEREAS, it is the desire of the City Council of the City of Shelbyville, to call

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For each a referendum by County Commissioners of Election and to authorize the payment of the expense of such referendum, this Resolution is had.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBYVILLE, TENNESSEE, AS FOLLOWS:

(1) That a referendum be held to determine the issue of the transfer of the Shelbyville City School System to Bedford County, with the question of the referendum as follows:

For the transfer of the Shelbyville City School System to Bedford County
Against the transfer of the Shelbyville City School System to Bedford County

(2) That a certified copy of this Resolution be forwarded immediately upon its adoption to the Chairman of the Bedford County Election Commission, requesting the official calling of such referendum at the earliest practicable date.

(3) That the City Treasurer be and he is hereby authorized to issue voucher to pay for all the expenses of said referendum.

DATED this the 23rd day of April 1968.

Councilman Boutwell made a motion that the Plan by the City School Boards, be accepted. The motion was seconded by Donnie Thompson.

On roll call the vote was as follows: "Aye" Councilman Taylor, Councilman Thompson, Councilman Boutwell, Councilman Blanton, Councilman Nichols. Nay: None

Motion carried

Councilman Boutwell expressed to the Board Members what a privilege it had been to work with the Boards of Education in this matter. He also stated that he thought everyone should have a chance for a good education.

Councilman Boutwell made a motion that the resolution combining both school systems be adopted as read. It was seconded by Councilman Fred Taylor.

On roll call the vote was as follows: "Aye" Councilman Boutwell, Councilman Blanton, Councilman Taylor, Councilman Thompson, Councilman Nichols.

The Mayor declared the motion carried.

The Mayor declared the meeting adjourned until May 6, 1968.

Adjournment: 11:00 P.M.

APPROVED

Mayor

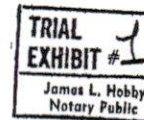
ATTEST

Recorder

REGULAR MEETING CITY COUNCIL: May 7, 1968
7:30 P. M.



Filed 3.6.74
1:13 o'clock P
By Curt M. Cobb C & M
Janelle H



Auth cert. Col. 112-84
1 May



Home of Tennessee
Walking Horse
National Celebration

Shelbyville Times-Gazette

The Pencil City

VOL. 95—No. 97

SHELBYVILLE, TENNESSEE, FRIDAY AFTERNOON, JUNE 14, 1968

10c a Copy—By Carrier in Shelbyville 35c a Week

TODAY in Shelbyville

WEATHER

Increasing cloudiness and not so cool to night with scattered thunderstorms spreading into the area. Saturday variable cloudiness and warm with scattered thunderstorms. Low tonight in 60s, high Saturday 84-92. Further outlook: Showers ending from the west Saturday night followed by generally fair and a little cooler Sunday.



SHOWERS

Today-Flag Day



Today is Flag Day. Flags should be displayed, wherever possible. The Stars and Stripes symbolizes the freedom, equality and justice which characterizes the United States. It is an emblem of our unity, our heritage, representing the traditions and ideals we hold most sacred. Display and respect the flag.

Shelbyville was 30 pints short of the 209 pint goal at Thursday's Bloodmobile visit. Among those who volunteered to give blood were two recently returned Vietnam veterans. See story last column on page 1 and pictures. A list of donors is published on page 5.

Voters Approve School Merger

Shelbyville voters Thursday approved transfer of the city school system to Bedford County by an unofficial vote of 698-404.

A majority of voters in five of six precincts favored the merger. The lone dissenting result was at National Guard Armory when the vote was 75-70 against the issue. Boxes at Central Elementary, Farm Trade School and South Side turned in whopping majorities for the transfer while the vote was close at East Side and the courthouse.

Lytle (Jug) Landers, City School Board chairman, said the city board will "go out of business" sometime before school opens this fall. Supt. Helen Womack will make final reports and then the city board will make arrangements to effect the transfer and lease the buildings to the county as previously agreed under a plan worked out by city and county school boards.

The majority of our board who favored this plan as the only present solution to many school problems appreciate the action of the citizens in their vote of confidence. All of us stand ready to cooperate in every way with the county officials to insure proper and expeditious action in performance of this transfer plan that we believe will be regarded as a forward step in behalf of our children," Landers concluded.

Dr. Carl Rogers, former chairman of the City Board, who opposed the transfer as planned and led the public campaign against it, wrote a letter to the

Editor of the Times-Gazette which appears on Page 5. In it he expressed his "biggest disappointment" in the "small number of votes cast" indicating "lack of interest of the average parent in the education of his child." He pledged his personal efforts to "cooperate with the school officials and the city and county governing officials to make the school program a success."

County Judge Mac Farrar said today he will ask the Bedford County Quarterly Court at its regular meeting on July 8 to appoint a committee which will work with the Bedford County School Board in development of the merged system.

"I feel sure that everyone wishes our schools to become the best operated system in the State of Tennessee from every standpoint and all steps should be taken to this end with the welfare of our children foremost in mind. That has long been our intention and much planning must be done for progress as our children must be prepared to cope with whatever the future requires," Judge Farrar declared.

Unofficial Precinct Results

BOX	For	Against	Total Vote
East Side	97	95	192
Guard Armory	70	75	145
Cent. Elementary	163	56	219
Farm Trade School	96	32	128
Courthouse	92	60	152
South Side	180	86	266
Totals	698	404	1102



T-G Photo by Brown Stephens

City School Board Chairman Landers happily displays results of referendum.

Voted Out of Job, Landers Is Jovial

Two Vietnam Vets Blood Volunteers

By BROWN STEPHENS
Times-Gazette Editor
The man who had just seen himself voted out of a job was in a jovial mood.

He made no secret of how pleased he was with the results just tabulated Thursday evening: city voters had just approved transfer of the City School system by an unofficial margin of 294 votes.

Lytle (Jug) Landers, city school board chairman, puffed

(See donor list on page 5)
After a first-hand look at the war in Vietnam—as participants—two local Vietnam veterans were among those who volunteered to give blood at yesterday's Red Cross Bloodmobile.

Filed 3/6/24
1:13 o'clock P M.
 By Curt M. Cobb C & M
Angela Hager June 10, 1969

BE IT FURTHER RESOLVED, that the City of Shelbyville Tennessee, will underwrite the ordinary and lawful expenses of this delegation in its attendance upon this Conference.

Passed and adopted in regular session of the City Council of the city of Shelbyville, Tennessee, on June 10th, 1969.

On motion of Councilman Boutwell seconded by Councilman Taylor to adopt the above resolution.

On roll call the vote was as follows: "Aye" Councilman Blanton, Councilman Boutwell, Councilman Nichols, Councilman Taylor, Councilman Thompson.

The Mayor declared the motion carried and the Resolution duly adopted.

Mayor Adams read a letter from the Tennessee Municipal League concerning an increase in benefits on hospital rooms from \$18.00 to \$20.00. This will increase the amount of premium the City pays to \$6.71 from \$5.51 on employees and will increase the dependents premium to \$12.65 from \$11.00.

However, Mayor Adams explained that this has not been approved by the League, but will be one of the items to be brought up and discussed at the convention.

Mayor Adams announced that petitions are now being circulated in regard to a referendum on liquor law to be held on August 7, 1969, election day.

Mayor Adams asked the Council to call for a referendum on August 7th, 1969 to get the views of the public on election of Councilmen in their own wards in lieu of by city at large. Mayor Adams stated that if the public voted for this change it would then need legislative action.

After considerable discussion on this the Council indicated that they did not desire to submit the question to the people and by unanimous consent it was agreed that the matter should not be placed upon the ballot for the August 7th election.

Councilman Nichols stated the street sweeper had broken down and the City desperately needed it replaced. He stated several companies had demonstrated their sweepers.

It was unanimously agreed to accept bids on a street sweeper and have the committee consisting of Councilman Blanton, Councilman Nichols, Councilman Taylor and Mr. Wayne Cartwright recommend to the Council at a called meeting.

It was unanimously agreed to obtain bids on a pressure washing machine for police cars, etc., and present bids at a called meeting of the Council.

Councilman Boutwell read the following resolution approving a lease agreement between the City of Shelbyville and the Bedford County Board of Education:

RESOLUTION NO. 19-69

"A RESOLUTION TO AUTHORIZE A LEASE AGREEMENT IN FAVOR OF THE BEDFORD COUNTY BOARD OF EDUCATION FOR AN INDEFINITE TERM UPON SUCH TERMS AND CONDITIONS AS SET FORTH BY AGREEMENT OF SHELBYVILLE CITY BOARD OF EDUCATION AND BEDFORD COUNTY BOARD OF EDUCATION DATED APRIL 8, 1968, WHICH AGREEMENT REQUIRED RELINQUISHMENT OF THE CITY SCHOOL SYSTEM TO BEDFORD COUNTY PURSUANT TO REFERENDUM BY CITY VOTERS AND TO AUTHORIZE THE MAYOR AND CITY RECORDER TO EXECUTE SAID LEASE AGREEMENT FOR AND IN BEHALF OF THE CITY OF SHELBYVILLE.

WHEREAS, the Shelbyville City Board of Education did, after deliberate study and planning, enter into an agreement to lease its school buildings, land and personal property to Bedford County Board of Education in favor of the City of Shelbyville, which agreement is contained in the minutes of said boards dated April 9, 1968; and

WHEREAS, the City of Shelbyville did by proper action ratify said agreement, calling for a public referendum to relinquish its school system to Bedford County, which referendum was had favorable to said relinquishment and said City of Shelbyville

June 10, 1969

because it retains the indebtedness on said improvements and has a responsible position to its bondholders and its taxpayers, desires to enter into a formal Lease Agreement pursuant to the considerations in favor of the City of Shelbyville, this Resolution is had.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBYVILLE, TENNESSEE, AS FOLLOWS:

(1) That the Mayor be and he is hereby authorized to execute the attached Lease Agreement for and in behalf of the City of Shelbyville, which Lease Agreement is hereby ratified and approved and further that the City Recorder is hereby authorized to attest to the execution of the said Lease Agreement.

(2) That the City Recorder shall forward the original Lease Agreement to the Chairman of the Bedford County Board of Education for proper execution.

Signed: Hoyte E. Adams
Mayor

Signed: Wayne Cartwright
City Recorder

Signed: John C. Shofner
City Attorney

LEASE AGREEMENT

THIS AGREEMENT made and entered into on this the 10th day of June, 1969, by and between CITY OF SHELBYVILLE, a Municipal Corporation, organized and existing pursuant to Chapter 754, Private Acts of 1947 of the State of Tennessee, acting by and through its City Council and legislative body, hereinafter referred to as "LESSOR" and BEDFORD COUNTY BOARD OF EDUCATION, an instrumentality of BEDFORD COUNTY, acting by and through its official Board, hereinafter referred to as "LESSEE", which expressions "Lessor" and "Lessee" shall include successors in office, assigns and representatives, wherever the context will permit:

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That for and in consideration of the sum of ONE (\$1.00) DOLLAR, cash in hand paid by Lessee to Lessor the receipt of which is hereby acknowledged, and for the further consideration of the mutual covenants and agreements made and heretofore made, the Lessor does hereby lease, rent, set apart and over to the Lessee, certain property lying and being in the Seventh (7th) Civil District of Bedford County, Tennessee, within the Corporate Limits of the City of Shelbyville, together with any and all improvements located thereon and any and all personal property thereto belonging, described as follows:--

Tract No. 1: The same being all that land, buildings and personal property thereto belonging known as South Side Elementary School, located on the west side of Cannon Boulevard in Shelbyville, Tennessee.

Tract No. 2: The same being all that land, buildings and personal property belonging known as East Side Elementary School, located on Elliott Street in Shelbyville, Tennessee.

Tract No. 3: The same being all that land, buildings and personal property thereto belonging known as The Thomas Elementary School, located on Tate Avenue, Shelbyville,

June 10, 1969

Tract No. 4: The same being all that land, buildings and personal property thereto belonging, known as Madison Street Elementary School, located on Madison and Bryant Streets, Shelbyville, Tennessee.

Tract No. 5: The same being a one-half ($\frac{1}{2}$) undivided interest in and to that land, building and personal property thereto belonging known as Elm Street Junior High School (formerly Harris High School) located on Elm Street, Shelbyville, Tennessee.

Said lease shall be upon the following terms and conditions, towit:--

1. That Lessee will adopt a school plan consistent with that system described as 6-3-3 plan for the schools and operation of that part of the school system which is served by Central High School;
2. To build and construct a new Senior High School (Grades 10-11-12) in the area of Shelbyville at the earliest possible date (which provision is dependent upon the approval by the County Court of Bedford County, Tennessee, of sufficient bond issuance to provide funds for said erection and construction of a new Senior High School);
3. To convert and satisfactorily renovate the present Central High School into a facility suitable for the needs and requirements of Junior High School (Grades 7-8-9);
4. The Lessor will by proper legal action cause its four (4) schools (hereinaabove described), Grades 1 through 6, to become a part of the system of Lessee;
5. Lessor's 7th and 8th grade students would be turned over to County's Central Junior High School (grades 7-8) to form the new Junior High School that will be housed in the present Central High School facility;
6. The structures now (or hereinbefore described) housing city school children, grades 1-6
 - (a) will be leased to the County for a nominal consideration and for an indefinite term;
 - (b) the City will retain its present indebtedness on these structures (hereinaabove described);
 - (c) the County will assume full responsibility for the maintenance, operation, and adequate insurance of these buildings;
7. That the present Elm Street building will house the new Junior High School until the time that the present Central High School facility is converted and satisfactorily renovated for occupancy and that after students are removed from Elm Street School, consideration will be given to using it for administrative offices of the educational system, special education classes, meeting places for community groups, and such other uses consistend with the educational purposes;
8. That the professional staff of the City School System will retain all tenure, sick-leave, insurance and employment rights;
9. That the five present City Schools will remain under the centralized cafeteria management that is now in effect in the City System;
10. That transportation will be furnished all eligible school children within the city limits, such eligibility will be established on the same basis as it is for outside the city limits by the Lessee.

As the Lessor has heretofore performed all executory acts required by the foregoing provisions and does by this instrument lease said property for an indefinite term, it is, therefore, specifically understood and agreed that the foregoing provisions

June 10, 1969.

failure of any one of said provisions, without the official consent of the Lessor, shall constitute by the election of the Lessor, failure of consideration of the entire agreement, which agreement shall then become null and void. The Lessor may refrain from declaring this agreement null and void upon the failure of any of the foregoing provisions, which forbearance shall not constitute a waiver of any of its rights under this agreement. The Lessor, in addition, shall have the right to cause a disclosure to it of such provisions contained herein by the Lessee, in regard to plans, specifications and time, when said provisions shall be performed by the Lessee.

The Lessor shall retain proper official administrative control in regard to determining if said provisions hereinabove set forth have and are being performed by Lessee and for this purpose shall have the right to such records of the Lessee pertaining thereto and shall further have the right of ingress and egress to said property for these purposes.

The Lessee shall annually certify to the Lessor the insurance policies and amounts in force on the improvements herein leased by letter noting the same.

This agreement shall not be altered, modified or changed without the official written consent of the parties to this agreement.

There is specifically reserved the right by Lessor to use said school plants, building and related equipment during such time that regular school terms are not in session, especially during the summer terms for the use and benefit of its Department of Welfare, Recreational Section so long as said use does not materially interfere with any school function.

WITNESSETH, this the day and date hereinabove set forth in duplicate.

LESSOR:

LESSEE:

/s/ Hoyte E. Adams, Jr.
Mayor

/s/ W. J. Montgomery
Chairman Bedford County Board
of Education

/s/ Wayne Cartwright
City Recorder

/s/ James K. Cortner
Secretary

On motion of Councilman Boutwell seconded by Councilman Blanton that the Resolution be adopted. On roll call the vote was as follows: "Aye" Councilman Blanton, Councilman Boutwell, Councilman Nichols, Councilman Taylor, Councilman Thompson.

The Mayor declared the Resolution duly adopted.

Mayor Adams read a letter from Mr. Alton E. Hale, City Treasurer asking permission to remove the following property taxes, which by an Act by the State Legislature cannot be collected and which the Auditors had asked the Treasurer to remove from the records:

1940	\$ 8,401.77
1941	722.62
1942	644.45
1943	774.53
1944	1,394.65
1945	1,782.28
1946	1,555.38
1947	5,356.93
1948	3,979.06
1949	3,730.37
1950	3,208.60
1951	2,820.26
1952	2,363.51
1953	2,484.35
1954	2,137.46
1955	2,010.23
Total	\$ 43,366.45

On motion of Councilman Nichols seconded by Councilman Thompson that the request of the City Treasurer be granted and that nothing contained herein shall effect any taxes filed in Chancery Court.

On roll call the vote was as follows: "Aye" Councilman Blanton, Councilman Boutwell, Councilman Nichols, Councilman Taylor, Councilman Thompson.

MARCH 4th, 1974

EXHIBIT

4

TOWN OF BELL BUCKLE
Bell Buckle, Tenn.
37020
March 1, 1974

Hon. Dorothy Orr
County Judge
Shelbyville, Tennessee

Dear Judge Orr:

The undersigned Mayor and Aldermen of the Town of Bell Buckle do hereby agree that if a school building program for Bedford County is voted by the County Court and an additional sales tax is passed by the voters of the county to help finance this program, the town of Bell Buckle will relinquish all claim to its share of this additional sales tax with the understanding that it be used by the county for the above stated purpose.

Sincerely,

/s/ W. H. Bomar, Mayor
/s/ Billy H. Messick, Alderman
/s/ Albert Crosslin, Alderman
/s/ Parker Sain, Alderman
/s/ Harold Smith, Alderman

Filed

3.6.74

1:13 o'clock p

M.

Curt M. Cobb & M

By

CITY OF SHELBYVILLE
FEBRUARY 25, 1974

Honorable Dorothy Orr
County Judge
Bedford County Courthouse
Shelbyville, Tennessee

Dear Judge Orr:

This correspondence is intended to convey to you and members of the Quarterly Court of Bedford County, Tennessee, a letter of intent to enter into an agreement and/or contract with Bedford County in which The City of Shelbyville will agree to relinquish to Bedford County its part of the income that would result from a referendum approving an increase in Sales Tax over and above the existing rate, provided either "Plan A" or "Plan B" as submitted by the Bedford County School Board is approved by the court.

/s/ Eldon McGee, Councilman /s/ H. V. Griffin, Mayor
4th ward /s/ Robert E. Clanton, Councilman, 1st ward
/s/ H. Clay Martin, Councilman, /s/ Howard Nichols, Councilman, 2nd ward
5th Ward
/s/ Ernest Reed, Councilman, /s/ Sam Overcast, Councilman, 3rd Ward
6th ward

Certified True Copy
This is a true copy of the original as filed in the County Clerk's Office.
Book 61, Page 329
Date: August 1981
County Clerk

TOWN OF NORMANDY
Normandy, Tenn.
March 2, 1974

Hon. Dorothy Orr
County Judge
Bedford County
Shelbyville, Tenn.

Letter of Intent:

If the proposed \$10.6 million school building program passes the County Court and if a sales tax is approved by referendum, the Board of Mayor and Aldermen would be glad to turn over their share of the sales tax to Bedford County to help pay for the retirement of the school bonds.

/s/ B. E. West, Mayor
/s/ A. E. Hitt, Mayor Pro-tem
/s/ W. O. McMillan, Recorder
/s/ L. A. Keele, Alderman

Letters of intent con'd

TOWN OF WARTRACE TENNESSEE
MARCH 4, 1974The Honorable Dorothy Orr
Bedford County Court
Shelbyville, Tennessee

Subject: Additional Sales Tax Proposal

Dear Judge Orr:

I have contacted the Aldermen of the Town of Wartrace, Tennessee and find them agreeable to permitting the entire amount of any additional sales tax (passed solely for the proposed educational purpose), which might be passed go to the county. It is understood that this letter of intent is submitted in cooperation with the other three municipalities within the county.

RLS:a

Yours very truly
/s/ Roscoe L. Stephens, Mayor

At this time the motion was voted on for the resolution for levying additional sales and use tax and was passed by the following roll call vote:

17 ayes no noes

Judge Orr said the Election Commission would be notified and they will set the time of the referendum.

For Paul moved that the court be adjourned.

Affirmed: *Dorothy Orr*
County Judge

Certified True Copy
This 28 day of August 1981
By *[Signature]*
County Clerk
Book 6, page 330



Filed 3/6/24
1:13 o'clock P M.
By Curt M. Cobb C & M
Angela Hayes

RESOLUTION FOR LEVYING
AN ADDITIONAL SALES AND USE TAX

Be it resolved by the Quarterly County Court of
Bedford County:

Section 1: The resolution of the Quarterly County
Court of Bedford County, imposing a local sales and use tax
as authorized under the provisions of Section 67-3049 ----
67-3056, of the Tennessee Code Annotated, adopted by the
Court meeting in special session on the 26th day of May, 1966,
of record in Minute Book 5, page 321, as amended by the Court
at its July 1966 Term, of record in Minute Book 5, page
336, is amended to levy a local sales and use tax at a rate
of one-half ($\frac{1}{2}$) of the present state rate, as provided in the
Retailers' Sales Tax Act under Chapter 30, Title 67, T.C.A., as
the same may be amended and authorized, and to increase the
maximum tax on the sale or use of any single item to \$7.50.

Section 2. If a majority of those voting in the
election required by Section 67-3053, T.C.A., vote for the in-
crease in the tax imposed by this resolution, collection of the
increased tax levied by this resolution shall begin on the first
day of the month occurring 30 or more days after the county
election commission makes its official canvass of the election
returns.

Section 3. The Department of Revenue of the State of
Tennessee shall collect the additional tax imposed by this
resolution concurrent with the collection of the state tax and
the local tax now being collected for Bedford County, in accord-
ance with rules and regulations promulgated by the said Depart-
ment.

Section 4. The County Judge is hereby authorized to
contract with the Department of Revenue for the collection of
the additional tax imposed by this resolution, and to provide in
said contract that the Department may deduct from the tax collected

a reasonable amount or percentage to cover the expense of the administration and collection of said tax.

Section 5. A certified copy of this resolution shall be transmitted to the said Department of Revenue and shall be published one time in a newspaper of general circulation in Bedford County prior to the election called for in Section 2 hereof.

Certified True Copy

March 1974
Otha Ferguson
County Court Clerk

The CITY OF SHELBYVILLE, TENNESSEE, does hereby
relinquish to BEDFORD COUNTY, TENNESSEE, the City's share
of the three-fourths (3/4ths) of one (1%) percent increase
in local sales and use tax as approved by the voters of
Bedford County in the May 2, 1974, tax referendum, retro-
active to July 1, 1974, but subject to the following
conditions, which conditions Bedford County hereby accepts:

a. This Contract is contingent upon the execution
of an acceptable lease and/or lease-purchase agreement with
the Bedford County School Board for the City of Shelbyville
school property;

b. All funds relinquished by the City of Shelbyville
shall be used solely and exclusively by Bedford County for
educational purposes.

c. No other municipality located within Bedford
County shall be permitted or allowed, in whole or in part,
to withhold any of their relinquishment of said sales and
use tax, and no part of said relinquishment shall be refunded
by the County, in any form, to any other municipality located
within Bedford County;

d. All provisions of "Building Program B" as
approved by the Bedford County School Board and the Bedford
County Quarterly Court shall be implemented in full and the
sums of money allocated for the schools listed therein shall
be expended; and

e. An effective program of maintenance, repair
and upkeep of all school buildings owned by the City of
Shelbyville, or in which the City of Shelbyville owns an
interest, shall be instituted and followed, and said program
shall be subject to periodic review by the City of Shelby-
ville, or upon request.

Filed 3-6-74
1:13 o'clock p
Curt M. Cobb C & M
By J. M. Cobb

EXECUTED and ACCEPTED on this, the 14TH day of
October, 1974.

CITY OF SHELBYVILLE, TENNESSEE

By H. V. Griffin
H. V. Griffin, Mayor

ATTEST:

W. C. Mittwee
W. C. Mittwee, City Recorder

BEDFORD COUNTY, TENNESSEE

By Dorothy Orr
Dorothy Orr, County Judge



Filed 3/6/24
1:13 o'clock PM
By Curt M. Cobb C & M
Angela Hayes

City of
SHELBYVILLE

May 12, 2023
Tennessee

Mr. Chad Graham
Bedford County Mayor
1 Public Square, Suite 101
Shelbyville, TN 37160

Ms. Anita Epperson
Commissioner District 4
115 Coleman Harvey Lane
Shelbyville, TN 37160

Ms. Sylvia Pinson
Commissioner District 7
219 Warren Circle
Shelbyville, TN 37160

Mr. Drew Hooker
Commissioner District 1
350 Dye Road
Bell Buckle, TN 37020

Ms. Diane Neeley
Commissioner District 4
2316 Hwy. 64-W
Shelbyville, TN 37160

Mr. John Boutwell
Commissioner District 8
1038 Union Street
Shelbyville, TN 37160

Mr. Eric Maddox
Commissioner District 1
508 Coop Road
Bell Buckle, TN 37020

Mr. Scott Johnson
Commissioner District 5
320 Himesville Rd.
Shelbyville, TN 37160

Mr. Jason Boyette
Commissioner District 8
201 Chickadee Lane
Shelbyville, TN 37160

Mr. Greg Vick
Commissioner District 2
245 Edd Joyce Road
Bell Buckle, TN 37020

Ms. Linda Yockey
Commissioner District 5
560 Moore Rd.
Shelbyville, TN 37160

Mr. Mark Thomas
Commissioner District 9
112 Stonegate Circle
Shelbyville, TN 37160

Mr. Tony R. Smith
Commissioner District 2
295 Pepper Hill Road
Bell Buckle, TN 37020

Mr. Bill Anderson
Commissioner District 6
P. O. Box 226
Shelbyville, TN 37162

Mr. Phillip T. (Biff) Farrar
Commissioner District 9
104 Rosewood Drive
Shelbyville, TN 37160

Ms. Janice Brothers
Commissioner District 3
119 Wildwood Drive
Unionville, TN 37180

Mr. Adam Thomas
Commissioner District 6
808 S. Brittain Street
Shelbyville, TN 37160

Mr. Troy Thompson
Commissioner District 3
113 Tara Drive
Unionville, TN 37180

Ms. Julie Wells Sanders
Commissioner District 7
110 Blue Ribbon Parkway
Shelbyville, TN 37160

Re: 1974 Local Option Sales Tax Increase Contract for Relinquishment of City's Statutory Share
Request for Amendment to Contract
Notice of Termination of Contract

Bedford County Mayor
Bedford County Commissioners
May 12, 2023
Page 2

Dear Mayor and County Commission:

This letter is being sent by the Mayor and City Council of the City of Shelbyville to all members of the Bedford County Board of Commissioners and the Honorable Mayor Chad Graham to open a direct line of communication in order to address the 1974 Contract between the City and the County in which the City relinquished its statutory share of the local option sales tax increase (one-half of 0.75%) that was generated by the May 1, 1974 Referendum. A copy of that Contract is enclosed, and a summary of its history follows later in this letter.

As an opening statement, the City recognizes that this is a valuable source of funding for the Bedford County Board of Education and the children of our community. The City Council does not take this action lightly. We believe that it is the responsibility of this governing body to its City taxpayers to address this issue and to work together with the County to restructure funding for our schools. The Council believes that this nearly 49-year-old agreement, in which the City foregoes its statutory share which could be used to fund other services within the City of Shelbyville, can no longer be allowed to continue. Council proposes that this Contract arrangement be addressed either one of two ways, through an amendment of the Contract or an acknowledgement that the Contract is or should be terminated, all of which will be discussed in greater detail below.

As a courtesy, the City is copying this letter upon the Bedford County Schools Superintendent, Dr. Tammy Garrett, and members of the Bedford County Board of Education.

HISTORY OF THE LOCAL OPTION SALES TAX AND THE 1974 CONTRACT

The tax at issue is the local option sales tax governed by the "1963 Local Option Revenue Act" T.C.A. §67-6-701 et. seq. That Act gives local governments the authority to levy an additional sales tax percentage on top of the State's sales tax amount. Bedford County originally passed a local option sales tax in the amount of 1% in approximately 1966. In accordance with the Act, one-half of that 1% tax automatically went to fund education in the County, and the other one-half goes to the general fund of whatever jurisdiction in which the sale occurred. If the sale occurred in the City of Shelbyville, that one-half of the tax went to the City; if it occurred in unincorporated areas of Bedford County, that one-half went to the County to use.

In 1974, a Referendum was held by the County in order to increase the local option sales tax from 1% to 1.75% as a part of a comprehensive new school building program as proposed by the Bedford County School Board. Earlier in 1968, the City and the County had agreed for the County to take over operation of all schools in the County, with the City and the County entering into Lease and Lease-Purchase Agreements for City school buildings. As a part of that overall new school plan, the City agreed to relinquish its statutory share of the 0.75% increase in the tax rate and entered into the enclosed Contract to that effect. So, at that time, the City would receive its statutory share of one-half of 1% of the tax and would receiving nothing on the 0.75% of the sales tax. Later in 1996, the City itself levied a 1% increase of the local option sales tax resulting in the maximum amount allowed by the Act of a total 2.75%. As it currently stands, the City receives its statutory share on 2% of the local option sales tax and receives no part of its statutory share on 0.75% of the local option sales tax.

PROPOSAL FOR AN AMENDMENT OF 1974 CONTRACT

The City Council proposes to the County Commission that we enter into an Amendment to the 1974 Contract to be summarized as follows:

1. Beginning July 1, 2024, the City shall receive one-quarter (25%) of its statutory share as applied to the 1974 tax increase of 0.75%.
2. Beginning July 1, 2025, the City shall receive one-half (50%) of its statutory share as applied to the 1974 tax increase of 0.75%.
3. Beginning July 1, 2026, the City shall receive three-quarters (75%) of its statutory share as applied to the 1974 tax increase of 0.75%.
4. As of July 1, 2026, the County will continue to receive one-quarter (25%) of the City's statutory share of the 1974 tax increase of 0.75% for a term of 20 years.
5. The City wishes to designate the portion of its statutory share that the County will continue to receive during this term to be used specifically for debt payment on Cartwright Elementary School or other schools located within the City limits of the City of Shelbyville.
6. What occurs after 20 years will need to be negotiated.

Currently, the City's statutory share of the 1974 tax increase of 0.75% (one-half of 0.75%) generates approximately \$2,000,000.00 in revenue. Using this estimate, the amount of monies that will be returned to the City in its statutory share over the life of our proposal is as follows:

- From July 1, 2024, through June 30, 2025 - \$500,000.00
- From July 1, 2025, through June 30, 2026 - \$1,000,000.00
- From July 1, 2026, through June 30, 2027 - \$1,500,000.00.

The County would retain approximately \$500,000.00 under this proposal for the term of 20 years. Of course, the City will continue to receive its entire statutory share on 2% of the local option sales tax as it is currently receiving.

TERMINATION OF THE CONTRACT – TERMINABLE AT WILL

As the 1974 Contract has no definite termination date or clause to determine the term of the Contract, the City believes that the Contract is terminable at will by the City under current case law in Tennessee. "Contracts silent on time of termination are generally terminable at will by either party with reasonable notice." *First Flight Assocs. v. Profl Golf Co.*, 527 F.2d 931, 935 (6th Circuit 1975). Such contracts terminable at will can only be terminated upon reasonable notice. *McReynolds v. Cherokee Insurance Company*, 896 S.W.2d 777 (1994 Tenn. App.). What is considered reasonable is fact specific dependent upon the length of the Contract so far, the reliance of either party and the particular business at issue.

Bedford County Mayor
Bedford County Commissioners
May 12, 2023
Page 4

Given the fact that the \$10,500,000.00 Bond for new schools that was part of the 1974 plan of the Bedford County School Board has long passed and evidence from minutes that the City Council at that time intended for the relinquishment of its statutory share to be applied to the \$10,500,000.00 Bond, the City believes that the Contract would be determined to be either terminated or terminable at will upon proper notice. Council also believes that a two-year notice would be sufficient to allow Bedford County to find funds for replacement of the City's statutory share.

If we are unable to reach an agreement to amend the Contract, Council is prepared to move forward with action that would terminate the Contract and bring all of the City's shared revenue from the tax back to the City's general fund.

REQUEST FOR COOPERATION

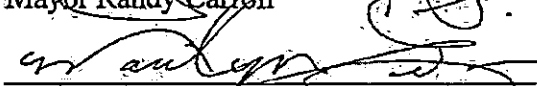
The Council recognizes the County will need time to study and consider this proposal, but we request a formal decision from the Commission by September 30, 2023 whether it is willing to amend the Contract, as the Council would like to have the Amendment in place no later than the end of this calendar year. The Council is more than willing to meet with the Commission in a joint session to discuss this issue, and proposes that we form a committee of both City and County representatives to further our discussions and negotiations. For the purposes of overseeing negotiations of the Amendment and other work related to this Contract, Council has approved the hiring of outside legal counsel. City Mayor Randy Carroll will notify County Mayor Chad Graham of the firm that will represent the City and work on setting up talks for negotiation.


It is the sincere belief of the Mayor and City Council of the City of Shelbyville that standing upon the solid base of cooperation and goodwill that the City and County have worked hard to build together over the past few years, that Shelbyville and Bedford County can effectively tackle this long-standing issue in a manner that is fair to everyone. We look forward to addressing this important matter together and hope this letter is received with the cooperative spirit in which it is sent.


Sincerely,

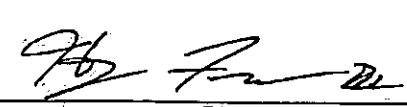
THE CITY OF SHELBYVILLE

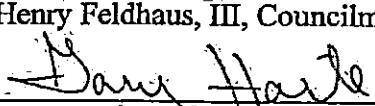

Mayor Randy Carroll

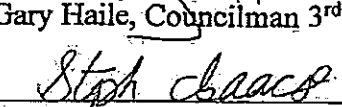

Marilyn Ewing, Councilwoman 2nd Ward


William Christie, Councilman 4th Ward


Bobby Turnbow, Councilman 6th Ward


Henry Feldhaus, III, Councilman, 1st Ward


Gary Haile, Councilman 3rd Ward


Stephanie Isaacs, Councilwoman 5th Ward

Bedford County Mayor
Bedford County Commissioners
May 12, 2023
Page 5

Enclosure

xc: Mr. Scott Collins, City Manager
Ms. Lisa Smith, City Recorder
Ms. Kay Parker, City Treasurer
Dr. Tammy Garrett, Superintendent of Schools
Mr. David Brown, 1st District Representative
Mr. Brian Crews, 2nd District Representative
Mr. Dan Reed, 3rd District Representative
Mrs. Courtney Bogle, 4th District Representative
Mr. Michael Cook, 5th District Representative
Dr. Andrea Anderson, 6th District Representative
Mr. Ben Barton Williams, II, 7th District Representative
Mrs. Shanna Boyette, 8th District Representative
Mr. Glenn Forsee, 9th District Representative
Mr. Robert Daniel, County Director of Finance
Ms. Ginger Shofner, City Attorney
Mr. John T. Bobo, County Attorney

Holland & Knight

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Holland & Knight LLP | www.hklaw.com

Michael A. Cottone
Partner
+1 615-850-8994
Michael.Cottone@hklaw.com

September 27, 2023

Via First Class Mail

The Honorable Randy Carroll
Mayor of Shelbyville, Tennessee
201 North Spring Street
Shelbyville, Tennessee 37160

Ms. Marilyn Ewing
Councilwoman, 2nd Ward, City Council
of the City of Shelbyville
606 Shoma Drive
Shelbyville, Tennessee 37160-3024

Mr. William Christie
Councilman, 4th Ward, City Council
of the City of Shelbyville
803 Dow Drive
Shelbyville, Tennessee 37160-2215

Mr. Bobby Turnbow
Councilman, 6th Ward, City Council
of the City of Shelbyville
203 Providence Road
Shelbyville, Tennessee 37160-4823

Mr. Henry Feldhaus, III
Councilman, 1st Ward, City Council
of the City of Shelbyville
252 County Line Road
Lynchburg, Tennessee 37352-7416

Mr. Gary Haile
Councilman, 3rd Ward, City Council
of the City of Shelbyville
403 Sun Circle
Shelbyville, Tennessee 37160-2525

Ms. Stephanie Isaacs
Councilwoman, 5th Ward, City Council
of the City of Shelbyville
516 Tate Avenue
Shelbyville, Tennessee 37160-3246

Re: 1974 Local Option Sales and Use Tax Contract

Dear Mr. Mayor and Councilmembers:

Our firm has been engaged by Bedford County, Tennessee (the "County") to assist in matters related to the ongoing contract entered into on October 14, 1974 by and between the City of Shelbyville, Tennessee (the "City") and the County (the "Contract"), in which the City expressly agreed to relinquish its share of the three-fourths of one percent increase in local sales and use tax approved by the County's voters in 1974 in exchange for certain undertakings by the County

Atlanta | Austin | Birmingham | Boston | Century City | Charlotte | Chattanooga | Chicago | Dallas | Denver | Fort Lauderdale
Houston | Jacksonville | Los Angeles | Miami | Nashville | Newport Beach | New York | Orlando | Philadelphia
Portland | Richmond | San Francisco | Stamford | Tallahassee | Tampa | Tysons | Washington, D.C. | West Palm Beach



Filed 3-6-24
1:13 o'clock p
By Curt M. Cobb C & M M.

September 27, 2023

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related to education and the treatment of local option sales and use tax in other municipalities in the County. If you have engaged counsel in connection with this matter, please provide them with this letter with directions to contact us so that we may make further communications through them.

We are in receipt of your letter dated May 12, 2023, in which you claim that the Contract is terminable at will under Tennessee law and propose fundamentally restructuring the agreement reflected in the Contract to drastically reduce the amount of local option sales and use tax available to the County to fund education and to instead divert those funds to the City. The County has asked our firm to respond.

In short, and as explained further below, the City has no right to terminate the Contract under clear and established Tennessee law. Moreover, your proposal to "amend" the Contract is entirely unacceptable. The tax funds that you seek to redirect to the City are entirely devoted to funding public education services in the County, including services that directly benefit the City's residents and children. Your proposal would have the effect of depriving the County's public school system—which families living in the City rely on and enjoy—of millions of dollars in funding. Obviously, that is not something that the County can or will agree to, and it is not something the City should have suggested in the first instance, had it been acting responsibly and in the best interests of local families and children.

BACKGROUND OF THE CONTRACT

In May 1974, the County's voters—including residents of the City—approved a referendum authorizing a three-fourths of one percent increase in local option sales and use tax within the County. As you recognized in your letter, the City and the County had recently agreed for the County to take over public education in the City, and the referendum and the local option sales and use tax increase were passed as part of a plan to fund public education in the County. In other words, the voters understood that the increase in local option sales and use tax would be used solely to fund education.

After the referendum passed, the City and the County entered the Contract. Again, as you acknowledged in your letter, the Contract was entered as part of the "overall new school plan," under which the County agreed to take over public education services for the City. The County continues to provide public education to the families and children living in the City.

The Contract provides as follows:

The CITY OF SHELBYVILLE, TENNESSEE, does hereby relinquish to BEDFORD COUNTY, TENNESSEE, the City's share of the three-fourths (3/4ths) of one (1%) percent increase in local sales and use tax as approved by the voters of Bedford County in the May 2, 1974, tax referendum, retro-active to July 1, 1974, but subject to the following conditions, which conditions Bedford County hereby accepts:

a. This Contract is contingent upon the execution of an acceptable lease and/or lease-purchase agreement with the Bedford County School Board for the City of Shelbyville school property;

b. All funds relinquished by the City of Shelbyville shall be used solely and exclusively by Bedford County for educational purposes;

c. No other municipality located within Bedford County shall be permitted or allowed, in whole or in part, to withhold any of their relinquishment of said sales and use tax, and no part of said relinquishment shall be refunded by the County, in any form, to any other municipality located within Bedford County;

d. All provisions of "Building Program B" as approved by the Bedford County School Board and the Bedford County Quarterly Court shall be implemented in full and the sums of money allocated for the schools listed therein shall be expended; and

e. An effective program of maintenance, repair, and upkeep of all school buildings owned by the City of Shelbyville, or in which the City of Shelbyville owns an interest, shall be instituted and followed, and said program shall be subject to periodic review by the City of Shelbyville, or upon request.

Under this express and unambiguous language, the City relinquished to the County its share of the 1974 increase to the local option sales and use tax so long as the County satisfies the following conditions: (1) the County enters an acceptable lease and/or lease-purchase agreement with the City for City-owned school property; (2) the County uses the portion of the 1974 increase to the local option sales and use tax relinquished by the City for educational purposes; (3) the County does not allow any other municipality to retain its portion of the 1974 increase to the local option sales and use tax; (4) the provisions of "Building Program B" are satisfied; and (5) the County implements an effective program of maintenance, repair, and upkeep for all school buildings in which the City owns an interest.

The County has satisfied—and continues to satisfy—each and every one of these obligations. As you note in your letter, the County and the City have long since entered lease and lease-purchase agreements for the City's school buildings. The County has always used the entirety of the revenue generated from the 1974 increase to the local option sales and use tax, including the portion of such increase relinquished by the City, to fund public education. No other municipality in the County is permitted to retain any portion of the 1974 increase to the local option sales and use tax. Instead, all of those funds are used for public education in the County. The County fully implemented Building Program B. Finally, the County has always maintained, repaired, and kept up all school buildings, including any such buildings in which the City owns an interest. From the time the Contract was entered, the County has fully lived up to each and every one of its obligations under the Contract, and you have not suggested otherwise in your letter.

THE CITY CANNOT TERMINATE THE CONTRACT

In the May 12 letter, you claim that the Contract “has no definite termination date or clause to determine the term of the Contract” and that, as a result, the Contract is “terminable at will by the City” under Tennessee law. This is incorrect. The City has no right or ability to terminate the Contract.

Although the Contract does not include a specific duration or termination date, this does not mean that the City may terminate it at will. In fact, it is well settled in Tennessee that the “absence of a duration provision in a contract does not necessarily render a contract terminable at will.” *Johnson v. Welch*, No. M2002-00790-COA-R3CV, 2004 WL 239756, at *14 (Tenn. Ct. App. Feb. 9, 2004) (citing *Hamblen County v. City of Morristown*, 584 S.W.2d 673, 677 (Tenn. Ct. App. 1979)). Where the parties to a contract have indicated an intent that their obligations under the agreement last indefinitely until the occurrence of a particular event, the contract is terminable only upon occurrence of that event. *See, e.g., Quality Mfg. Sys., Inc. v. R/X Automation Sols., Inc.*, No. 3:13-0260, 2014 WL 4897866, at *3 (M.D. Tenn. Sept. 30, 2014); *Johnson*, 2004 WL 239756, at *10. In other words, a contract that can be terminated for cause under certain circumstances cannot be terminated at will simply because it does not include a duration provision—or because one party no longer wishes to honor its commitment.

In the Contract, the City unequivocally agreed to relinquish its share of the 1974 increase in local sales and use tax to the County, “subject to” five “conditions” related to education funding, former City School property, and the treatment of other municipalities with respect to the 1974 increase in local option sales and use tax. As detailed above, the County has complied with each and every one of these obligations since the Contract was entered, and it continues to do so. You have not suggested otherwise. Accordingly, no condition has occurred that would permit the City to terminate the Contract.

THE CITY’S PROPOSED AMENDMENT TO THE CONTRACT IS UNACCEPTABLE AND IRRESPONSIBLE

You have also proposed that the City and the County “amend” the Contract in a manner that would, by your own estimation, divert **\$3 million** of education funding to be used for other purposes by the City over the course of just three years. You also propose to divert **\$1.5 million per year** for the following 20 years away from funding education. In total, by your estimate, the “amendment” you propose would decrease education funding by **\$33 million** over the next 23 years, not including adjustments for inflation or other factors that would increase this number.

Needless to say, your proposal is not within the best interests of the local families and children who rely on the educational services the County provides. In fact, it shocks the conscious, and it is altogether irresponsible for the City to suggest slashing tens of millions of dollars in local education funding with no plan to replace those funds. You claim that, in two years, the County could somehow find replacement funds to cover the gap you propose to create in financing local public education, yet you offer no ideas on where those funds may come from. Your claim that

September 27, 2023

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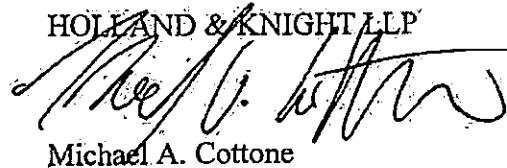
over \$33 million in education funds would somehow materialize defies common sense and is, at best, magical thinking. In reality, your proposal to divert tens of millions of dollars in education funds to the City's coffers would, if accepted, amount to a massive defunding of local public education. The County cannot—and will not—entertain your proposal to gamble with the futures of local children.

In your letter, you also claim that, if the County will not agree to amend the Contract, you are "prepared to move forward with action that would terminate the Contract and bring all of the City's shared revenue from the tax back to the City's general fund." As explained above, the County has fulfilled and continues to fulfill all of its obligations under the Contract, and the City has no right to terminate the Contract. If you choose to attempt to terminate the Contract or otherwise act inconsistently with your obligations of good faith and fair dealing under Tennessee law, the City will be in material breach of the Contract. In that event, the County is fully prepared to take whatever actions may be necessary to remedy the City's breach and to ensure the Contract is properly enforced.

We sincerely hope that the City and the County can put this matter to rest and continue to operate under the Contract. The County reserves all of its rights and remedies against the City.

Sincerely,

HOLLAND & KNIGHT LLP



Michael A. Cottone

cc: Mr. Chad Graham, Bedford County Mayor
Mr. Drew Hooker, Commissioner District 1
Mr. Eric Maddox, Commissioner District 1
Mr. Tony R. Smith, Commissioner District 2
Mr. Greg Vick, Commissioner District 2
Ms. Janice Brothers, Commissioner District 3
Mr. Troy Thompson, Commissioner District 3
Ms. Anita Epperson, Commissioner, District 4
Ms. Diane Neeley, Commissioner District 4
Mr. Scott Johnson, Commissioner District 5
Ms. Linda Yockey, Commissioner District 5
Mr. Bill Anderson, Commissioner District 6
Mr. Adam Thomas, Commissioner District 6
Ms. Sylvia Pinson, Commissioner District 7
Ms. Julie Wells Sanders, Commissioner District 7
Mr. John Boutwell, Commissioner District 8
Mr. Jason Boyette, Commissioner District 8
Mr. Phillip T. (Biff) Farrar, Commissioner District 9

September 27, 2023

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Mr. Mark Thomas, Commissioner District 9
Dr. Tammy Garrett, Superintendent, Bedford County Schools
Mr. David Brown, 1st District Representative
Mr. Brian Crews, 2nd District Representative – School Board Vice Chairman
Mr. Dan Reed, 3rd District Representative
Ms. Lana Craig, 4th District Representative
Mr. Michael Cook, 5th District Representative – School Board Chairman
Dr. Andrea Anderson, 6th District Representative
Mr. Ben Barton Williams, II, 7th District Representative
Ms. Shanna Boyette, 8th District Representative
Mr. Glenn Forsee, 9th District Representative



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+1 (615) 742-6285

Filed 3/6/24 1:13 o'clock P M.
By Curt M. Cobb C & M
Angela Hayes

November 17, 2023

Via Email and First Class Mail

Michael A. Cottone, Esq.
Holland & Knight
511 Union Street, Suite 2700
Nashville, Tennessee 37219

Re: Notice of Termination by City of Shelbyville of 1974 Local Option Sales Tax Contract

Dear Michael:

I am writing to provide notice that the City of Shelbyville is terminating the 1974 contract in which the City relinquished to Bedford County its statutory share of a .75% local option sales tax effective July 1, 2024.

The City also wishes to respond to your September 27, 2023 letter. In particular, the City takes issue with your statement that the City does not have the best interests of local families and children at heart, as well as your accusation that by reclaiming revenue the City has voluntarily relinquished for nearly 50 years, the City is callous to the needs of children. Nothing could be further from the truth.

By statute, half of the tax revenue generated in Shelbyville and Bedford County as a whole is directed solely to fund education. In addition, under Tennessee law, the state provides the rest of the necessary funding for education through its payments from the Education Trust Fund. For decades, the City has supplemented the funding required by state law by agreeing to give up tax revenue that, in the absence of an agreement, belongs to the City. That revenue Shelbyville voluntarily shared was in addition to the funding Tennessee provides for and deems sufficient to support education in Bedford County. Your implication that by terminating the 1974 contract the City would gut education funding in Bedford County does not stand up to the facts.

In addition to the tax revenue the City provides the schools, the City has consistently provided valuable in-kind services to Bedford County students and will continue to do so. For example, a number of the County's schools use the City's tennis courts and indoor swimming pool for practices, meets, and matches. Students in the County also routinely rely on Shelbyville's parks and public facilities for school-related events. The City is proud to provide these services to the County's children, despite not collecting any extra tax revenue to account for the costs of such usage.

It is precisely because the City *does* care about the wellbeing of local families and children that the City needs its statutory share of the local option sales tax. For example, the City currently employs *six fewer firefighters* than is recommended by applicable guidelines. The City is also short *three police officers*. The City has not been able to hire men and women to fill these vital roles because it lacks sufficient funding. As a further example, the City has plans to build a new

Michael A. Cottone, Esq.

November 17, 2023

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soccer complex that would directly benefit students in Bedford County but has delayed those plans because of insufficient funding. Education is a vital government function in Bedford County, but so is police and fire protection, parks, and other essential city services. For too long, the City's investments in these essential services have been delayed because of inadequate revenue.

With respect to the City's authority to terminate the 1974 contract, contrary to the statements in your letter, the contract was never intended to last in perpetuity. Contemporaneous media accounts and relevant City documents make it clear that the City intended the relinquishment of its share of the .75% local option sales tax to pay the bonds the County issued to fund the construction of new schools in 1974. The bonds for school construction have long since been paid off, and the essential purpose of the contract has been fulfilled.

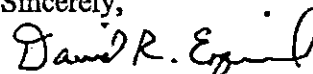
The timeline of events in your letter also needs to be corrected because that timeline is essential to a proper understanding of the 1974 contract. In 1968, pursuant to Tenn. Code Ann. § 49-2-1002, the citizens of Shelbyville voted to combine the City and County school systems and to place the obligation to operate the combined school system with the County. Because it suits your argument, I understand why you would mischaracterize the 1974 contract as occurring "recently" after the school combination. In point of fact, those events are separated by six years. Because the County undertook the obligation to operate the schools *six years before* the City agreed to relinquish its share of the .75% local option sales tax, it is clear that the 1974 contract was not intended for the general purpose of funding education in perpetuity, as you contend in your letter. As a matter of black letter law, "past consideration cannot support a current promise." *Bratton v. Bratton*, 136 S.W.3d 595, 600 (Tenn. 2004).

Thus, because the contract was intended to assist in paying the bond debt of the new school buildings, and that debt has been fully paid, and because the County had already undertaken the obligation to operate the schools six years before the 1974 contract, the City is entitled to terminate the contract. *See, e.g., First Flight Assocs. v. Profl Golf Co.*, 527 F.2d 931, 935 (6th Cir. 1975) (noting that contracts silent as to duration are terminable with reasonable notice).

In good faith, the City informed County officials in a letter on May 12, 2023, of its intent to terminate the contract and its desire to negotiate the terms of a new agreement. The County has therefore been on notice for nearly six months of the City's intent to terminate. As further demonstration of good faith, this notice of termination will not be effective until July 1, 2024, giving the parties more time to consider the terms of a new agreement. If no new agreement can be reached, the City will take all necessary measures to collect the statutory share of the local option sales taxes to which the City is entitled as of the effective date of termination.

Despite the City's termination of the contract, the City remains open to discussions with the County about a new agreement, one that provides for the education of Bedford County students *and* allows the City to make long-overdue investments in essential services. The City and the County have been good partners, and the City is eager to continue that partnership. I look forward to productive discussions with you on the terms of a new agreement, now that the City has given its notice of termination.

Sincerely,



David R. Esquivel