

INTERGOVERNMENTAL CONTRACT

This Intergovernmental Contract, made and entered into as of _____, 2015 by and among **HALL COUNTY SCHOOL DISTRICT**, a political subdivision of the State of Georgia (the “Hall County School District”), **CITY OF GAINESVILLE SCHOOL DISTRICT**, a political subdivision of the State of Georgia (the “Gainesville City School District”), and **CITY OF BUFORD SCHOOL DISTRICT**, a political subdivision of the State of Georgia (the “Buford City School District”) (the Hall County School District, Gainesville City School District and Buford City School District are hereinafter collectively referred to as the “School Districts” and each as a “School District”).

WITNESSETH:

WHEREAS, Article VIII, Section VI, Paragraph IV of the Constitution of the State of Georgia, as amended from time to time and O.C.G.A. § 48-8-140 *et seq.* as amended from time to time (collectively, the “Education SPLOST Law”) authorizes the imposition of a one percent sales and use tax for educational purposes (the “Sales Tax”); and

WHEREAS, the Education SPLOST Law requires that the board of education of each county school district and the board of education of each independent school district located within such county by concurrent resolutions impose, levy and collect a sales and use tax for educational purposes for such school districts, conditioned upon approval by a majority of the qualified voters residing within the limits of the local taxing jurisdiction voting in a referendum thereon; and

WHEREAS, the Education SPLOST Law provides that except as otherwise provided therein, such Sales Tax shall correspond to and be levied in the same manner as the tax provided for by Article 3 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, relating to the special county 1% sales and use tax, as now or hereafter amended (the “County SPLOST Law”); and

WHEREAS, the Boards of Education of Hall County School District, the Gainesville City School District and the Buford City School District will adopt concurrent resolutions requesting the approval by voters of the imposition, levy and collection of a one percent sales and use tax for educational purposes, to be considered by the voters of each School District on November 3, 2015; and

WHEREAS, the Education SPLOST Law provides that the net proceeds of the tax shall be distributed between the county school district and the independent school districts, or portion thereof, located in such county according to the ratio the student enrollment in each school district, or portion thereof, bears to the total student enrollment of all school districts in the county or upon such other formula for distribution as may be authorized by local law; and

WHEREAS, the Hall County School District, Gainesville City School District and Buford City School District each will request their local legislative delegation draft and submit for approval by the Georgia Legislature in its next legislative session a local law specifying that if approved by a majority of the voters on November 3, 2015, the net proceeds of the Sales Tax shall be distributed in the manner reflected in this Intergovernmental Contract; and

WHEREAS, Article IX, Section III, Paragraph I of the Constitution of the State of Georgia provides that, in pertinent part, any county, municipality, school district or other political subdivision of the State of Georgia may contract for any period not exceeding fifty years with each other or with any other public agency, public corporation, or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, for such activities, services or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, within the geographical confines of Hall County, Georgia are located three school districts which contain 100% of the aggregate population of all the school districts in Hall County, Georgia, to wit: the Hall County School District, Gainesville City School District and Buford City School District; and

WHEREAS, the Hall County School District is in need of funds to pay the costs of (i) acquiring, constructing and equipping new schools, fine arts facilities, physical education facilities, sports facilities, other student activity facilities and other school system facilities, acquiring and conducting site preparation of real estate for current and future school district purposes, constructing and equipping additional classrooms and instructional and support space, remodeling, renovating and equipping classrooms, instructional and support space, and other school district facilities at existing school system facilities, including but not limited to roofing, HVAC, security and emergency alarm systems, flooring, plumbing and electrical capacity, and acquiring furnishings, equipment and fixtures for new and existing facilities system-wide, including technology equipment, textbooks, library books and school buses; (ii) paying a portion of the purchase price payments due on that certain Contract between the School District and the Gainesville and Hall County Development Authority, dated as of November 1, 2007, with a maximum payment of \$875,975; (iii) paying a portion of the purchase price payments due on that certain Installment Sale Agreement between the Hall County School District and the Gainesville and Hall County Development Authority, dated as of September 1, 2010, with a maximum payment amount of \$1,045,000; (iv) making payments on outstanding bonded indebtedness; and (v) paying expenses incident thereto; and

WHEREAS, the Gainesville City School District is in need of funds to pay the costs of (i) acquiring, constructing and equipping new schools, fine arts facilities, physical education facilities, student activity facilities and other school system facilities, acquiring and conducting site preparation of real estate for school district purposes, constructing and equipping additional classrooms and instructional and support space, remodeling, renovating and equipping classrooms, instructional and support space, and other school district facilities at existing school system facilities, and acquiring furnishings, equipment and fixtures for new and existing facilities system-wide, including technology equipment, textbooks, teaching software and school buses; (ii) making payments on outstanding bonded indebtedness; and (iii) paying expenses incident thereto; and

WHEREAS, the Buford City School District is in need of funds to pay the costs of (i) acquiring new sites for the construction of new schools, support facilities and athletic facilities and the expansion of existing schools and support facilities, developing sites for constructing and equipping new schools, support facilities and athletic facilities and the expansion of existing schools and support facilities, constructing new schools, support facilities and athletic facilities,

acquiring land for and making additions to, acquiring or renovating, equipping and modernizing existing schools, support facilities and athletic facilities, purchasing and refurbishing school buses and other transportation vehicles, making existing or new lease/purchase payments or payments with respect to the acquisition of new and existing schools and support facilities along with textbooks, library books and other media, modernizing technology and making system-wide technology improvement, and retiring previously issued indebtedness for such projects; and (ii) paying expenses incident thereto; and

WHEREAS, the Hall County Projects, the Gainesville Projects and the Buford Projects are hereinafter collectively referred to as the “Projects”; and

WHEREAS, it is necessary that the School Districts provide for the division of and allocation of funds representing the revenues produced by the Sales Tax; and

WHEREAS, the School Districts desire to enter into this Intergovernmental Contract (“Contract”) to provide for the allocation of the Sales Tax among the School Districts; and

WHEREAS, the School Districts desire that the proceeds of said Sales Tax shall be divided and allocated among the Hall County School District, Gainesville City School District and Buford City School District in accordance with the provisions of this Contract until the adoption of a local law incorporating the same; and

WHEREAS, this Contract which has been entered into among said parties in compliance with the County SPLOST Law and Article IX, Section III, Paragraph I of the Constitution of the State of Georgia; and

WHEREAS, the Hall County School District, Gainesville City School District and Buford City School District will submit to the qualified voters of each such entity at an election to be held on November 3, 2015, the question of whether the voters will approve the Sales Tax, whether the voters in the Hall County School District will approve the issuance of general obligation debt, and whether the voters in the Hall County School District and Gainesville City School District will approve the issuance of general obligation debt; **NOW THEREFORE**, for and in consideration of the premises, the fulfillment of the lawful conditions for imposition of the Sales Tax for the benefit of the citizens of the School Districts, and the mutual covenants and agreements herein contained, the parties hereby agree as follows:

Section 1. Hall County School District, Gainesville City School District and Buford City School District hereby agree to impose the Sales Tax for the purpose, *inter alia*, of providing funds to the School Districts for the School District Projects in accordance with the allocations set forth in Section 3 hereof. The School Districts each hereby agree to retire the appropriate debt and to acquire, construct and install their respective Projects with the proceeds of the Sales Tax as allocated in Section 3 hereof, for the use and benefit of their respective citizens, all in accordance with the Education SPLOST Law.

Section 2. To the extent legally required, the School Districts hereby agree that all proceeds of the Sales Tax shall first be disbursed in accordance with Section 48-8-115 of the County SPLOST Law, which provides that one percent of the amount collected shall be paid into the general fund of the State Treasury in order to defray the costs of administration, and the

remainder of the proceeds of the Sales Tax shall be transferred directly to the three School Districts by wire transfer from the Department of Revenue or such other means as the Department of Revenue may utilize for other school districts similarly situated. Each School District shall have the right to designate the bank or account or both which will serve as its escrow agent to receive its portion of the SPLOST funds.

Section 3. (a) The School Districts will direct the State of Georgia Department of Revenue Sales and Use Tax Division to remit the proceeds of the Sales Tax to the escrow agent for division of the Sales Tax proceeds (the “Escrow Agent”), such Escrow Agent to be any bank or financial institution having corporate trust powers designated by Hall County School District, with the consent of Gainesville City School District and Buford City School District, to serve as escrow agent for division of the Sales Tax proceeds, provided the Buford City School District shall not incur any expenses and/or deductions to its allocation arising from expenses or fees charged by the Escrow Agent;

(b) The Escrow Agent shall deposit the Sales Tax proceeds, as and when the same are received by the Escrow Agent (which is anticipated to be on a monthly basis) in the following order of priority:

- (i) First, after a sum equaling one percent of the amount collected is paid into the general fund of the State Treasury, the next \$3,200,000 of proceeds shall be deposited in an account specified by Buford City School District. After the remittance to Buford City School District of the aggregate amount of \$3,200,000, the Escrow Agent shall remit all remaining proceeds to Hall County School District and Gainesville City School District, in the manner set forth below;
- (ii) After the remittance to Buford City School District as set forth in (i), all remaining Sales Tax proceeds received by the Escrow Agent shall be distributed between Hall County School District and Gainesville City School District according to the ratio the student enrollment in each School District bears to the total student enrollment of such School Districts. Student enrollment in each such School District shall be determined in the manner specified in the Education SPLOST Law;
- (iii) At the time of the FTE count that immediately precedes the half way completion of the collection period for Sales Tax Proceeds as authorized by the voters, the percentage of student enrollment of students living in the geographical boundaries of Hall County attending each School District shall be determined using the FTE counts of Hall County School District and Gainesville City School District and calculating the portion of the FTE count of the Buford City School District attributable to students living in the geographical boundaries of Hall County. Buford City School District will provide its calculation to the other Districts showing the addresses of the students counted and the corresponding FTE for each student;
- (iv) As of the date of the FTE count described in (iii), a calculation will be made as to the distribution of Sales Tax Proceeds that would have been made to Buford as of

the collection halfway completion date if distribution had been based solely on student enrollment as defined in the Education SPLOST Law but using the FTE count of Buford City School District determined under (iii) above. If the amount using this calculation exceeds \$1,600,000, Hall County School District will pay the balance to Buford City School District and be reimbursed by Gainesville City School District for its proportionate share based on (ii). Provided, however, in no event, shall Buford City School District be required to reimburse any of its original amount distributed to it pursuant to (i);

- (v) As of the end of the collection period for Sales Tax Proceeds as authorized by the voters, the calculation described in (iv) will be made using the FTE Count that immediately precedes the end of the collection period for Sales Tax Proceeds as authorized by the voters. If the amount using such calculation is greater than the aggregate amount of the distribution of Sales Tax Proceeds to Buford City School District at that time, Hall County School District will pay the balance to Buford City School District and be reimbursed by Gainesville City School District for its proportionate share based on (ii). Provided, however, in no event, shall Buford City School District be required to reimburse any of its original amount distributed to it pursuant to (i).

(c) In accordance with Section 48-8-121(a)(1) of the County SPLOST Law, each of the School Districts will create a segregated account for the receipt of their respective allocations of the Sales Tax. Within these segregated accounts the School Districts may establish sub-accounts as they so desire or as they may be legally required to do.

Section 4. Each of the School Districts shall hold title to and shall be solely responsible for acquiring, constructing, equipping, installing, operating, maintaining and insuring its respective Projects.

Section 5. The provisions of a Resolution adopted by the Hall County Board of Education, the Gainesville City Board of Education and the Buford City Board of Education, a copy of which is attached to this Agreement, are incorporated by reference and made part of this agreement and shall be binding on all parties to this Agreement. This contract is a full and complete statement of the agreement of the parties as to the subject matter hereof.

Section 6. This contract has been authorized by proper action of the respective parties.

Section 7. This Contract may be amended from time to time as the parties may agree in writing signed by all parties to this Contract.

Section 8. This Contract shall be deemed null and void if the local Act described above is not approved by the Georgia General Assembly and enacted into law.

IN WITNESS WHEREOF, Hall County School District, Gainesville City School District and Buford City School District have caused their duly authorized officers to hereunto set their hands and affix their respective corporate seals, the day and year first above written.

HALL COUNTY SCHOOL DISTRICT

By: _____
Chairman, Board of Education

Attest: _____
Secretary

(SEAL)

CITY OF GAINESVILLE SCHOOL DISTRICT

By: _____
Chairman, Board of Education

Attest: _____
Secretary

(SEAL)

CITY OF BUFORD SCHOOL DISTRICT

By: _____
Chairman, Board of Education

Attest: _____
Secretary

(SEAL)