Draft

AGREEMENT FOR SCHOOL FUNDING MODEL

THIS AGREEMENT (the "Agreement") is by and between Buncombe County Board of Education, the Asheville City Board of Education (hereinafter collectively referred to as the "School Systems" or the "School Boards") and Buncombe County, a North Carolina body corporate and politic (the "County").

WHEREAS, the County provides funding for the School Systems each year upon approval of the County's budget, which includes appropriations for operating and capital expenses; and

WHEREAS, in order to establish uniformity and consistency in the funding of the Schools, the School Systems and the County have agreed to establish a budget process that is consistent, transparent, and predictable.

NOW THEREFORE, in consideration of the promises and covenants of the parties contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. PURPOSE. This Agreement sets forth the manner in which the County will provide funding to the School Systems for the operation and management of Asheville City Schools and Buncombe County Schools for the term of the Agreement, commonly referred to as the "local current expense".

2. TERM. Subject to Paragraph 7(H) below, this Agreement shall be for a term of three fiscal years (i.e. FY 2027, 2028, and 2029) and shall naturally expire on June 30, 2029. This Agreement may be amended or modified by the written agreement of all Parties. Unless any party submits a written request to modify or amend this Agreement by January 15th of the new budget year, the Agreement shall automatically renew for additional two year (2) term.

3. CALCULATION OF UNRESTRICTED REVENUE. During the County's budget process, the County Manager, together with the County Budget Director, shall calculate the gross revenue received by the County during the twelve months preceding March 1st ("Gross Revenue"). The Gross Revenue shall be calculated by March 15 of each year. The Gross Revenue calculation shall specifically consist of the revenue in the following accounts:

Account No.	Account Description
	Ad Valorem Taxes (to include interest earned, and vehicle taxes)
	Tax Interest, Penalties, Misc. Fees
	Sales Tax (Article 39) *Less 50%*
	Sales Tax (Article 40) *less 30%*
	Sales Tax (Article 42)

| *less 60%*

The Article 39, Article 40 and Article 42 sales tax amounts specifically excluded above shall be appropriated to the capital outlay funds for the respective school systems in accordance with existing law. Notwithstanding Session Law 2025-32, all such amounts shall be allocated to school capital outlay during the term of this Agreement.

4. CALCULATION OF BASELINE FUNDING AMOUNT. Following the calculation of the Gross Revenue for the upcoming fiscal year, the County Manager, together with the Budget Director, shall determine Baseline Funding Amount to be distributed to the school systems. The Baseline Funding Amount will be 37.76% (Base Funding Percentage) of the Gross Revenue for the previous year.

The Baseline Funding Amount will be shared with the School Systems' Superintendents and Finance Officers for review and comment prior to the approval of these amounts by the County Commissioners.

The County shall remit the Baseline Funding Amount to the School Systems on, or by, the 15th day of each month.

5. ADJUSTMENTS BASED ON SIGNIFICANT ENROLLMENT INCREASE/DECREASE. The North Carolina Department of Public Instruction certifies enrollment for all K-12 students in public schools in Buncombe County. On or before January 1st of each year, if the percentage change between the prior year's certified enrollment and the current year's certified enrollment increases or decreases by two percent (2%) or more, then the upcoming year's Base Funding Percentage will increase or decrease, respectively, by one-half percent.

For purposes of this Agreement certified enrollment is the aggregate enrollment of Buncombe County Schools, Asheville City Schools, and the number of students attending a North Carolina charter school that reside in Buncombe County.

6. PREVIOUS AGREEMENTS. This Agreement shall not terminate or invalidate any Memorandum of Agreement between the School Systems and County (or its respective agencies) regarding direct services.

7. MISCELLANEOUS PROVISIONS.

(A) Amendment to Agreement. Any amendments to this Agreement shall be effective only when reduced to writing and adopted in the same manner as this contract is required to be adopted.

(B) Notice. All notices given pursuant to the terms of this Agreement shall be in writing and delivered in person or transmitted by certified mail, return receipt requested, postage prepared, to the following entities:

For Asheville City schools:

For Buncombe County:

For Buncombe County Schools:

(C) Entire Agreement. This Agreement embodies the entire agreement between the parties in connection with this transaction, and there are no oral or parole agreements, representations or inducements existing between the parties relating to this transaction, which are not expressly set forth herein and covered hereby.

(D) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina.

(E) Mutual Negotiation. Both the County and the School Systems acknowledge and stipulate that this Agreement is the product of mutual negotiation and bargaining and that it has been drafted by respective counsel for both the County and the School Systems. As such, the doctrine of construction against the drafter shall have no application to this Agreement.

(F) Severability. If any provision under this Agreement or its application to any person or circumstance is held invalid by any court of competent jurisdiction, such invalidity does not affect any other provision of this Agreement or its application that can be given effect without the invalid provision or application.

(G) Emergencies. Nothing in this Agreement shall prohibit the School Systems from requesting additional funds to address emergencies or other unforeseen circumstances. "Emergency" is defined as a sudden, unexpected, or extraordinary event or a series of events that poses an immediate threat to the financial ability of any party to meet legal obligations, and which is beyond the capacity of operational resources to address effectively. These may include exigent circumstances (after the time during which the normal budget process occurs), unforeseen circumstances (outside the scope of the typical purview of the K-12 budgets), and urgent and unpredictable expenditures impacting the health, safety, and well-being of students or staff.

(H) Future Boards. All Parties understand that funding public schools is a legislative function and that future boards cannot be bound by a current board. Therefore, the parties agree that, following the November election in each even numbered year, each Party will affirm this agreement or submit a written notice to the other parties terminating the agreement effective for the following year. If a party chooses to terminate this Agreement, notice shall be provided to the other parties no later than January 15 following the November election.

(I) Dispute Resolution. In the event of a dispute arising from this Agreement,

the parties agree to take the following actions as conditions precedent to any party hereto filing an action arising from the Agreement:

(1) The School System Superintendent(s) and the County Manager shall meet in an attempt to informally mediate the dispute; and

(2) If said Superintendent and Manager are unable to successfully mediate said dispute, the School Systems Superintendent(s) and Chair(s) of the respective School Boards shall attempt to mediate the dispute with the County Manager and the Chair of the Buncombe County Board of Commissioners.

(3) If the parties, after taking the steps provided hereinabove, are unable to successfully mediate their dispute, then either party may file an action in the Buncombe County Superior Court for a determination of the parties' respective rights and liabilities therein.

IN WITNESS WHEREOF, the parties hereto have used this Agreement to be executed the day and year last written below.

SIGNATURES TO APPEAR ON FOLLOWING PAGE

BUNCOMBE COUNTY, a North Carolina body corporate and politic

By: _____ (SEAL) _____
Name: Amanda Edwards Date Executed
Title: Chair of the Board of County Commissioners

By: _____ (SEAL) _____
Name: Avril Pender Date Executed
Title: County Manager

Approved as to form.

_____ _____
Curt Euler, County Attorney Date Executed

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

_____ _____
Buncombe County Finance Director Date Executed

BUNCOMBE COUNTY BOARD OF EDUCATION

By: _____ (SEAL) _____
Name: Rob Elliot Date Executed
Title: Chair

By: _____ (SEAL) _____
Name: Rob Jackson Date Executed
Title: Superintendent

Approved as to form.

_____ _____
K. Dean Shatley II, Attorney for Board of Education Date Executed

ASHEVILLE CITY BOARD OF EDUCATION

By: _____ (SEAL) _____
Name: Sarah Thornburg Date Executed
Title: Chair

By: _____ (SEAL) _____
Name: Maggie Fuhrman Date Executed
Title: Superintendent

Approved as to form.

_____ _____
Anna Gillespie, Attorney for Board of Education Date Executed