

Bond Case Briefs

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Northeast Community School Dist. v. Easton Valley Community School Dist.

Supreme Court of Iowa - December 19, 2014 - N.W.2d - 2014 WL 7202772

After first and second school districts entered into whole grade sharing agreement, and after second district merged with third school district to form reorganized school district, first district brought declaratory judgment action against reorganized district, alleging that reorganized district was bound by whole grade sharing agreement. The District Court entered summary judgment for reorganized district. First district appealed.

The Supreme Court of Iowa held that:

- First school district was not a “school district affected” by reorganization of second and third school districts into reorganized school district, and
- Reorganized district was bound by whole grade sharing agreement between first and second districts.

First school district was not a “school district affected” by reorganization of second school district and third school district into reorganized school district, and thus was not required to participate in negotiations of assets and liabilities following reorganization under statute governing reorganization of school districts, where reorganization petition did not name first district as a party.

Whole grade sharing agreement between first and second school districts was binding on reorganized school district, which came into existence when second and third school districts merged, despite argument that voters had determined that reorganization was the best way to educate children, since fact that reorganized district came about as result of merger met requirement for exception to general principle that, after a corporation purchases the assets of another corporation, the purchasing corporation assumes no liability for the transferring corporation’s debts and liabilities.