Withdrawal Agreement between RSU 20 and the City of Belfast

This Agreement dated as of Aug. 12th, 2014, by and between RSU 20, a Maine Regional School Unit comprised of the municipalities of Belfast, Belmont, Morrill, Northport, Searsmont, Searsport, Stockton Springs, and Swanville (hereinafter "RSU 20") and City of Belfast Withdrawal Committee, a duly appointed municipal withdrawal committee for the City of Belfast (hereinafter "Belfast") organized in accordance with 20-A M.R.S. § 1466(4)(A).

1. Purposes

The purposes of this Agreement are to:

A. In accordance with 20--A M.R.S. § 1466, provide for the timely and orderly withdrawal of Belfast from RSU 20 contingent upon the concurrent withdrawal of Belfast, Belmont, Morrill, Searsmont and Swanville (the "Withdrawing Municipalities") and further contingent on the formation of a new regional school unit (the "New RSU") by all of the Withdrawing Municipalities by the relevant Effective Date specified in Section 2. For the purposes of this Agreement the term "New RSU" shall mean a new regional school unit comprised of all of the Withdrawing Municipalities.

B. Provide educational continuity for all students residing in the Withdrawing Municipalities; and

C. Allocate RSU 20's financial and contractual obligations, and its assets, between RSU 20, and the New RSU as of the Effective Date of the Withdrawing Municipalities' withdrawal, in a manner that fairly takes into account the continuing educational needs of students, the continuity of educational programs, and the goal of avoiding sudden or excessive increases in property taxes.

2. Withdrawal

Pursuant to 20-A M.R.S. § 1466 and contingent upon the provisions of Section 18 of this Agreement being satisfied, Belfast shall withdraw from RSU 20 and become a part of a new regional school unit comprised of all of the Withdrawing Municipalities. In no event shall Belfast withdraw from RSU 20 unless it will become a part of a New RSU as of the date of withdrawal.

The Effective Date of this Agreement shall be dependent upon the date a Reorganization Plan is approved by the voters of each of the Withdrawing Municipalities to form a New RSU. If the Withdrawing Municipalities have each approved a Reorganization Plan prior to January 1, 2015, Belfast shall withdraw from RSU 20 in accordance with the terms of this Agreement as of June 30, 2015 (the "Effective Date"), and thereafter shall no longer be a member of RSU 20. If the Withdrawing Municipalities approve a Reorganization Plan after January 1, 2015, but prior to January 1, 2016, then June 30, 2016 shall be considered the "Effective Date", and all provisions under this Agreement which apply to the 2015-2016 school year shall apply instead to the 2016-

2017 school year and all other dates specified in this Agreement related to continued enrollment, voting rights, and transfer of liabilities, assets and administration shall be advanced by one year. The RSU 20 Board shall take no action to close any RSU 20 school prior to the Effective Date.

Subject to approval of withdrawal from RSU 20 by each of the Withdrawing Municipalities by referendum votes that meet the requirements of 20-A M.R.S. § 1466(9), and subject to the formation of a new regional school unit by all of the Withdrawing Municipalities pursuant to 20-A MRS §1461-A to take effect as of the Effective Date, Belfast will become a member of a new regional school unit comprised of the five Withdrawing Municipalities on the Effective Date.

3. Right to Continued Enrollment

During the first year following the Effective Date, students residing in the Withdrawing Municipalities may attend the RSU 20 school they would have attended if the Withdrawing Municipalities had not withdrawn from RSU 20 in accordance with 20-A M.R.S. §1466(4)(A)(1). The Superintendent of RSU 20 and the Superintendent of the New RSU shall confer with each other and shall develop a list of those K-12 students residing in the New RSU who have enrolled in RSU 20 schools outside of the Withdrawing Municipalities (hereinafter "RSU 20 Enrolled Students"). On or before the Effective Date, the Superintendents shall jointly certify a list of RSU 20 Enrolled Students for the 2015-2016 school year. During the 2015-2016 school year, additional students residing in the New RSU may enroll in RSU 20 schools in accordance with 20-A M.R.S. § 1466(4)(A)(1).

4. State Allocation and Tuition

In accordance with 20-A M.R.S. §1466(4)(A)(1), during the first year following the Effective Date, the New RSU shall pay tuition for New RSU students attending RSU 20 schools. Tuition shall be calculated in accordance with 20-A M.R.S. §5805(1), except that the limitation of §5805 subparagraph 2 shall not apply.

5. Providing Educational Services for all Students from the New RSU.

A. New RSU students attending New RSU Schools.

1. Regular Education Students. Upon the Effective Date, the New RSU will provide a Pre-K to 12 education for all students residing in the New RSU, including those with special education needs, who wish to attend the New RSU schools. The New RSU will provide a teaching staff, facilities, administrators, and academic programs. Every student will have access to and will receive an educational program that takes into consideration their scholastic needs and that, upon graduation, will enable them to graduate with the knowledge and skills necessary to successfully go on for further education or to enter the workplace.

2. Special Education/504 Students. The New RSU will provide for continuity of programming for all special education and 504/ADA students residing within the New

RSU attending New RSU schools. The New RSU will assume all responsibilities for decisions related to special education for these students. The New RSU shall provide all special education and 504 services to New RSU students required by each student's IEP/504 Team in accordance with applicable requirements of Maine law and regulations. If the student's IEP/504 Plan requires placement outside of New RSU schools, all tuition and additional special education/504 costs will be paid by the New RSU for this purpose. The New RSU Director of Special Services shall be responsible for representing all New RSU students who qualify for special education/504 services, for supervising the IEP/504 Team processes, and for supervising the student evaluation process as for New RSU students.

B. New RSU Students Attending RSU 20 Schools:

1. Regular Education Students. During the 2015-2016 school year, RSU 20 agrees to educate those New RSU students who were previously enrolled at RSU 20 schools outside of the New RSU and any students who would have attended an RSU 20 school outside of the New RSU during the 2015-2016 school year if the Withdrawing Municipalities had not withdrawn. Current procedures and policies pertaining to the education of New RSU students at RSU 20 schools governing placement, attendance, discipline and other student matters will apply unless new procedures and policies of general application to RSU 20 students are adopted by RSU 20.

A student's right to be educated at RSU 20 schools during the 2015-2016 school year shall terminate if the student discontinues enrollment at an RSU 20 school for a continuous period of 90 calendar days between September 1 and June 15, whether by enrolling in another school administrative unit or private school, dropping out, or being expelled and not readmitted within 90 days. Notwithstanding the foregoing, a student's failure to attend an RSU 20 school for a continuous period of 90 days due to health reasons, out-of-region special education placement, or travel or study abroad, shall not terminate a student's right to continue to attend RSU 20 schools under this Agreement. In addition, in other appropriate circumstances, the Superintendents may agree that a student's failure to attend an RSU 20 school for a continuous period of 90 days shall not terminate the student's right to continue his or her education at RSU 20 schools under this Agreement.

2. Special Education/504 Students. During the 2015-2016 school year, for students residing in the New RSU attending RSU 20 schools pursuant to this agreement, RSU 20 shall provide all special education and related special education services required by the IEP prepared by each student's IEP Team to the extent that RSU 20 has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Decisions about whether RSU 20 can implement the terms of the IEP, and whether RSU 20 has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by RSU 20 after a careful review of the IEP for the student. In no event shall RSU 20 refuse to provide needed special education services as provided in the IEP for students residing in the New RSU who are permitted to attend RSU 20 schools under this Agreement, except for student removals of not more than 10 cumulative school days in the school year, when a student has been properly expelled

from RSU 20, or when RSU 20 has determined that RSU 20 cannot provide an appropriate program or placement for a student. The New RSU's Director of Special Education Services (or designee) shall represent the New RSU for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for New RSU students attending RSU 20 schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, the New RSU's representative at that Team meeting shall make the decisions on those issues, subject to the parent's due process rights in relation thereto. RSU 20 personnel will work cooperatively with the New RSU's representative, and, upon request will provide the New RSU's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. The New RSU's representative shall provide input to RSU 20's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of New RSU special education students attending RSU 20 schools or perceived deficiencies in IEP implementation. RSU 20 shall consider that input in good faith and RSU 20 shall respond in an appropriate manner consistent with the terms of this Agreement.

3. Special Education and 504 Costs. The New RSU shall be responsible for the special education costs of any New RSU student enrolled in RSU 20 schools including special education transportation costs and costs for facilities modifications required to accommodate the student. The tuition rate calculations under 20-A MRS §§5804 and 5805 expressly exclude expenditures for special education. Therefore, in accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), the New RSU, in addition to the tuition payments required under Section 4 of this Agreement, shall be responsible for the actual costs of special education for New RSU students, including special education transportation costs and costs for facilities modifications required to accommodate the students, to the extent that such costs are not included in the calculation of the tuition rate under 20-A M.R.S. §§5804 and 5805(1). For purposes of this Section 5, special education shall include non-special education 504/ADA plans and services and special education costs shall include costs of non-special education 504/ADA plans and services and reasonable attorneys' fees incurred by RSU 20 in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual New RSU students. RSU 20 shall provide an itemized invoice to the New RSU for such special education costs during the fiscal year in which the special education costs are incurred.

C. RSU 20 Students Attending New RSU Schools:

1. Regular Education Students. During the 2015-2016 school year, RSU 20 students who were previously enrolled at New RSU schools may continue to be educated at New RSU schools in accordance with general law if a superintendents' agreement is approved by the superintendents of RSU 20 and the New RSU.

2. Special Education/504 Students. During the 2015-2016 school year, for students residing in RSU 20 attending New RSU schools pursuant to a superintendents'

agreement, the New RSU shall provide all special education and related special education services required by the IEP prepared by each student's IEP Team to the extent that the New RSU has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Responsibility for any special education costs of educating such students in excess of state special education allocations for such students shall be addressed in the superintendents' agreements. Decisions about whether the New RSU can implement the terms of the IEP, and whether the New RSU has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by the New RSU after a careful review of the IEP for the student. In no event shall the New RSU refuse to provide needed special education services as provided in the IEP for students residing in RSU 20 who are permitted to attend New RSU schools under this Agreement, except for student removals of not more than 10 cumulative school days in the school year, when a student has been properly expelled from the New RSU or when the New RSU has determined that it cannot provide an appropriate program or placement for a student. RSU 20's Director of Special Education Services (or designee) shall represent RSU 20 for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for RSU 20 students attending New RSU schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, RSU 20's representative at that Team meeting shall make the decisions on those issues, subject to the parent's due process rights in relation thereto. The New RSU personnel will work cooperatively with RSU 20's representative and, upon request, will provide RSU 20's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. RSU 20's representative shall provide input to the New RSU's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of RSU 20 special education students attending New RSU schools or perceived deficiencies in IEP implementation. New RSU shall consider that input in good faith and shall respond in an appropriate manner consistent with the terms of this Agreement.

D. **Career and Technical Education:** Following the Effective Date, students residing in the New RSU and participating in career and technical education shall attend Waldo County Career and Technical Region No. 7. Upon withdrawal, the New RSU in concert with the Department of Education and RSU 20 shall take necessary steps to include the New RSU in Region 7 through amendment of 20-A M.R.S. § 451(2)(F).

6. Need for School Construction

The withdrawal of the Withdrawing Municipalities from RSU 20 will not create a need for any school construction projects that would be eligible for state funds within five (5) years of the Effective Date. There remains a need to construct a new tri-town school to serve Belmont, Searsmont, and Morrill, which was identified prior to the circulation of withdrawal petitions and which would exist regardless of whether withdrawal occurs.

7. Transportation

Section 15(B) of this Agreement provides for the transfer to the New RSU of buses to serve the students of the New RSU. The New RSU shall provide transportation for all resident students enrolled in New RSU schools in accordance with Maine law and will provide transportation for all students grades Pre-K through 12 whose parents want them to receive transportation to the New RSU schools. Buses will travel throughout the New RSU and pick up students at sites determined by parents, bus drivers, and the transportation director. Bus routes serving the New RSU will be similar to or the same as those serving former SAD 34 prior to its dissolution. During the first year following withdrawal, the New RSU will provide transportation in accordance with Maine law to all New RSU students enrolled in RSU 20 schools outside of the New RSU pursuant to 20-A M.R.S. § 1466(4)(A)(1). During the 2015-2016 fiscal year, the New RSU will provide transportation to and from the RSU 20 school attended by each New RSU student from at least one point in the New RSU to be designated by the New RSU transportation director.

8. Need to Create New Supervisory Units

The New RSU shall become a fully independent supervisory unit upon the Effective Date; however, this Agreement shall not prevent the Boards of RSU 20 and the New RSU from entering a separate agreement to share superintendent and/or central office services in 2015-2016 or beyond.

9. Administration/Distribution of Financial Commitments

A. **Pre-existing Indebtedness Assumed by RSU 20.** Under Paragraph 6(A) of the RSU 20 Reorganization Plan, RSU 20 assumed liability to pay the bonds, notes and lease purchase agreements listed in that paragraph. According to that paragraph, at the time the RSU was formed M.S.A.D. #34 had $14,931,710 and M.S.A.D. #56 had $6,391,123.85 in "state debt." In addition, M.S.A.D. #34 had $365,862 and M.S.A.D. #56 had $1,153,742.05 in Revolving Renovation Fund debt that was assumed by RSU 20. Under 20-A MRS §1466(16)(A), whenever a municipality withdraws from a regional school unit having outstanding indebtedness, the regional school unit remains intact for the purpose of securing and retiring the indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. In accordance with 20-A MRS §1466(16)(A), as an alternate means for retiring the outstanding indebtedness assumed by RSU 20 under paragraph 6(A) of the Reorganization Plan, after the Effective Date, the New RSU will pay RSU 20 its members' State-calculated allocable share of any remaining state subsidized school construction debt service on the outstanding bonds, notes, and lease purchase agreements of M.S.A.D. #34 assumed by RSU 20 under paragraph 6(A) of the Reorganization Plan. After the Effective Date, the New RSU will pay 89.3% of the remaining debt service on M.S.A.D. #34's Revolving Renovation Fund debt assumed by RSU 20 under Paragraph 6(A) of the Reorganization Plan.

At the time M.S.A.D. #34 issued the bonds referred to above, it executed Arbitrage and Use of Proceeds Certificates, in which it made certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended, (the "Code"). These certifications and representations, in part, ensured to bondholders that the bonds would retain their tax exempt status. Upon the Effective Date, the New RSU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New RSU agrees to be fully bound by the terms of any representations and certifications made on behalf of the former M.S.A.D. #34 in connection with such indebtedness.

As an alternate means for retiring the outstanding indebtedness assumed by RSU 20 under paragraph 6(A) of the Reorganization Plan, after the Effective Date, RSU 20 will pay any remaining debt service on the outstanding bonds, notes, lease purchase agreements and Revolving Renovation Fund debt of M.S.A.D. #56 assumed by RSU 20 under paragraph 6(A) of the Reorganization Plan.

B. Pre-existing Indebtedness Not Assumed by RSU 20. RSU 20 did not assume the bonds, notes and lease purchase agreements listed in paragraph 6(B) of the Reorganization Plan. According to paragraph 6(B) of the Reorganization Plan, M.S.A.D. #56 had $270,022.74 in "local debt" that was not assumed by RSU 20. That local indebtedness has been paid in full by RSU 20 as the agent for the member towns of M.S.A.D. #56. The New RSU will pay 89.3% of the remaining debt service on M.S.A.D. #34's "local debt" as set forth in paragraph 6(B) of the Reorganization Plan. By this Agreement, the New RSU agrees to be fully bound by the terms of any representations and certifications made on behalf of the former M.S.A.D. #34 in connection with such indebtedness.

C. Debt and Lease Purchase Obligations Issued by RSU 20 .

a. Existing Debt Obligations. As of the date of this Agreement, RSU 20 has not issued any bonds or notes since the RSU was formed, other than a cash flow note to be paid off prior to the Effective Date.

b. Financial Commitments Issued Prior to Satisfaction of Contingencies of Section 18. During FY 2014-2015 RSU 20 may issue bonds or notes or enter into additional lease purchase financing arrangements to upgrade facilities at the RSU's schools or for other purposes. Such improvements are not currently contemplated, but may be necessary in case of a failure of a structure or building system or other need. For any debt issued or incurred by RSU 20 before the contingencies of Section 18 have been satisfied, under 20-A M.R.S. § 1466(16) RSU 20 will remain intact for purposes of retiring and securing that indebtedness. If the contingencies of Section 18 are subsequently satisfied and if such bonds, notes or lease purchase obligations relate solely to school facilities located outside of the Withdrawing Municipalities, as an alternate means for retiring such indebtedness or lease purchase obligations under 20-A MRS §1466(16), RSU 20, exclusive of the New RSU, hereby agrees to pay such indebtedness. Where possible during this period, RSU 20 shall issue any bond which relates to school facilities in the New RSU separately from any other bond which benefits schools in other

RSU 20 municipalities. To the extent that such bonds, notes or lease purchase obligations relate solely to school facilities located in New RSU, as an alternate means of retiring this indebtedness or lease purchase obligations, the New RSU hereby agrees to assume, and at its own expense to pay on or before the due date, such indebtedness entirely from funds of the New RSU with no contribution or participation by RSU 20. To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 20 may have to make certain certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"). These certifications and representations in part, ensure the holder that the financial obligations retain their tax advantaged status. With respect to obligations relating to school facilities located in the New RSU, following withdrawal, the New RSU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New RSU shall be fully bound by all of the terms and representations made by RSU 20 in connection with the issuance of any such financial obligations.

c. **Debt Obligations for Current Operating Expenses**. To the extent that any obligation may be issued by RSU 20 for current operating expenses during FY 2014-2015, including tax and revenue anticipation notes, the obligation shall be a general obligation of RSU 20 payable from ad valorem taxation in all of its member municipalities, including the Withdrawing Municipalities.

d. **Lease Purchase Agreements**. As of the Effective Date, the New RSU will assume all lease purchase agreements for buses, photocopiers, other equipment, and personal property transferred to the New RSU under Section 15 of this Agreement or that relate to the New RSU schools.

10. Financial Commitments for Bonds or Notes Issued After Contingencies Have Been Satisfied

After the contingencies in Section 18 have been satisfied, RSU 20 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at the RSU's schools or to purchase equipment or for other purposes. Such improvements are not currently contemplated, but may be necessary in case of a failure of a structure or building system or other need. As of the Effective Date, RSU 20 will remain intact for purposes of retiring and securing any such indebtedness. To the extent that such proposed indebtedness is related to real or personal property located at or serving school facilities in the Withdrawing Municipalities and is a general obligation that requires voter approval, and is to be submitted to the voters for approval after the contingencies of Section 18 have been satisfied, the RSU 20 school board shall provide for the debt to be approved at an RSU 20 referendum vote conducted in accordance with the general laws but only in the Withdrawing Municipalities and not in the other RSU 20 member towns. Prior to the effective date of withdrawal, the obligations will be authorized to be issued by the RSU 20 school board in the name of RSU 20, but these obligations shall be obligations only of the New RSU, and to the extent the obligations are general obligations they shall be secured by ad valorem taxation in the member municipalities of the New RSU. To issue such obligations on

a tax advantaged (tax exempt or tax credit) basis, RSU 20 will make certain certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"). These certifications and representations in part, ensure the holder that the financial obligations retain their tax advantaged status. Following withdrawal, the New RSU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New RSU shall be fully bound by all of the terms and representations made by RSU 20 in connection with the issuance of any such financial obligations. On or after the Effective Date, the obligations will be authorized to be issued by the school board of the New RSU under the general laws, except that, as provided herein, any voter approval requirement applicable to the issuance of such indebtedness shall be deemed to have been satisfied by the referendum approval in the Withdrawing Municipalities as described under these procedures. Whether issued before or after the Effective Date, in either case, such indebtedness shall be paid entirely from funds of the New RSU with no contribution or participation by RSU 20.

Where possible during this period, RSU 20 shall issue any bond which relates to school facilities in Northport separately from any other bond which benefits schools in other RSU 20 municipalities. To the extent that such proposed indebtedness is related to real or personal property located at or serving only school facilities in the Remaining Municipalities and is a general obligation, the RSU 20 school board shall provide for the debt to be approved at an RSU 20 referendum vote conducted in accordance with the general laws in the Remaining Municipalities and the Withdrawing Municipalities shall not participate in that referendum vote. The obligations will be authorized to be issued by the RSU 20 school board in the name of RSU 20, but these obligations shall not be obligations of the Withdrawing Municipalities, and to the extent the obligations are general obligations they shall be secured by ad valorem taxation in the Remaining Municipalities. RSU 20 hereby agrees to assume, and at its own expense to pay, such indebtedness entirely from its own funds with no contribution or participation by the Withdrawing Municipalities. For purposes of this Agreement the term "Remaining Municipalities" shall mean the Towns of Searsport, Stockton Springs, and Northport, or if Northport votes to withdraw, the Towns of Searsport and Stockton Springs.

11. Financial Commitments

A. RSU 20 has signed a one-year extension of a contract with the Superintendent of Schools of RSU 20 effective July 1, 2014 through June 30, 2015 (the "Superintendent Contract"). The New RSU shall have no responsibility for a superintendent contract extending beyond the Effective Date, and no such contract shall be binding on RSU 20 unless the RSU Board vote authorizing it includes votes in the affirmative from a majority of the weighted votes of Directors representing the Remaining Municipalities.

B. As of the Effective Date, the New RSU will assume and be solely liable at its own expense for any copier lease and maintenance agreements related to copy machines or other equipment located at the New RSU Schools.

C. As of the Effective Date, the New RSU will assume and be solely liable at its own expense for any other contracts or lease purchase agreements related to assets located at New RSU schools or to be owned by the New RSU under the terms of this Agreement, including school buses and other vehicles transferred to the New RSU.

D. To the extent that any of the agreements in subsection B or subsection C include products or services related to RSU 20 and the agreements cannot be separated between RSU 20 and the New RSU, the New RSU shall pay RSU 20 its share of the costs related to such agreements.

12. Contingent Liabilities.

A. **Future Claims.** The Parties acknowledge that RSU 20 may be liable for future legal claims based on incidents arising prior to the Effective Date, when the Withdrawing Municipalities were members of RSU 20. The New RSU shall be responsible for and agrees to pay its share of RSU 20's costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that RSU 20's costs, expenses, damages, and other losses are not covered by insurance or other sources. RSU 20 shall give written notice of such claims to the New RSU within 30 days after RSU 20 receives notice of a claim. RSU 20 shall regularly update the New RSU regarding the status of such claims, and shall consult with the school board, or as applicable, the superintendent of the New RSU before entering into a settlement of such claims. For the purposes of this Section 12, the New RSU's share of such claims shall be calculated based upon the cumulative total of the Withdrawing Municipalities' percentage contribution toward additional local funds raised for the 2014-2015 fiscal year.

B. **Audits.** In the event that RSU 20 becomes the subject of a federal or state audit for a period when the Withdrawing Municipalities were members of RSU 20 and as a result of such audit, RSU 20 becomes subject to any payment obligation or withholding by a federal or state authority, then the New RSU shall reimburse RSU 20 for the Withdrawing Municipalities' share, as calculated in subsection A, of the amount of such payment obligation or withholding relating to the period when the Withdrawing Municipalities' were members of RSU 20 including without limitation, any interest and penalties thereon, within thirty (30) days of any such payment by RSU 20 or any such withholding from RSU 20. If, as a result of such audit, RSU 20 receives any rebate, refund, credit or overpayment from any federal or state authority, then RSU 20 shall reimburse the New RSU for the Withdrawing Municipalities' share of such rebate, refund, credit or overpayment within thirty (30) days of receipt of any such payment or credit to RSU 20.

13. Collective Bargaining Agreements

A. **Collective Bargaining Agreements.** The collective bargaining agreements listed below currently pertain to RSU 20 employees that will be employed by the New RSU following the Withdrawing Municipalities' withdrawal from RSU 20:

(1) Bargaining Unit: Education Association by the Bay
Term: 2012-2014
Applies to: Certified professional employees – teachers, school nurses, guidance counselors, social workers, librarians, music personnel and other specialists

(2) Bargaining Unit: Education Association by the Bay
Term: 2012-2014
Applies to: Custodians, bus drivers, bus aides, cooks, secretaries, administrative assistants, educational technicians and technology integrators.

(3) Bargaining Unit: RSU 20 Administrators
Term: 2013-2014
Applies to: Principals, Assistant Principals, Dean of Students, High School Athletic Administrator, Special Education Director

B. Collective bargaining agreements listed above that are in effect on the Effective Date and that expire after the Effective Date and any successor agreements negotiated prior to the Effective Date, shall, to the extent they cover employment positions that will be included in the New RSU, be assigned to and assumed by the New RSU as of the Effective Date.

C. If any collective bargaining agreement covering employment positions to be assigned to the New RSU has expired and no successor agreement has been executed as of the Effective Date, the New RSU shall maintain the static status quo, as defined by applicable law existing under the expired agreement with regard to employment positions assigned to the New RSU.

D. Employees occupying employment positions that are included in existing bargaining units and are assigned to New RSU shall continue to be represented by the bargaining agents representing them before the Effective Date.

E. A list of employees and positions to be assigned to the New RSU's schools is attached to this Agreement as **Exhibit 1**. This list shall be updated to the Effective Date by RSU 20 and the updated list shall be attached to this Agreement as **Replacement Exhibit 1**. Unless otherwise noted, employees who work more than 50% of their time at schools or in positions serving schools within the Withdrawing Municipalities will become employees of the New RSU, and employees who work more than 50% of their time at schools in positions serving schools within the Remaining Municipalities (Searsport and Stockton Springs) will remain employees of RSU 20, provided that either or both RSU 20 and the New RSU may extend offers of employment to RSU 20's current central office personnel. This Agreement shall not preclude RSU 20 and the New RSU from entering separate agreements to share staff or services after the Effective Date.

14. Continuing Contract Rights under Section 13201

The Withdrawing Municipalities' withdrawal from RSU 20 will not affect the continuing contract rights of teachers and administrators under 20-A M.R.S. §§ 13201 and 13303. On the Effective Date, all continuing contract teachers and administrators assigned to schools within the New RSU, and having a right to continued employment as of July 1, 2015, shall become continuing contract teachers of the New RSU. The New RSU shall credit probationary teachers

assigned to the New RSU who become employees of the New RSU with prior consecutive years of probationary service, if any, that they accumulated as employees of RSU 20. A list of continuing contract teachers and probationary teachers with their number of years of service toward continuing contract status, assigned to the New RSU's schools is attached as **Exhibit 2.** This list shall be updated to the Effective Date, by RSU 20 and the updated list shall be attached to this Agreement as **Replacement Exhibit 2.**

The New RSU shall assume the responsibility under 20-A M.R.S.A. §§ 13201 and 13303 to notify any teachers and administrators assigned to New RSU schools, whose contracts expire on June 30, 2015, of its intent to enter replacement contracts with those employees.

15. Disposition of Real and Personal Property and Reimbursements

A. **Real Property.** All real property and fixtures located in the Withdrawing Municipalities that SAD 34 deeded to RSU 20 upon creation of RSU 20 will be deeded back to the New RSU by quitclaim deed. The New RSU may require such deeds, assignments or other instruments of transfer as are reasonably necessary to establish the New RSU's right, title and interest in such real property and fixtures.

B. **Personal Property.** RSU 20 agrees that any and all personal property transferred by SAD 34 to the RSU upon creation of RSU 20 and currently in use, and all personal property located in or on the New RSU's schools, or used exclusively for New RSU school programs, as of the date of this Agreement, including moveable equipment, furnishings, textbooks and other curriculum materials, supplies and inventories, will become the property of the New RSU upon the Effective Date. The New RSU may require such assignments, bills of sale or other instruments of transfer that are reasonably necessary to establish the New RSU's right, title and interest in such personal property.

School Buses and Vehicles. RSU 20 agrees that any school buses and vehicles transferred by SAD 34 to the RSU upon creation of RSU 20 and currently in use by RSU 20 in the Withdrawing Municipalities shall be transferred to the New RSU. The school buses and vehicles to be transferred to the New RSU are listed on **Exhibit 3** of this Agreement.

Central Office Equipment. Ownership and possession of the servers, network infrastructure, printers, software and software licenses in use in the RSU 20 Central Office as of the date of the Effective Date shall remain the property of and be delivered to RSU 20. Ownership and possession of staff computers, other furnishings and equipment located at the existing RSU 20 Central Office as of the Effective Date shall be transferred to the New RSU.

Scholarship and Trust Funds. Scholarship and trust funds held by RSU 20 for the benefit of schools or towns located within the Withdrawing Municipalities shall be transferred to the New RSU subject to any applicable requirements.

C. **Reimbursement for Central Office Costs.** In the event that the Withdrawing Municipalities withdraw from RSU 20, and in view of the fact that RSU 20 would have to

set up a new central office outside of the New RSU with a telephone system, furnishings, and other necessary equipment, the New RSU shall pay RSU 20 the actual costs of moving, renovating and equipping a new central office up to $35,000. On or before September 1, 2015, RSU 20 shall submit to the New RSU a detailed itemized statement for its actual costs for moving, renovating and equipping a new central office. The New RSU shall pay RSU 20 the amount of such itemized costs up to $35,000 on or before October 1, 2015.

D. **Reimbursement for Sweetser Building Renovation Costs.** In view of the fact that RSU 20 has expended $129,016 to renovate the Sweetser Building (formerly the Robertson School) to make it into a residential special education facility that now generates $141,000 per year in rental income, in the event that the Withdrawing Municipalities withdraw from RSU 20, the New RSU shall reimburse RSU 20 in the amount of $30,667.10 which is 23.77% of the renovation costs of that facility. The New RSU shall pay that amount to RSU 20 on the date of settlement of the undesignated fund balance under Section 16. In addition, the New RSU shall reimburse RSU 20 in the amount of $15,636.74, which is 12.12% of the renovation costs of that facility, for Northport's share of the original renovation costs. If Northport withdraws from RSU 20 on the Effective Date, RSU 20 shall pay the amount paid by the New RSU for Northport's share to the new Northport school administrative unit.

E. **Reimbursement for Searsmont Portable Classroom Building.** In view of the fact that RSU 20 has expended $70,000 to acquire a portable classroom attached to the Searsmont Elementary School, in the event that the Withdrawing Municipalities withdraw from RSU 20, the New RSU shall reimburse RSU 20 in the amount of $16,639, which is 23.77% of the costs of that facility. The New RSU shall pay that amount to RSU 20 on the date of settlement of the undesignated fund balance under Section 16. In addition, the New RSU shall reimburse RSU 20 in the amount of $8,484, which is 12.12% of the acquisition cost of the portable classroom for Northport's share of the acquisition cost. If Northport withdraws from RSU 20 on the Effective Date, RSU 20 shall pay the amount paid by the New RSU for Northport's share to the new Northport school administrative unit.

F. **Grants.** RSU 20 agrees that any grants or other funds specifically designated for the New RSU, the New RSU's schools, or New RSU residents shall be transferred to the New RSU on the date of transfer of the New RSU's share of the undesignated fund balance.

16. **Undesignated Fund Balance and Other RSU 20 Funds.**

A. **Undesignated Fund Balance.** Within thirty (30) days of a finalized audit for FY 2014-2015, RSU 20 shall pay to the New RSU its share—based on RSU 20's cost sharing formula for additional local funds for FY 2014-2015—of RSU 20's undesignated fund balance, net of all encumbered funds and other charges under generally accepted accounting principles, such as but not limited to funds for summer salaries and benefits obligations. In the event that the audit for FY 2014-2015 shows that RSU 20 had a negative undesignated fund balance as of June 30, 2015 then within thirty (30) days of the

finalized audit, the New RSU shall pay RSU 20 the New RSU's share of the amount of the negative fund balance as calculated above.

B. Food Service Account. Within thirty (30) days of a finalized audit for FY 2014-2015, RSU 20 shall pay to the New RSU its share – based on RSU 20's cost sharing formula for additional local funds for FY 2014-2015 – of RSU 20's balance in the RSU 20 food service account, net of all encumbered funds and other charges under generally accepted accounting principles. In the event that the audit for FY 2014-2015 shows that RSU 20 had a negative balance in its food service account as of June 30, 2015, then within thirty (30) days of the finalized audit, the New RSU shall pay RSU 20 the New RSU's share of the amount of the negative balance as calculated above.

C. Within thirty (30) days of a finalized audit for FY 2014-2015, RSU 20 shall pay to the New RSU its share of the balance—based on RSU 20's cost sharing formula for additional local funds for FY 2014-2015—of RSU 20's non-lapsing or carryover accounts, including reserve accounts, any accounts containing grant moneys or donations that are not dedicated toward schools in the Remaining Municipalities, and any other such accounts that are held for the general use of RSU 20. If a grant, trust or other fund cannot be divided per the requirements of the granting document or agency, then RSU 20 may retain the funds.

17. Transition of Administration and Governance

It is the intent of the Withdrawal Committees of the Withdrawing Municipalities that votes on both the withdrawal and the formation of the New RSU will take place during the November 2014 general election, but this Agreement shall not preclude either referendum taking place at a different election. If the votes to withdraw from RSU 20 and to form the New RSU comprised of all the Withdrawing Municipalities are approved by all of the Withdrawing Municipalities, the New RSU comprised of all the Withdrawing Municipalities will provide for the election of a board of directors in accordance with state law. Said board will have the responsibility to develop an operating budget for the 2015-2016 fiscal year, to accomplish the transfer of property, assets and debt liabilities from RSU 20 to the New RSU, and to accomplish all other business necessary to operate the new RSU.

If the withdrawal of the Withdrawing Municipalities from RSU 20 and formation of the New RSU are approved by January 1, 2015, the voters of the Withdrawing Municipalities shall not participate in approval of the RSU 20 budget for fiscal year 2015-2016 at either the RSU 20 budget meeting or the RSU 20 budget validation referendum, and shall not vote on whether or not to continue the budget validation referendum process in RSU 20. If the withdrawal of the Withdrawing Municipalities and the formation of the New RSU are approved after January 1, 2015 but prior to January 1, 2016, the voters of the Withdrawing Municipalities shall not participate in approval of the RSU 20 budget for fiscal year 2016-2017 at either the RSU 20 budget meeting or the RSU 20 budget validation referendum, and shall not vote on whether or not to continue the budget validation referendum process in RSU 20.

Upon the relevant Effective Date as specified in Section 2, the administration and governance of education for students residing in the New RSU will be transferred directly from RSU 20 to the New RSU. Upon its election, the New RSU Board of Directors will hire or contract for a

superintendent and business manager to operate a central administrative office, a special education director and secretary, a supervisor of operations and maintenance (building and grounds), a transportation supervisor, and an information and technology manager and staff. The New RSU's supervisor of the food service staff will create menus and plan purchases that will meet nutritional guidelines.

18. Contingency on other Withdrawals

This Agreement shall be considered null and void, and the City of Belfast shall not withdraw from RSU 20 as of the relevant Effective Date set forth in Section 2, and shall not assume any of the duties or liabilities set forth herein unless the City of Belfast and the Towns of Belmont Morrill, Searsmont, and Swanville have voted to withdraw from RSU 20 and to form the New RSU at referendum votes that meet the requirements of 20-A M.R.S. § 1466(9) and 20-A MRS §1461-A.

19. Amendment

This Agreement may be amended by mutual written agreement of the school boards of RSU 20 and the New RSU. Any amendment to this Agreement shall require the written approval of the Commissioner of the Maine Department of Education. Substantive amendments to this Agreement may, in the discretion of the Commissioner of the Maine Department of Education, be approved only after a referendum by the voters of the Town of Northport to approve the amendment.

20. Termination

This Agreement shall remain in effect until such time as it may be terminated by mutual written agreement of the governing bodies of RSU 20 and the New RSU with the prior written approval of the Commissioner of the Maine Department of Education.

21. State and Local Approval

This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A M.R.S. § 1466(4)(B) and approval by affirmative votes of the Withdrawing Municipalities of the withdrawal from RSU 20 and of the formation of the New RSU as set forth in Sections 17 and 18, above.

22. Additional Considerations

A. **Superintendents' Agreements.** Nothing in this Agreement shall limit the availability or use of Superintendents' Agreements with respect to students or staff of RSU 20 and the New RSU.

B. **Dispute Resolution.** Any dispute between Belfast, the other Withdrawing Municipalities, the New RSU, and/or RSU 20 (hereinafter individually referred to as "a Party" or collectively as "the Parties") arising out of or relating to this Agreement shall be resolved in accordance with this paragraph. Any Party may give written notice of a dispute arising out of or related to this Agreement to another Party or Parties in person or by certified mail, return receipt requested. The Parties to the dispute (hereinafter "the Affected Parties") shall attempt to resolve the matter through informal communication or negotiation for a period of thirty (30) days from the date of receipt of notice by the last Party to receive notice. If the dispute has not been resolved within thirty (30) days, any Party may serve written notice on the other Affected Parties of a request for mediation. The mediation shall be conducted in Maine by a mediator mutually agreeable by the Affected Parties, shall not exceed one full day or two half days in length, and shall be completed within ninety (90) days from the date of receipt of notice of a request for mediation by the last Affected Party to receive notice. If the Affected Parties are unable to agree on a mediator within thirty (30) days, or to resolve the dispute through mediation within ninety (90) days, then each retains all rights and legal and equitable remedies provided by law.

C. **Legal Expenses and Costs.** Notwithstanding the provisions of the preceding paragraph, the substantially prevailing party in any dispute involving a claim that either party has breached its obligations under Paragraphs 9, 10, 11, 15, and 16 shall be entitled to recover its costs and legal expenses, including reasonable attorney's fees.

D. **Applicability to Successor School Administrative Units.** Upon approval by the Maine Commissioner of Education and by affirmative votes of all of the Withdrawing Municipalities in accordance with Sections 17 and 18 above, to approve withdrawal from RSU 20 and formation of the New RSU, this Agreement shall be binding upon the Town of Belfast, the New RSU and any successor school administrative units, and RSU 20 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which Belfast, the New RSU, RSU 20, or their respective successor school administrative units are or become a party.

23. Miscellaneous.

This Agreement may not be assigned and shall be interpreted, governed, construed, and enforced in accordance with the laws of State of Maine, without regard to any of its conflict of laws principles. This Agreement contains the entire agreement between the Parties in relation to its subject matter, and there are no other agreements or understandings, oral or otherwise, between the Parties at the time of execution of this Agreement. Each Party represents that its signatory to this Agreement is duly authorized by that Party to execute this Agreement and in so doing to bind that Party to its terms. The headings and subheadings of the sections and paragraphs of this Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the agreements, terms, covenants and conditions of this Agreement in any manner. If any provision(s) of this Agreement is determined to be invalid or unenforceable in whole or in part for any reason, the remaining provisions of this Agreement

shall be unaffected thereby and shall remain in full force and effect to the full extent permitted by law.

Signed at Belfast, this 19 day of August, 2014.

Withdrawal Committee of the Town of Belfast:

Regional School Unit No. 20

By:

Title: Chair

Approved By:

James Rier
Commissioner, Maine Department of Education

Preliminary
Five Town Withdrawal
Exhibit 1

KINDERGARTEN - GRADE 6

Last Name	First Name
Olson	Susan
Stearns-Koski	Pamela
Winslow	Loretta
Davis	Linda
Totman	Elizabeth
Hoenig	Lynn
DuBois	Ilona
BrownBanks	Stace
McClure	Carole
Ireland	Erin
Ladd	Maureen
Noyes	Mollie
Ryan	Patricia
Luchetti	Claudia
Hopkins	Nicole
French	Beth
Craig-Foley	Karen
Coombs	Kevin
Ferrentino	Patricia
Newton	Terry
Caputo	Carrie
Nelson	Sarah
Hills	Megan
Reynolds	Ashley
Chapin	Kate
Hills	Nicholas
Seekins	Alta
Stearns	Emily
Jagger	Melissa
Larrabee	Melinda
Bowen	Sarah
Page	Julie
Manning	Letitia
Burnham	Shilo
Campbell	Margaret
Magoon	Carla
Curry	Brianna
McKenna	Melony
Pendleton	Sarah