

Withdrawal Agreement between RSU 20 and the Town of Northport

This agreement dated Aug 12th, 2014, by and between RSU 20, a Maine Regional School Unit comprised of the municipalities of Belfast, Belmont, Morrill, Northport, Searsport, Searsport, Stockton Springs, and Swanville (hereinafter RSU20), and the Town Of Northport Withdrawal Committee, a duly appointed municipal withdrawal committee for the Town of Northport Maine (hereinafter "Northport" or "the Town") 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(4)(A), provide for the timely and orderly withdrawal of Northport from RSU 20.
- B. Provide educational continuity for all students residing in Northport.
- C. Allocate RSU 20's financial and contractual obligations, and its assets, between RSU 20 and Northport as of the effective date of Northport's 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(4)(A), Northport 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 the RSU 20 school administrative unit. As of July 1, 2015 Northport shall become a separate municipal school administrative unit comprised solely of Northport, unless the Town shall join another school administrative unit.

3. Right to Continued Enrollment

During the first year after withdrawal (i.e. from July 1, 2015 to June 30, 2016) students residing in Northport may attend the RSU 20 school they would have attended had Northport not withdrawn. The Superintendent of RSU 20 and the Superintendent of the new Northport Municipal School Unit (hereinafter Northport MSU) shall be directed to confer with each other and shall develop a list of those K-12 students residing in Northport who have enrolled in RSU 20 schools "RSU 20 Enrolled Students"). On or before the Effective Date the superintendents shall jointly certify to the Town Clerk of Northport an initial list of those students who reside in Northport and who have enrolled in RSU 20 schools for the 2015-2016 school year. On or before July 1, 2015 the Superintendents shall confer with each other again and shall jointly

certify to the Town Clerk of Northport a final list of RSU 20 Enrolled Students at the end of the 2015-2016 school year (hereinafter the "Final List). During the 2015-2016 school year, additional students residing in Northport may enroll in RSU 20 schools in accordance with 20-A.M.R.S. § 1466(4)(A).

4. Tuition

The Northport MSU shall be required to pay tuition, in accordance with 20-A.M.R.S. § 1466(4)(A), for students residing in Northport who are enrolled in RSU 20 schools during the 2015-2016 school year and thereafter. 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. This Section may be superceded by a tuition agreement duly entered between the Northport MSU and RSU 20 for 2016-2017 or any subsequent school year; however, if no such agreement exists, tuition for such years shall be calculated in accordance with 20-A.M.R.S. § 5805(1) and the limitation of § 5805 subparagraph 2 shall not apply.

The elementary and secondary tuition rates do not include transportation costs, special education and 504/ADA costs (see Section 5(B)(3)), or, as applicable, costs charged by Region 7 Waldo County Technical Center pursuant to its cooperative agreement.

5. Providing Educational Services for all Students

A. Northport K-8 students attending Northport MSU Schools

- 1. Regular Education:** Upon the Effective Date, the Northport MSU will provide a K through 8 Education for all students residing in Northport who wish to attend Northport schools. The Northport MSU will provide a teaching staff, facilities, administrators, and academic programs. Every student will have access to and will receive an educational program that meets their scholastic needs and that will enable them to graduate with the knowledge and skills to pursue further education or enter the workplace.

- 2. Special Education/504 students:** The Northport MSU will provide for continuity of programming for all special education and 504/ADA students residing in Northport and enrolled in Northport schools. The Northport MSU will assume all responsibilities for decisions related to special education for these students. The Northport MSU shall provide all special education and 504 services to Northport students as required by each student's IEP/504 Team in accordance with applicable Maine laws and regulations. If the IEP/504 plan requires placement outside of Northport schools, all tuition and additional special education/504 costs will be paid by the Northport MSU. The Northport MSU Director of Special Services (or designee) shall be responsible for representing all Northport students who qualify for special education/504 services, for supervising the IEP/504 Team processes, and for

supervising the student evaluation process as it relates to special education and 504/ADA students.

B. Northport Students Attending RSU 20 Schools

1. Northport Secondary Students. For the education of Northport students in grades 9 through 12, RSU 20 agrees to accept all of said students on a tuition basis, with tuition to be calculated in accordance with Section 4 of this Agreement, except as the provisions of subsection 3 below shall apply for special education students. Such agreement shall apply from the 2015-2016 school year through the 2025-2026 school year. It is understood that the Northport MSU intends to offer “school choice” and/or to enter tuition agreements with other receiving school units, and that the Northport MSU shall have no obligation to send any number of Northport grade 9-12 students to RSU 20. RSU 20’s obligation to accept Northport students in accordance with this Section shall not be binding on RSU 20 for any year during which the Northport MSU shall have a valid agreement with any other school unit which guarantees that unit’s acceptance of all of Northport’s grade 9-12 students.

2. Northport Special Education/504 Students attending RSU 20 Schools:

Through the 2025-2026 school year RSU 20 agrees to educate those students residing in Northport who have the right to enroll in RSU 20 schools pursuant to this Agreement, and who wish to continue to attend RSU 20 Schools. 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 laws and regulations. Decisions as to 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 student’s IEP. In no event shall RSU 20 refuse to provide needed special education services as provided in the IEP for students residing in Northport, who are permitted to attend RSU 20 schools under this agreement, except for student removals of not more than 10 cumulative school days during the school year, when a student has been properly expelled from RSU 20, or when RSU 20 cannot provide an appropriate program or placement for a student. The Northport MSU’s Director of Special Services (or designee) shall represent the Northport MSU for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for Northport special education/504 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 Northport MSU’s representative at that team meeting shall make decisions on those issues, subject to the parent’s due process rights. RSU 20 personnel will work cooperatively with the Northport MSU’s representative and, upon request, will provide the Northport MSU’s representative with all information regarding classroom observations, student performance,

academic achievement testing, and functional behavior assessment components of the student evaluation process. The Northport MSU's representative shall provide input to RSU 20's Special Education Director (or other administrative designee) on the proper implementation of the IEPs, or perceived deficiencies in IEP implementation, of Northport special education students attending RSU 20 schools under this agreement. 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 Northport MSU shall be responsible for the special education costs of any Northport MSU 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.M.R.S. § 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 Northport MSU, in addition to the tuition payments required under section 4 of this Agreement, shall be responsible for the actual costs of special education for Northport students, including special education transportation costs and costs for facilities modifications required to accommodate the Northport 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. For the 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 attorney's fees incurred by RSU 20 in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual Northport students. RSU 20 shall provide an itemized invoice to Northport MSU for such special education costs during the fiscal year in which the special education costs are incurred.

C. RSU 20 Students Attending Northport Schools

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

2. Special Education/504 Students. During the 2015-2016 school year, for students residing in RSU 20 attending Northport MSU schools pursuant to a superintendents' agreement, the Northport MSU 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 Northport MSU has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Responsibility for the costs of educating such students in excess of State special education allocations for such students shall be addressed in the superintendents' agreement. Decisions about whether the Northport MSU can implement the terms of the IEP, and whether the

Northport MSU has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by the Northport MSU after a careful review of the IEP for the student. In no event shall the Northport MSU refuse to provide needed special education services as provided in the IEP for students residing in RSU 20 who are permitted to attend Northport MSU 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 Northport MSU or when the Northport MSU 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 Northport MSU 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 Northport MSU 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 Northport MSU's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of RSU 20 special education students attending Northport MSU schools or perceived deficiencies in IEP implementation. The Northport MSU 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 Northport and participating in career and technical education shall attend Waldo County Career and Technical Region No. 7. Upon withdrawal, the Northport MSU 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 town of Northport will not create a need for any new school construction projects that would be eligible for state funds within five (5) years of the effective date of withdrawal.

7. Transportation

Section 14 of this Agreement provides for the transfer, to the Northport MSU, of buses to serve the students of Northport. The Northport MSU shall provide transportation for all resident students enrolled in the Northport MSU (K-8), and secondary students (9-12) attending RSU 20 schools or such other school unit as may, by agreement, be designated with the responsibility to accept all Northport secondary students, in accordance with applicable laws. This transportation may be provided directly by the Northport MSU, any contract with a transportation provider, or any combination thereof.

8. Need to Create New Supervisory Units

The new Northport MSU shall become a fully independent supervisory unit in fiscal year 2015-2016; however this agreement shall not prevent the Northport MSU School Board from entering into a separate agreement to share superintendent and/or central office services in 2015-2016 or beyond. As of the date of this Agreement, Northport is pursuing a Management Agreement with Union 69 which would take effect as of the Effective Date of withdrawal.

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 Northport MSU will pay RSU 20 its 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 Northport MSU will pay 10.7% 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 Northport MSU 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 Northport MSU 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 Northport MSU will pay 10.7 % 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 Northport MSU 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 after its Formation.

a. 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 Northport's Vote on Withdrawal.** 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 Northport vote on withdrawal, under 20-A M.R.S. § 1466(16) RSU 20 will remain intact for purposes of retiring and securing that indebtedness. If Northport votes to withdraw from RSU 20 and if such bonds, notes or lease purchase obligations relate solely to school facilities located outside of Northport, as an alternate means for retiring such indebtedness or lease purchase obligations under 20-A MRS §1466(16), RSU 20, exclusive of Northport, hereby agrees to pay such indebtedness. To the extent that such bonds, notes or lease purchase obligations relate solely to school facilities located in Northport, as an alternate means of retiring this indebtedness or lease purchase obligations, the New Northport MSU 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 Northport MSU 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 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 Northport MSU, following withdrawal, the Northport MSU 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 Northport MSU 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.

D. As of the Effective Date, the Northport MSU will assume all lease purchase agreements for buses, photocopiers, other equipment, and personal property transferred to the Northport MSU under Section 12 of this Agreement or that relate to the Northport MSU schools. RSU 20 shall involve the Northport School Committee, after its election, in any decisions related to new or renewal contracts that will affect property to be transferred to the Northport MSU, and shall not enter any such contract without the Northport School Committee's approval.

10. Financial Commitments for Bonds or Notes Issued After Approval of Withdrawal

After this Agreement is approved by the Town of Northport as specified in Section 20, 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. 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 school facilities in the Town of Northport and is a general obligation that requires voter approval, and is to be submitted to the voters for approval after Northport voters have approved this agreement, 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 Town of Northport 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 Northport MSU, and to the extent the obligations are general obligations they shall be secured by ad valorem taxation in the member municipalities of the Northport MSU.

To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 20 may 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 Northport MSU 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 Northport MSU 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 Northport MSU 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 Town of Northport 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 Northport MSU with no contribution or participation by RSU 20. 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 of RSU 20 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 Town of Northport 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 Town of Northport or the Northport MSU, 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 Town of Northport.

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 Town of Northport.

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 Northport MSU shall have no responsibility for a superintendent contract extending beyond the Effective Date.

B. As of the Effective Date, the Northport MSU 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 Drinkwater School.

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

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 Northport MSU, the Northport MSU 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 Town of Northport was a member of RSU 20. The Northport MSU 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 Northport MSU within 30 days after RSU 20 receives notice of a claim. RSU 20 shall regularly update the Northport MSU regarding the status of such claims, and shall consult with the school board, or as applicable, the superintendent of the Northport MSU before entering into a settlement of such claims. For the purposes of this Section 12, the Northport MSU's share of such claims shall be calculated based upon Northport's 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 Town of Northport was a member 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 Northport MSU shall reimburse RSU 20 for its share, as calculated in subsection A, of the amount of such payment obligation or withholding relating to the period when the Town of Northport was a member 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 Northport MSU for its 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. The collective bargaining agreements listed below currently pertain to RSU 20 employees that will be employed by the Northport MSU following Northport's 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 Northport MSU, be assigned to and assumed by the Northport MSU as of the Effective Date.

- C. If any collective bargaining agreement covering employment positions to be assigned to the Northport MSU has expired and no successor agreement has been executed as of the Effective Date, the Northport MSU shall maintain the static status quo, as defined by applicable law existing under the expired agreement with regard to employment positions assigned to the Northport MSU.
- D. Employees occupying employment positions that are included in existing bargaining units and are assigned to Northport MSU 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 Northport MSU's schools is attached to this Agreement as **Exhibit 1**. This list shall be updated to June 30, 2015 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 or in positions serving the Drinkwater School will become employees of the Northport MSU, and employees who work more than 50% of their time at or in positions serving schools within other RSU 20 schools will remain employees of RSU 20. The Northport MSU will reimburse RSU 20 for unemployment benefit assessments charged to RSU 20 for employees working at or in positions serving the Drinkwater Elementary School, other than employees assigned to RSU 20 or the New RSU, whom the Northport MSU does not employ as of the Effective Date or ceases to employ after the Effective Date. This Agreement shall not preclude any separate agreement for the sharing of staff or services that may be entered between the Northport MSU and RSU 20 after the Effective Date.

14. Continuing Contract Rights under Section 13201

Northport's withdrawal from RSU 20 will not affect the continuing contract rights of teachers under 20-A.M.R.S. § 13201. On the Effective Date, all continuing contract teachers assigned the Drinkwater Elementary School, and having a right to continued employment as of July 1, 2015, shall become continuing contract teachers of the Northport MSU. The new Northport MSU shall credit probationary teachers assigned to the Drinkwater School, and who become employees of the Northport MSU, 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 contract status, assigned to the Drinkwater Elementary School is attached as **Exhibit 2**. This list shall be updated by RSU 20 as of June 30, 2015, and the updated list shall be attached to this agreement as **Replacement Exhibit 2**.

15. Disposition of Real and Personal Property and Reimbursements

A. Real Property: All real property and fixtures located in Northport that were deeded to RSU 20 will be deeded to the new Northport MSU by quitclaim deed upon the Effective Date. This specifically includes the Edna Drinkwater Elementary School, which was originally deeded to SAD 34 by the Town of Northport. The new Northport MSU may require such deeds, assignments or other instruments of transfer as are reasonably necessary to establish the new Northport MSU's right, title and interest in such real property and fixtures.

B. Personal Property. RSU 20 agrees that any and all personal property located in or on the new Northport MSU's schools, with the exception of those items or materials used exclusively for programs unrelated to K-8 education (K team, Head Start) and the maintenance or operation of facilities, as of the effective date of this agreement, including moveable equipment, furnishings, textbooks and other curriculum materials, laptop and desktop computers, supplies and inventories, will become the property of the new Northport MSU upon the Effective Date. The new Northport MSU may require such assignments, bills of sale, or other instruments of transfer as are reasonable necessary to establish the Northport MSU's right, title and interest in such personal property.

School Buses and Vehicles. RSU 20 agrees that any school buses and vehicles currently owned by and in use by RSU 20 for the purpose of transporting Northport students shall be transferred to the Northport MSU as of the Effective Date. The buses and vehicles to be transferred to Northport MSU are listed on **Exhibit 3** of this agreement. The new Northport MSU may require such assignments, bills of sale, or other instruments of transfer as are reasonable necessary to establish the Northport MSU's right, title and interest in such vehicles.

Scholarship and Trust Funds. Scholarship and trust funds held by RSU 20 for the benefit of schools or students located in Northport shall be transferred to the new Northport MSU subject to any applicable requirements.

C. Reimbursement for Sweetser Building: In view of the fact that Northport contributed to renovation costs of the Sweetser Building (formerly the Robertson School) to make it into a residential special education facility that generates rental income for the benefit of the school unit in which it is located, Northport should be compensated for its contribution to the renovation costs. If the City of Belfast withdraws from RSU 20 and the Sweetser Building is transferred to the City of Belfast or such school unit as the City of Belfast may join prior to the Effective Date of this Agreement, RSU 20 shall accept on Northport's behalf \$15,636.74 from the City of Belfast or its school unit, which represents 12.12% of the renovation costs of that facility, and shall disburse said funds to the Northport MSU. If the City of Belfast has not withdrawn from RSU 20 as of the Effective Date, RSU 20 shall pay the said \$15,636.74 directly to the Northport MSU.

D. 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, and Northport will no longer receive any benefit from said expenditures, Northport should be compensated for its share of the acquisition costs. If the Town of Searsmont withdraws from RSU 20 as of the Effective Date of this Agreement, RSU 20 shall accept on Northport's behalf \$8,484.00 from the Town of Searsmont or its school unit, which represents 12.12% of the acquisition costs of the portable classrooms, and shall disburse said funds to the Northport MSU. If the Town of Searsmont has not withdrawn from RSU 20 as of the Effective Date, RSU 20 shall pay the said \$8,484.00 directly to the Northport MSU.

E. Grants: RSU 20 agrees that any grants or other funds specifically designated for the Town of Northport, the Drinkwater School, or Northport residents shall be transferred to the Northport SAU on the date of transfer of the Northport MSU's share of RSU 20's undesignated fund balance.

16. Undesignated Fund Balance and All 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 Northport MSU 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 Northport MSU shall pay RSU 20 the Northport MSU'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 Northport MSU 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 Northport MSU shall pay RSU 20 the Northport MSU's share of the amount of the negative balance as calculated above.

C. Other Non-lapsing Accounts. Within thirty (30) days of a finalized audit for FY 2014-2015, RSU 20 shall pay to the Northport MSU 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 solely 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 Northport Withdrawal Committee that voting to approve Northport's withdrawal plan will take place in 2014, and that the process to form that new MSU will begin immediately following approval. The Withdrawal Committee intends that if Northport's withdrawal plan is approved, the Town of Northport will establish the new Northport MSU and provide for the election of a School Board in accordance with state law. Said board will have the responsibility to develop an operating budget for the 2015-2016 fiscal year, and to accomplish the transfer of property, assets, and debt liabilities from RSU 20 to the new Northport MSU.

Upon the Effective Date, the administration and governance of education for students residing in Northport will be transferred directly from RSU 20 to the Northport MSU. The Northport MSU intends to enter into a management agreement with an existing school administrative unit (Union 69) to provide superintendent and central office (to include business manager and Special Education Director) services. If the new Northport MSU Board determines that it is more advantageous to the residents of Northport, they may enter into an agreement with another school administrative unit or they may directly hire or contract for a Superintendent and such staff as is required for the operation of a central office. The Northport MSU will hire or contract for supervisors of transportation, facilities maintenance, information and technology, and food service as required. The Northport MSU's designated supervisor of food service will create menus and plan purchases that will meet nutritional guidelines.

18. Amendment

This agreement may be amended by mutual written agreement of the school boards of RSU 20 and the Northport MSU, with 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.

19. Termination

This Agreement shall remain in effect until such time as it may be terminated by mutual written agreement of the school boards of RSU 20 and Northport MSU with the written approval of the Commissioner of the Maine Department of Education.

20. State and Local Approval

This Agreement is subject to approval by the Maine Commissioner of Education and affirmative vote of the town of Northport as required by 20-A.M.R.S. § 1466(4)(A).

21. Additional Considerations

A. Superintendent's Agreements: Nothing in this Agreement shall limit the availability or use of Superintendent's Agreements with respect to students of RSU 20 or Northport MSU.

B. Dispute Resolution: Any dispute between the new Northport MSU or Town of Northport, and 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 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 to, and entirely unrelated to, the Affected Parties, shall not exceed one full days 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, 14, or 15 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 affirmative vote by the registered voters of Northport in accordance with Section 20 above, this Agreement shall be binding upon the Town of Northport, the new Northport MSU 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 Northport, Northport MSU, RSU 20, or their respective successor school administrative units are or become a party.

22. Miscellaneous

This Agreement may not be assigned and shall be interpreted, governed, construed, and enforced in accordance with the laws of the 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 doing so binds 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 extent permitted by law.

Signed at Northport, this 28 day of August, 2014

Withdrawal Committee of the Town of Northport, Maine:

Anne (Sandy) Wallace

[Signature]

Debra O. Riley

Mark Humphreys

Regional School Unit No. 20

By: [Signature]

Title: Chair

Approved By:

[Signature]
Commissioner, Maine Department of Education