

Withdrawal Agreement

Between

Town of Dayton Withdrawal Committee and RSU 23

August 13, 2013

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This agreement dated as of August 13, 2013 by and between RSU 23, a Maine Regional School Unit comprised of the municipalities of Saco, Old Orchard Beach, and Dayton (hereinafter "RSU 23") and the Town of Dayton Withdrawal Committee, a duly appointed municipal withdrawal committee for the Town of Dayton (hereinafter "Dayton" or the "Town") organized in accordance with 20-A MRS sub. 1466 (4) (A) as amended.

A. Purposes:

The purposes of this Agreement are:

1. To provide for the timely and orderly withdrawal of Dayton from RSU 23, and thereby re-establish municipal control over education decisions;
2. To provide educational continuity for those students residing in Dayton who wish to continue their education with RSU 23 as provided in Section C, "Rights to Continued Enrollment;
3. To continue the best possible education of Dayton students;
4. To allocate RSU 23's financial and contractual obligations, and its assets between RSU 23 and the Dayton School Administrative Unit (the "Dayton SAU"), in a manner that assures the continuing educational needs of Dayton students, and maintains the continuity of educational programs, while mindful of the goal of avoiding sudden or excessive increases in property taxes; and
5. To provide fair and equitable compensation between RSU 23 and the Dayton SAU for prior investments in equipment, technology and facilities, such that no party has received an undue financial windfall, or financial disadvantage, and assuring each can move forward on a sound financial footing if a withdrawal occurs.

B. Withdrawal:

Pursuant to 20-A MRS Section 1466, the Town shall withdraw from RSU 23 in accordance with the terms of this Agreement effective June 30, 2014 and, thereafter shall no longer be a member of the RSU 23 school administrative unit. As of July 1, 2014 the Town of Dayton shall become a separate municipal school administrative unit comprised solely of the Town of Dayton, until such time as the Town joins, merges with or otherwise is included in another school administrative unit during the term of this agreement as the case may be.

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C. Right to Continued Enrollment:

1. Dayton Students Attending RSU 23 Schools in 2014-2015

During the first year after withdrawal (July 1, 2014 to June 30, 2015) students residing in Dayton may attend the RSU 23 school that they would have attended if Dayton had not withdrawn from RSU 23 in accordance with 20-A MRS §1466(A)(1). The Superintendent of the Dayton SAU and of RSU 23 (hereinafter the “Superintendents”) shall confer with each other, not later than November 1, 2014, and shall develop a list of those K-12 students residing in Dayton who have enrolled in an RSU 23 school for the 2014-2015 school year. That list shall be updated during the 2014-2015 school year as necessary. During the 2014-2015 school year, additional students in grades K-5, 6-8 and grades 9-12 residing in Dayton, including students with special education needs, may enroll in the RSU school that they would have attended if Dayton had not withdrawn from the RSU in accordance with 20-A MRS sub. 1466(4) (A) (1).

2. Dayton Students Attending RSU 23 Schools After June 2015

(a) Local Retention Preference Grades K-5. Notwithstanding the preceding, the Parties acknowledge that Dayton shall enjoy a local retention preference to those students attending grades K-5. Commencing with the 2015-2016 school year, all grade K-5 students residing in the Town of Dayton shall attend the Dayton Consolidated School in Dayton, except that the Dayton SAU shall permit students in grades K-5 to attend RSU 23 schools on a tuition basis from July 1, 2015 through June 30, 2025 and shall not prohibit or otherwise limit that option.

(b) RSU 23 Enrollment Grades 6-12. For a period of ten (10) years (July 1, 2015 through June 30, 2025), pursuant to chapter 219 of Title 20-A of the Maine Revised Statutes, RSU 23 agrees it will accept and educate students residing in Dayton in grades 6 through 12 who wish to enroll in an RSU 23 school subject only to RSU 23’s right to limit such acceptance if the student is under suspension or expulsion from a school, or if RSU 23 does not have an appropriate placement for such student. The Dayton SAU shall permit students in grades 6-12 to attend RSU 23 schools on a tuition basis from July 1, 2015 through June 30, 2025 and shall not prohibit or otherwise limit that option.

(c) Notwithstanding the preceding, but subject to the second sentence of paragraph C.2(b), the Parties acknowledge that Dayton students shall have the option, at the discretion of parents and guardians, and provided the Dayton SAU has negotiated an

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agreement for education services with such schools, to attend Saco Middle School and Thornton Academy, and such attendance will not constitute a breach of this agreement.

(3) School Choice. Nothing in this Agreement shall be construed to prohibit students residing in the Town of Dayton from attending a school of the family's choosing outside of the Dayton SAU, or outside of the existing RSU 23 School system (for example but not limited to: St. James School, Catherine McAuley, Cheverus, Waynflete, Berwick Academy) during the 2014-2015 school year and beyond, provided the family or guardians of the student are responsible for any applicable tuition and the transportation costs to attend such school.

D. Continuity of Educational Programs:

Commencing July 1, 2014, the Dayton SAU shall take responsibility for educating children in Grades K-12 as set forth herein. For students in grades K-5, their education shall be provided at the Dayton Consolidated School, except in those cases where the family has opted to send their child to an RSU 23 school as set forth above in Section C-1 and C-2 (a). For those students attending grades 6-8, they shall attend Saco Middle School or the RSU 23 Middle School as detailed above in Section C-2 (b) and (c). For those students attending grades 9-12, they shall attend Thornton Academy or the RSU 23 High School as detailed above in Section C-2 (b) and (c).

If, for any reason, there is a student whose educational needs cannot be met by the Dayton Consolidated School, RSU 23 or Thornton Academy, the Dayton SAU will provide alternate arrangements for the education of that student, at its cost, and in cooperation with the guardians of the student.

E. State Allocation and Tuition:

1. Tuition for School Year 2014-2015:

Tuition to be Paid: In accordance with 20-A MRS §1466(4)(A)(1), during the 2014-2015 school year, the Dayton SAU shall pay tuition to RSU 23 for students residing in Dayton who are eligible under Section C of this Agreement and who elect to enroll in RSU 23 schools outside the Town of Dayton. In accordance with 20-A MRS §1466(4)(A)(1), the tuition rate for students in grades K-8 shall be determined under 20-A MRS Section 5804. For students in grades 9-12, the tuition shall be determined in accordance with 20-A MRS Section 5805, except that during the 2014-2015 school year alone the tuition rate

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shall not be subject to the state per pupil average limitation in Section 5805(2).

2. Tuition/State Allocation for School Years after June 30, 2015:

The Dayton SAU will be entitled to and will receive the State education subsidy allocations under 20-A MRS Chapter 606-B, the Essential Programs and Services Funding Act for all Dayton students including those who attend an RSU 23 School after June 30, 2015 pursuant to Section C-2 above. No Superintendents' Agreement shall be required for any such students, and the Parties herein agree that the Dayton SAU shall pay RSU 23 a tuition rate of 70% of the per pupil allocation received by the Dayton SAU for such students, excluding special education and debt service allocations.

The tuition to be paid to RSU 23 by the Dayton SAU after FY 2014-2015 shall be calculated as follows:

- Step 1: Dayton SAU total allocation [ED 279, Section 5, Line A]
- Step 2: Minus Dayton SAU total debt service allocation [ED 279, Section 3.C]
- Step 3: Minus Dayton SAU Special Education Allocation [ED 279, Section 3.A.3]
- Step 4: Divide by Dayton SAU average calendar year subsidizable pupils [ED 279, Section 4.A]
- Step 5: Multiplied by .7
- Equals: Dayton SAU tuition payment per pupil

In addition to tuition as described above, the Dayton SAU shall also be responsible for paying RSU 23 for the special education/504/ADA costs of such students in accordance with Section F below.

State Allocation: Under 20-A MRS Chapter 606-B, the Essential Programs and Services Funding Act, the Dayton SAU will receive the State education subsidy allocations for Dayton students.

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F. Special Education:

Dayton Students' Special Education Needs: Commencing July 1, 2014, the Dayton SAU shall be responsible for the costs of all special education services required for K-12 students residing in the Town of Dayton.

1. Dayton Special Education/504 Students Attending Dayton Schools.

The Dayton SAU will provide for continuity of programming for all special education students residing within the Town of Dayton attending Dayton schools. The Dayton SAU will assume all responsibilities for decisions related to special education for these students. Dayton shall provide all special education and 504 services to Dayton 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 in a school outside of Dayton, all tuition and additional special education/504 costs will be paid by the Dayton SAU for this purpose. The Dayton Director of Special Services shall be responsible for representing all Dayton students who qualify for special education/504 services, for supervising the IEP/504 Team processes, and for supervising the student evaluation process for Dayton students.

2. 2014-2025 RSU 23 Option:

During the 2014-2015 school year through the 2024-2025 school year, any student in grades K-12 residing in the Town of Dayton who requires special education assistance (i.e. who has an IEP or 504 plan) shall also enjoy the option to attend the RSU 23 school that they would have attended if withdrawal had not occurred. The cost of that education shall be met as set forth below:

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 Dayton SAU, in addition to the tuition payments required under Section E of this Agreement, shall be responsible for the actual costs of special education for students opting to attend an RSU 23 school including special education transportation costs, and, costs for facilities modifications required to accommodate the students but as to those costs also subject to the further conditions below. For purposes of this Section, special education shall include non-special education 504/ADA plans and services and special education costs shall include costs of non-

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special education 504/ADA plans and services for individual Dayton students and reasonable attorneys' fees incurred by RSU 23 in connection with disputes over delivery of special education services and/or Section 504/ADA plan services for individual Dayton students. RSU 23 shall provide an itemized invoice to the Dayton SAU for such special education costs during the fiscal year in which the special education costs are incurred, which invoice shall be paid within 30 days unless there is a dispute or discrepancy. If any dispute arises as to the costs of that special education, it shall be resolved pursuant to Section R herein below.

If an IEP plan or special education services, including adaptive services/facilities pursuant to Section 504 of the Rehabilitation Act of 1973, require alterations or additions to either RSU 23's or the Dayton SAU's physical plant or facilities or special equipment that cost \$2,500 or less per year, the sending unit shall be responsible for those costs; if such costs are of a material nature (material meaning more than \$2,500.00) such costs shall be paid by the sending unit unless the alteration, addition, or equipment provides a general benefit to the receiving community in which case the costs shall be equitably apportioned between RSU 23 and the Dayton SAU. Before any alterations to any physical plant or facilities are commenced, and before any special equipment is purchased, the Parties will meet to confer as to the proposed addition, alteration or equipment and the amount of any such equitable allocation. If the Parties are unable to resolve the matter by negotiation, it shall be resolved through the Dispute Resolution Process in Section R.

RSU 23 and Dayton SAU, whichever is the receiving school as the case may be, shall provide to the sending school a monthly itemized invoice for special education costs which invoice shall be paid within 30 days unless there is a dispute or discrepancy.

Dayton Special Education/504 Students Attending RSU 23 Schools. During the 2014-2015 through 2024-2025 school years, for students residing in Dayton who choose to attend an RSU 23 school, RSU 23 agrees to provide, subject to the terms herein, all special education and related special education and 504/ADA services required by the IEP/504 plan prepared by each student's IEP/504 Team to the extent that RSU 23 has an appropriate program to meet the terms of the IEP/504 plan and applicable requirements of Maine law and regulations. Decisions about whether RSU 23 can implement the terms of the IEP/504 plan, and whether RSU 23 has an appropriate program or placement for a student pursuant to the requirements of the IEP/504 plan shall be made by RSU 23 after a careful review of the IEP/504 plan for the student. In no event shall RSU 23 refuse to provide needed special education services as provided in the IEP for students residing in Dayton who are permitted to attend RSU 23 schools under this Agreement, except for student removals of not more than 10 cumulative school days in the school year, when

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the student has been properly expelled or suspended, or when RSU 23 has determined that RSU 23 cannot provide an appropriate program or placement for that student. In the event that the IEP/504 Team is unable to reach consensus on issues that are the responsibility of the Team, the Dayton SAU'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 23 personnel will work cooperatively with the Dayton SAU's representative, and, upon request will provide the Dayton SAU's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. The Dayton SAU's representative shall provide input to RSU 23's Special Education Director (or other administrative designee) on the proper implementation of the IEP/504 plans of Dayton special education students attending RSU 23 schools or perceived deficiencies in IEP/504 plan implementation. RSU 23 shall consider that input in good faith and RSU 23 shall respond in an appropriate manner consistent with the terms of this Agreement.

3. Dayton Special Education/504 Students Attending Other Schools.

The Dayton SAU may contract with additional public or private schools for the provision of Special Education services to Dayton students who are not enrolled in RSU 23 schools.

G. Transportation:

1. Transportation for School Year 2014-2015:

Upon withdrawal, the Dayton SAU shall be responsible for and shall provide transportation for those students residing in the Town of Dayton who attend any Dayton School, Saco Middle School, Thornton Academy, or an RSU 23 school.

2. Transportation for School Years after June 30, 2015

The Dayton SAU shall be responsible for and shall provide transportation for those students residing in the Town of Dayton who attend a Dayton School, Saco Middle School, Thornton Academy or an RSU 23 School.

H. Need for School Construction:

The withdrawal of Dayton from RSU 23 will not create a need for new school construction in Dayton within five years of the effective date of withdrawal (July 1, 2014). The Withdrawal Committee believes Dayton's existing school buildings noted

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below can and will provide more than sufficient space for educating all grades K-5 children affected hereunder:

- 1) Dayton Consolidated School main building
- 2) Dayton Consolidated School portable

As of July 1, 2014, RSU 23 will release and transfer such properties back to Dayton as set forth below in Section O.

I. Financial Commitments from Outstanding Bonds, Notes and Other Financial Obligations or Credits:

A list of RSU 23's Financial Commitments for Outstanding Bonds and Notes and Lease Purchase Agreements is attached to this Agreement as Exhibit 1. This list will be updated to June 30, 2014 on or before the date of withdrawal and attached hereto as Replacement Exhibit 1. The existing financial obligations of RSU 23 for outstanding bonds, notes, contracts, and lease purchase (hereinafter "RSU Debt") are set forth below, and will be handled as follows:

1. RSU Debt and Lease Purchase Obligations that existed when the RSU 23 was formed.

Under Paragraph 6(A) and (B) of the RSU 23 reorganization plan (the "Reorganization Plan"), RSU 23 assumed liability to pay the bonds, notes and lease purchase agreements listed in Exhibit 6A/B of that plan. Under the paragraph 6A, RSU 23 assumed the local-only-portion of the bonds, notes and lease purchase agreements in Exhibit 6A&B and 6A-1 of that plan. The Bond included in Exhibit 6A of the reorganization plan was paid off and subsequently refinanced by the issuance of a refunding bond by RSU 23. The lease purchase agreements listed in Exhibit 6A of the Reorganization Plan and turned over to the RSU on July 1, 2009 have been paid in full.

2. RSU Debt and Other Obligations Issued by RSU 23 incurred after the formation of RSU 23.

(a) RSU 23 Saco Schools Refunding Bond: RSU 23 will owe a principal balance of \$2,360,000 and \$233,787.50 in interest as of June 30, 2014 for bonds issued by RSU 23 for Saco school renovations and improvements in Saco Schools ("the Saco School Indebtedness"). In accordance with 20-A MRS §1466(16)(A) when a municipality withdraws from a regional school unit having outstanding indebtedness, the RSU

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remains intact for the purpose of retiring that indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring the outstanding indebtedness. As an alternate means of retiring RSU 23's revolving renovation fund loan for the Saco Schools, RSU 23 or the Saco MSAU if Saco also withdraws from RSU 23, but excluding Dayton, will pay all of the debt service on this obligation due after June 30, 2014.

(b) Dayton Consolidated School Revolving Renovation Fund Loan. As of June 30, 2014, RSU 23 will owe a balance on a State of Maine revolving renovation fund loan for improvements to Dayton Consolidated School. The principal payments due on the Dayton Consolidated School revolving renovation fund loan from July 1, 2014 through June 30, 2015 will total \$18,887 in principal with no interest charged. Under 20-A MRS §1466 (16)(A), when a municipality withdraws from a regional school unit having outstanding indebtedness, the RSU remains intact for the purpose of retiring and securing that indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring the outstanding indebtedness. As an alternate means of retiring RSU 23's revolving renovation fund loan for the Dayton Consolidated School, the Dayton SAU shall pay to RSU 23 all of the debt service on this obligation due after June 30, 2014 at least 45 days prior to RSU 23's due dates for those payments. RSU 23 covenants to deliver and apply such funds solely to this indebtedness.

(c) Loranger Middle School Revolving Renovation Loan. As of June 30, 2014, RSU 23 will owe a balance on a State of Maine revolving renovation fund loan for improvements to the Loranger Middle School in Old Orchard Beach. The principal payments due on the Loranger Middle School revolving renovation fund loan from July 1, 2014 through June 30, 2017 will total \$141,003.51 with no interest charged. Under 20-A MRS §1466 (16)(A), when a municipality withdraws from a regional school unit having outstanding indebtedness, the RSU remains intact for the purpose of retiring and securing that indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring the outstanding indebtedness. As an alternate means of retiring RSU 23's revolving renovation fund loan for the Loranger Middle School, RSU 23, excluding Dayton, will pay all of the debt service on this obligation due after June 30, 2014.

(d) Photocopier lease purchase obligations. RSU 23 acquired a lease on 47 copiers in May 2010 in the amount of \$337,821.70. The acquisition was financed through a five-year lease/purchase agreement with MST Government Leasing LLC. RSU 23 will owe remaining lease/purchase payments, including principal and interest totaling \$125,594.10 as of June 30, 2014 on these 47 units. The Dayton SAU will retain

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control and ownership of 4 copier units in its school facilities. These 4 units represent 8.5% (4 of 47 units) of the original assets. The Parties agree that as an alternate means of paying this obligation under 20-A MRS §1466(16)(A) on July 1, 2014 the Dayton SAU will pay RSU 23 \$10,675.00 which is the Dayton SAU's share of RSU 23's remaining obligation under the lease purchase agreement with M.S.T. Leasing ($8.5\% \times \$125,594.10 = \$10,675.49$), and RSU 23 covenants to deliver and apply said funds to M.S.T Leasing only.

(e) School Bus Leases and Purchases. A list of buses and vehicles to be assigned to the Dayton SAU as of the date of withdrawal is attached to this agreement as Exhibit 2. As of this date, RSU 23 has two outstanding, unpaid lease purchase agreements for the purchase of buses, said agreements being with Gorham Savings Leasing Group LLC to acquire two new school buses. As of June 30, 2014, the remaining amount due Gorham Savings Leasing Group LLC for each of these two buses will be \$40,171.23. Dayton will not receive either of these buses. RSU 23 covenants and agrees that it shall be responsible for, and shall fully pay, the outstanding lease obligation with Gorham Savings Leasing Group LLC with respect to these buses, or if Saco withdraws from RSU 23, the Saco Withdrawal Agreement shall provide for RSU 23 and the Saco MSAU to be responsible for paying these outstanding lease obligations.

As a member of RSU 23, Dayton will have contributed 14.78% of the bus lease purchase payments to Gorham Savings Leasing Group LLC including the payment of \$40,171.23 due on 6/30/2014. The State of Maine may reimburse RSU 23 for these payments, and for this reason the Parties agree that upon reimbursement by the State of Maine for the 2014 lease payment, the Dayton SAU shall be reimbursed by RSU 23 for 14.78% of any such reimbursement as the Town of Dayton's proportionate share of the 2014 payment made while the Town was a member of RSU 23.

On June 13, 2013, RSU 23 awarded a lease purchase financing to Gorham Savings Group LLC to acquire one new school bus (Bus #34). As of June 30, 2014, the remaining amount due for this bus lease shall be \$76,932.00 payable in four equal annual installment payments of \$19,233.00. This Bus is scheduled to be transferred to the ownership of the Saco MSAU. As an alternate method of retiring this indebtedness for Bus 34, the Saco MSAU will pay RSU 23 the remaining 4 annual installments of \$19,233.00 not less than 45 days before the due date of the RSU under the lease agreement for each such payment. RSU 23 will apply the Saco MSAU payment to the lease obligation. The Parties also agree that any credit for re-imbursements received by RSU 23 for said Bus shall be allocated to the Saco MSAU, except re-imbursement attributable to and for the first annual payment made by the RSU 23 on the lease this

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coming October 2013 which reimbursement shall be pro-rated between RSU 23, the Saco MSAU, and if Dayton withdraws, the Dayton SAU, based upon the respective additional local funds percentages for FY 2013-2014. This obligation shall not be subject to the provisions of Section J of this Agreement.

- (f) Vary Technologies Printer Service Agreement. RSU 23 has employed Vary Technologies for maintenance of printers and copiers. The existing contract renews on a year to year (July 1 to June 30) basis, unless RSU 23 provides a 90 day notice of termination. RSU 23 agrees it will provide notice of cancellation of the contract (not later than March 31, 2014) should the Town of Dayton vote favorably to withdraw from RSU 23.
- e.
- (g) Telephone System Lease Purchase Obligations. RSU 23 has entered into a lease purchase agreement with Gorham Savings Leasing Group LLC for the acquisition of a telephone system at Saco Middle School. Under the terms of this lease purchase agreement, RSU 23 is obligated to make five annual payments of \$3,353 each due on April 15 of each year commencing April 15, 2013. As an alternate means of retiring the remaining indebtedness after the date of withdrawal, RSU 23, excluding Dayton, shall be responsible for making these payments, or if Saco also withdraws from RSU 23, the Saco Withdrawal Agreement will provide that the Saco MSAU will pay RSU 23 the sum of \$10,059 in three annual installments of \$3,353 not less than forty-five (45) days prior to RSU 23's April 15 due date for each such installment and RSU 23 will use those funds to make the required payments to Gorham Savings Leasing Group LLC.
- (h) Portable Classroom Lease Purchase Obligation. As of the date of this Agreement, RSU 23 will have entered into a lease purchase agreement with Gorham Savings Leasing Group LLC for the acquisition of two portable classrooms – one located at the Fairfield School and one located at the Young School, both in Saco. Under the terms of this lease purchase, RSU 23 is obligated to make five annual payments of \$20,571 due on August 15 of each year commencing August 15, 2013. RSU 23 shall be responsible for the payment due on August 15, 2013. As an alternate means of retiring the remaining indebtedness after the date of withdrawal, RSU 23, excluding Dayton, will pay all the debt service on this obligation after June 30, 2014, or if Saco also withdraws from RSU 23, the Saco Withdrawal Agreement will provide that the Saco MSAU will pay RSU 23 the sum of \$82,284 in four annual installments of \$20,571, not less than forty five (45) days prior to RSU 23's August 15 due date for

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each such installment and RSU 23 will use those funds to make the required payments to Gorham Savings Leasing Group. Under paragraph I.2.H of the Saco Withdrawal Agreement, if Saco withdraws from RSU 23, the Saco MSAU is required to reimburse RSU 23 for 55.49% of the August 15, 2013 lease purchase payment. Upon receipt of such reimbursement, RSU 23 shall reimburse the Dayton SAU for 14.78% of such lease purchase payment within forty-five (45) days of such reimbursement by the Saco MSAU.

3. Other RSU 23 Obligations/Credits:

- A. Legacy Contracts. The RSU has negotiated contract extensions for certain personnel of RSU 23 which contract extensions have terms that run beyond the proposed date of withdrawal (June 30, 2014). These legacy contracts constitute "other obligations" of the existing RSU that will extend past the date of proposed withdrawal by the Dayton SAU. The Dayton SAU will accept liability for those contracts only to the extent such individuals are employed by the Dayton SAU as of July 1, 2014.
- B. Thornton Academy Tuition Credit. The Parties are aware that a credit or deficit may be due to RSU 23 or owing to Thornton Academy at the end of June 30, 2014. Each recognizes that it is impossible, due to unpredictable changes in the state authorized maximum allowable tuition and the uncertainty surrounding the annual rate of inflation, to exactly determine what the credit or deficit will be for any given year. Under RSU 23's cost sharing formula for additional local funds for FY 2013-2014, Saco, Dayton and Old Orchard Beach will each have contributed to or be responsible for, their respective shares of any such credit or deficit as of July 1, 2014. If Dayton withdraws from RSU 23, and Saco does not withdraw, the Dayton SAU shall pay RSU 23 for Saco and Old Orchard Beach's shares of any such credit, and all the credit thereafter shall be applied by Thornton Academy against the Dayton SAU tuition obligation for 2014-2015. If, however, there is a deficit, then RSU 23 shall pay to the Dayton SAU Saco and Old Orchard Beach's shares of any such deficit. In that case, RSU 23 shall make such payment to the Dayton SAU within 45 days of the completion of RSU 23's audit for FY 2013-2014.

If both Saco and Dayton withdraw from RSU 23, the Dayton SAU shall pay to RSU 23 Dayton's proportionate share of any credit attributable to Old Orchard Beach such proportionate share being calculated by dividing the amount attributable to Old Orchard Beach between Dayton and Saco on the basis of Saco and Dayton's respective dollar contributions to additional local funds for FY

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2013-2014; if there is a deficit, then RSU 23 shall pay to the Dayton SAU and the Saco MSAU, their respective proportionate shares of the deficit attributable to Old Orchard Beach, such proportionate share being calculated by dividing the deficit attributable to Old Orchard Beach between Dayton and Saco in the same manner as a credit.

- C. Notwithstanding the provisions of paragraph I-3 (D) of this Agreement, in the event of Dayton's withdrawal from RSU 23 as of June 30, 2014, Thornton Academy and RSU 23 shall release each other from the existing tuition contract between them with respect to FY 2014-2015 and from any and all claims and liabilities arising or incurred under that contract prior to July 1, 2014 related to Dayton resident students, including claims for tuition and other costs. Subject to the provisions of Section I. 3.B concerning tuition credits and deficits, the Dayton SAU shall assume any and all claims and liabilities arising or incurred under the tuition contract between RSU 23 and Thornton Academy prior to July 1, 2014 related to Dayton resident students, but not as to any other RSU 23 students. Except as provided in Section I. 3.B concerning tuition credits and deficits, the Dayton SAU and Thornton Academy shall look solely to each other with respect to such claims and liabilities.
- D. Un-asserted Claims, Federal Recapture/Audit. The Parties acknowledge that possible future contingent liabilities and obligations ("claims") may arise that relate to and/or reach back to a time when Dayton was a member of RSU 23. These potential claims may include, but are not necessarily limited to, un-asserted legal claims, and claims for re-imbursement to state and federal agencies for program funds. The Dayton SAU, RSU 23, and if Saco withdraws, the Saco MSAU, shall be responsible for all such claims to the extent not otherwise covered by insurance coverage. The Parties agree that any such claims, including but not limited to damages, audit fees, and costs to defend, that are not covered by insurance shall be divided and apportioned among RSU 23, the Dayton SAU, and if Saco also withdraws, the Saco MSAU, as follows: 1) The Dayton SAU be responsible for and shall pay that percentage of the claim equal to its "additional local share" for the subject year of the activity/action generating the chargeback or costs; and 2) RSU 23, and if Saco also withdraws, the Saco MSAU shall be responsible for and shall pay the percentage balance of the claim. Any credits recovered back shall be distributed and applied among RSU 23, the Dayton SAU, and if Saco also withdraws, the Saco MSAU in the same fashion as any claims.

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The Parties covenant they will cooperate in good faith in the defense of any such claim.

E. Undesignated Fund Balance:

It is anticipated there will be a deficit in the RSU 23 Undesignated Fund Balance which deficit will not be retired as of June 30, 2014. This financial obligation is addressed below in Section L.

F. Fiscal Agent. To the extent that RSU 23 makes debt service and lease purchase payments on behalf of the Dayton SAU for its share of any debt service and lease purchase obligations under this Agreement, RSU 23 shall make such payments on behalf of the Dayton SAU as its fiscal agent and such sums to be paid on behalf of the Dayton SAU shall not be required to be included in the school budget of RSU 23.

G. Bookkeeping Fees, Interest, and Other Costs. RSU 23 and the Dayton SAU, and if Saco withdraws, the Saco MSAU, shall each be responsible for their respective shares of the cost of RSU 23's final audit for FY 2013-2014 based on their respective percentages of additional local funds for that fiscal year. The Dayton SAU shall pay RSU 23 its share of the cost of the FY 2013-2014 audit within forty-five (45) days of completion of the final audit for FY 2014-2015. RSU 23 may charge the Dayton SAU a reasonable fee, not to exceed \$1,000.00 per year, as an offset against costs for bookkeeping and other administrative services associated with the payment of the Dayton SAU's share of any debt service or other financial obligations under this agreement and may charge interest at the rate of twelve percent (12%) annual interest, compounded monthly, on any payments due hereinabove that are not made by the Dayton SAU when due, as well as any reasonable costs to collect such obligation, provided the Dayton SAU may have a 15 day grace period before any interest charges accrue. Notwithstanding the preceding, the Dayton SAU shall not be liable for any typical annual costs associated with and incurred as part of the annual audit performed for or on behalf of the RSU for any fiscal year subsequent to FY 2013-2014.

H. Special Revenue Funds/Accounts: RSU 23 will disclose all Special Revenue Funds, Segregated and Trust Accounts held by it (or by its member schools) on June 30, 2014. To the extent any of those funds are specifically held for the benefit of Dayton or its students then those funds shall be transferred to the care and control of the Dayton SAU. So, for example purposes only, if lunch funds

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held for students' benefit are attributable to a single school then those funds/accounts shall be turned over to that school via the Dayton SAU.

- I. Effective upon the date of withdrawal, the Dayton SAU will assume and be solely liable at its own expense for any other contracts or lease purchase agreements related to assets located at Dayton schools or to be owned by the Dayton SAU under the terms of this Agreement, including school buses and other vehicles transferred to the Dayton SAU.
- J. Thornton Academy: The Parties note that RSU 23 has an existing contract with Thornton Academy which contract includes provision for the secondary education of Dayton students in grades 9-12. This contract expires June 30, 2015. An agreement between RSU 23 and Thornton Academy governing relations going forward if Dayton votes to withdraw from RSU 23 is attached hereto as Exhibit 3.

J. New Financial Commitments Prior to Withdrawal:

GENERAL PRINCIPLES:

First: The Parties acknowledge that neither knows at this time whether and if the Town of Dayton will vote to withdraw from RSU 23 and, each acknowledges that neither knows whether or if an emergency situation may arise which may require prompt action by the RSU. However, each also agrees that the unnecessary creation of new binding financial obligations that involve the issuance of debt or lease purchase financing, in advance of a withdrawal, could potentially create added confusion and complicate the unwinding process between the Parties should a favorable vote to withdraw occur.

Second: For this reason, the Parties agree during FY 2013-2014, the RSU shall not enter into new financial obligations that involve the issuance of debt or lease purchase financing, other than TRANS due on or before June 30, 2014, unless a two-thirds weighted vote of the full then current membership of the board of directors (excluding any vacancies) determines that there is an emergency warranting an immediate response by the RSU.

Third: Any financial obligations that involve the issuance of debt or lease purchase financing issued during FY 2013-2014 shall also be subject to the conditions set forth below.

1. Financial Commitments Requiring Voter Approval.

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A. Voter Approval on or before the Date of the Vote on Withdrawal. On or before the date that Dayton votes on withdrawal from RSU 23, the RSU 23 Board may conduct a referendum on the issuance of new financial obligations. If the financial obligations relate to real or personal property located at or serving Dayton schools, the referendum shall not be conducted unless the RSU board member from Dayton votes in favor of calling the referendum. Any referendum conducted on or before the date of Dayton's vote on withdrawal will be held in all of the member municipalities of RSU 23 in accordance with the general laws. If the RSU 23 voters approve the issuance of the financial obligations, and if Dayton votes to withdraw from RSU 23, the RSU 23 board shall be authorized to issue the financial obligations, but if the financial obligations relate to real or personal property located at or serving school facilities in Dayton, the RSU board shall be authorized to issue the financial obligations only prior to the effective date of withdrawal.

B. Voter Approval after the Date of the Vote on Withdrawal and Prior to the Effective Date of Withdrawal. If Dayton votes to withdraw from RSU 23, after the date of that vote and prior to the effective date of withdrawal, the RSU 23 Board may conduct a referendum on the issuance of new financial obligations. If the financial obligations requiring voter approval relate to real or personal property located at or serving Saco schools, a referendum shall not be called unless a majority of RSU 23 Board Members from Saco vote in favor of calling for the referendum. If the financial obligations requiring voter approval relate to real or personal property located at or serving Old Orchard Beach Schools, a referendum shall not be called unless a majority of RSU 23 Board Members from Old Orchard Beach vote in favor of calling for the referendum. If the financial obligations requiring voter approval relate to real or personal property at or serving Dayton Schools, a referendum shall not be called unless the RSU 23 Board Member from Dayton votes in favor of calling the referendum.

2. Financial Commitments Not Requiring Voter Approval.

A. Board Approval on or before the Date of the Vote on Withdrawal. On or before the date that Dayton votes on withdrawal from RSU 23, the RSU 23 Board may approve the issuance of new financial obligations, not requiring voter approval under applicable law. If the financial obligations relate to real or personal property located at or serving Dayton schools, the financial obligations shall not be issued unless the RSU board member from Dayton votes in favor of their issuance in which case the RSU board shall be authorized to issue the financial obligations only prior to the effective date of withdrawal, provided that this limitation shall not be construed to apply to TRANS due on or before June 30, 2014.

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B. Board Approval after the Date of the Vote on Withdrawal and Prior to the Effective Date of Withdrawal. If Dayton votes to withdraw from RSU 23, after the date of that vote, and prior to the effective date of withdrawal, the RSU 23 Board may approve the issuance of new financial obligations, not requiring voter approval under applicable law. If the financial obligations relate to real or personal property located at or serving Dayton schools, the financial obligations shall not be issued unless the RSU board member from Dayton votes in favor of their issuance and the RSU board shall be authorized to issue the financial obligations only prior to the effective date of withdrawal, provided that this limitation shall not be construed to apply to TRANS due on or before June 30, 2014.

3. Issuance, Payment and Reimbursement.

A. Financial Commitments Related to Dayton Schools. If any financial obligations approved under paragraphs 1 and 2 above relate to real or personal property located at or serving Dayton schools, the RSU board shall be authorized to issue the financial obligations in the name of the RSU. If the RSU board issues the financial obligations prior to the effective date of withdrawal, the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that the Dayton SAU shall reimburse RSU 23 for 85.22% (100% less Dayton's share of additional local of 14.78%) of any such debt service paid by RSU 23 prior to the date of withdrawal. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, the Dayton SAU shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by RSU 23. To issue such debt on a tax advantaged (tax exempt or tax credit) basis, RSU 23 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, will assure the bondholders that the financial obligations retain their tax advantaged status. Following Dayton's withdrawal, the Dayton SAU 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 Dayton SAU shall be fully bound by all of the terms and representations made by RSU 23 in connection with the issuance of the financial obligations. The authority of the RSU board to issue the financial obligations shall terminate if the RSU board has not issued the financial obligations prior to the effective date of withdrawal.

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B. Financial Commitments Not Related to Dayton Schools. If any financial obligations approved under paragraphs 1 and 2 above relate to real or personal property located at or serving schools other than Dayton schools, or if said financial obligations are TRANs due on or before June 30, 2014, the RSU board shall be authorized to issue the financial obligations in the name of the RSU. If the RSU board issues the financial obligations prior to the effective date of withdrawal, the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that for financial obligations other than TRANs due on or before June 30, 2014, following the date of withdrawal, RSU 23 shall reimburse the Dayton SAU for 14.78% of any such debt service paid by RSU 23 prior to withdrawal. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, RSU 23, or if Saco also withdraws, RSU 23 and the Saco MSAU, excluding the Dayton SAU and the Town of Dayton, shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by the Dayton SAU or the Town of Dayton. The authority of the RSU board to issue the financial obligations shall continue after the effective date of withdrawal, in which case the Dayton SAU and the Town of Dayton SAU shall have no contribution or participation in the payment of the financial obligations.

Current 2013/2014 Operating Expenses: To the extent such indebtedness is for current operating expenses during FY 2013-2014, the obligation shall be a general obligation of RSU 23 payable from ad valorem taxation in all of its member municipalities, including Dayton.

K. Financial Commitment to Superintendent and Superintendent Services:

RSU 23 has entered into a three-year contract for superintendent services with the current Superintendent for a term that expires on June 30, 2014. If a successful vote to withdraw occurs, there will be no unmet financial need or obligation owed by Dayton SAU for the Superintendent. The Dayton SAU believes there is sufficient time between a vote in November 2013 and the transfer of governance on July 1, 2014, for the Dayton SAU to negotiate and contract for its own superintendent services.

If RSU 23 after the date of execution of this Agreement extends the Superintendent's contract beyond its current June 30, 2014 termination date, the Parties agree that, should Dayton vote to withdraw, neither the Town of Dayton nor the Dayton SAU shall bear any

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financial responsibility or obligation as to the terms and conditions of such Superintendent's contract for any period after the effective date of withdrawal, the Parties intending that RSU 23 shall be solely and wholly responsible for any burdens, costs or obligations arising from such Superintendent's Agreement following Dayton's withdrawal.

L. Undesignated Fund Balance/Summer Salaries 2013-2014:

UNDESIGNATED FUND BALANCE: The parties agree that as of June 30, 2014 there is likely to be a deficit within the RSU 23 Undesignated Fund Balance, currently estimated at approximately \$85,000. Dayton's proportion of any balance or deficit in the undesignated fund balance will be 14.78% based on Dayton's five year average percentage of additional local funds in RSU 23. Commencing January 15, 2014, and at monthly intervals thereafter, RSU 23 shall provide the Town of Dayton and the school board of the Dayton SAU once it has been elected, with the RSU's updated best estimate of the projected deficit in the RSU's undesignated fund balance as of June 30, 2014. On or before June 15, 2014, the RSU shall notify the Town of Dayton and the school board of the Dayton SAU of the RSU's final updated best estimate of the RSU's projected deficit in the RSU's undesignated fund balance as of June 30, 2014, in an amount that is sufficient to ensure that RSU 23 will be able to pay all of its obligations, including summer salaries and payroll taxes for work performed prior to June 30, 2014. On or before July 15, 2014, the Dayton SAU shall pay RSU 23, Dayton's share of RSU 23's final updated best estimate of RSU 23's projected deficit in undesignated fund balance as of June 30, 2014 based on Dayton's five year average percentage of additional local funds. The final audit of RSU 23 for FY 2013-2014 shall include a final reconciliation of any amounts due from RSU 23 to the Dayton SAU or from the Dayton SAU to RSU 23, taking into account any payments made by the Dayton SAU to cover RSU 23's final updated estimate of its projected deficit as of June 30, 2014. If the final audit demonstrates that RSU 23 had an undesignated fund deficit as of June 30, 2014, the Dayton SAU shall pay to RSU 23 its share of any such undesignated fund deficit not later than 45 days after the delivery of the final audit for 2013-2014 school year. If the final audit demonstrates that RSU 23 had a positive undesignated fund balance as of June 30, 2014, RSU 23 shall pay the Dayton SAU its share of any such positive undesignated fund balance not later than 45 days after the delivery of the final audit for the 2013-2014

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school year, taking into account any payments made by the Dayton SAU to cover RSU 23's final updated estimate of its projected deficit as of June 30, 2014.

SUMMER SALARIES AND PAYROLL TAXES: RSU 23 shall pay the summer salaries and payroll taxes for teachers listed on **Exhibit 4** as updated to June 30, 2014 that were earned prior to July 1, 2014 and would normally be paid by RSU 23 in July and August 2014. The Dayton SAU shall pay the insurance benefits for such teachers starting July 1, 2014.

M. Teacher and Staff Retention/ Collective Bargaining Agreements:

The Dayton SAU will honor existing labor agreements negotiated between RSU 23 and its teaching and administration staff working full time or part-time in Dayton School facilities, who are not shared employees covered by paragraph M.5 of this agreement, through the term of those agreements. The employment positions with which RSU 23 has current Collective Bargaining/Labor Agreements are listed below:

| Employee Unit | Term | Applies to | Notes |
|-------------------------------|-------------------|--|-------------------------|
| Secretaries and Ed Techs | 2012/13-2014/15 | Ed Techs and School Secretaries | Expires June 30, 2015 |
| Custodians and Transportation | 2012/13-2014/15 | All Custodians and Transportation staff | Expires June 30, 2015 |
| Teachers | 2011/12 – 2013/14 | All teachers and professional staff | Expires August 30, 2014 |
| Principals | 2012/13 – 2014/15 | All school principals and assistant principals | Expires June 30, 2015 |

1. Collective bargaining agreements listed above that are in effect on the effective date of withdrawal but that expire after the effective date of withdrawal shall, to the extent they cover employment positions that will be included in the Dayton SAU, be assigned to and assumed by the Dayton SAU as of the effective date of withdrawal.

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2. If withdrawal is approved by the voters of Dayton, the RSU 23 board shall have no further authority to bargain with respect to employment positions to be assigned to the Dayton SAU for any period following the effective date of withdrawal. The Dayton SAU shall thereupon assume responsibility for negotiating any successor Collective Bargaining/Labor Agreements covering Dayton personnel.
3. If any collective bargaining agreement covering employment positions to be assigned to the Dayton SAU has expired and no successor agreement has been executed as of the effective date of withdrawal, Dayton SAU shall maintain the static status quo, as defined by applicable law existing under the expired agreement with regard to employment positions assigned to the Dayton SAU.
4. Employees occupying employment positions that are included in existing bargaining units and are assigned to Dayton SAU may continue to be represented by the bargaining agents representing them before the effective date of withdrawal.
5. RSU 23 EMPLOYEES WORKING IN BOTH DAYTON SCHOOLS AND IN AN RSU 23 SCHOOL ON A SPLIT/SHARED BASIS UNDER A COLLECTIVE BARGAINING AGREEMENT: RSU 23 and the Dayton RSU will honor all existing labor agreements for teaching and administrative staff working and assigned on a shared or split basis part time in and to Dayton Schools (See Exhibit 4) and part-time in and to an RSU 23 school, beyond July 1, 2014, provided, however, that a proper accounting of costs between RSU 23 and the Dayton SAU is completed each year such contracts remain in effect, with each party bearing its financial burden for such employees' work and benefits proportionate to the time that such employee spends in each school system. Such employees shall remain employees of RSU 23 for all purposes, provided that the Dayton SAU may notify RSU 23 at any time that the services of a particular employee are no longer required by the Dayton SAU in which case the responsibility of the Dayton SAU for that employee's salary and benefits shall terminate. At the expiration of the terms of these labor agreements, subject employees shall be eligible for hire by RSU 23 in their same positions and shall enjoy a priority over any other applicants if RSU 23 should choose to post the position for hire, but no guarantee of employment is extended herein. Notwithstanding the foregoing, if Saco also withdraws from RSU 23, all employees who are shared between Dayton and Saco, or among Saco, Dayton and Old Orchard Beach, shall become employees of the Saco MSAU pursuant to paragraph M.B.2 of the Saco Withdrawal Agreement and their employment status following withdrawal shall be governed by the terms of that paragraph.

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6. A list of support staff employees and positions to be assigned to Dayton schools is attached to this Agreement as **Exhibit 5**. This list shall be updated to June 30, 2014 by RSU 23 and the updated list shall be attached to this Agreement as Replacement **Exhibit 5**.

7. ALL OTHER RSU 23 EMPLOYEES: As of July 1, 2014 all other RSU 23 Employees serving in Dayton Schools, but who are not otherwise covered by a collective bargaining agreement, shall become employees of the Dayton SAU as of July 1, 2014.

8. BUS DRIVERS. Those Bus Drivers serving Dayton Bus routes as of June 30, 2014 shall become employees of the Dayton SAU as of July 1, 2014. All remaining Bus Drivers shall remain employees of RSU 23, or if Saco withdraws, RSU 23 and the Saco MSAU.

N. Teacher's Continuing Contract Rights Under Section 13201:

As noted above in Section M, the Dayton SAU shall retain existing contract teachers serving Dayton Schools, and it intends to fully honor the terms of all such existing teacher contracts, mindful of 20-A MRS Section 13201, and just as if those contracts remained in place with the RSU 23.

On June 30, 2014, continuing contract teachers then assigned by RSU 23 on a full-time basis to Dayton Schools, and having right to continued employment as of July 1, 2014, shall become continuing contract teachers of the Dayton SAU on the same basis as if no withdrawal had occurred, and shall retain those years of service for purposes of continuing contract status with the Dayton SAU.

On June 30, 2014, full time probationary teachers of RSU 23 then assigned to Dayton schools who have earned years of service with RSU 23 toward continuing contract status, and having a right to continued employment as of July 1, 2014, shall retain those years of service for purposes of continuing contract status with the Dayton SAU.

A list of existing full time and part time continuing contract teachers under contract with RSU 23 and probationary teachers under contract with RSU 23, per 20-A MRS Section 13201, and who are serving in Dayton Schools is attached hereto (See Exhibit 4). This exhibit shall be updated as of June 30, 2014 and attached to this agreement as Replacement Exhibit 4.

No part of this agreement is intended to interfere with, alter, limit, convert, or enlarge any continuing contract teacher's rights under 20-A MRS Section 13201. Nothing herein is intended to interfere with, alter, limit, convert or enlarge rights or conditions affecting probationary teachers working for RSU 23. Rather, the parties want to assure the

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perpetuation of those rights under Section 13201 during the transition period, and thereafter.

O. Disposition of Real and Personal Property:

REAL PROPERTY: All school facilities located within the Town of Dayton shall be released by RSU 23 to the Dayton SAU on July 1, 2014 including the below listed school facilities:

- 1) Dayton Consolidated School main building
- 2) Dayton Consolidated School portable

RSU 23 shall relinquish all claim of right or interest in such facilities, and it shall provide such documents to the Dayton SAU as reasonably necessary to establish the transfer of right, title and interest in any applicable real property, provided that all transfers of real property shall be accomplished by release deed.

PERSONAL PROPERTY: The personal property contents found within the Dayton school facilities, including but not limited to books, papers, desks, tables, lighting, office supplies, copiers, cooking equipment, recreation equipment, art supplies, music supplies, music equipment, communications equipment, technology equipment, furnishings, facility upgrades, and special education materials shall transfer to the control and ownership of the Dayton SAU on July 1, 2014. RSU 23 covenants in good faith to not transfer out to other RSU facilities such personal property assets, nor waste, or deplete such assets, in advance of the July 1, 2014 turn-over. The Dayton SAU may require such documents, assignments, bills of sale or other instruments as reasonably necessary to evidence the transfer of interests detailed herein.

BUSES: Those buses identified in Exhibit 2 will be returned to the Dayton SAU on July 1, 2014 if a favorable vote to withdraw occurs. RSU 23 will sign, execute and deliver such documents as reasonably necessary to transfer the vehicle titles of all said buses listed on Exhibit 2 effective July 1, 2014.

RSU 23 will provide to the Dayton SAU copies of student records, facilities studies, engineering studies and enrollment projections and other relevant data collected or conducted between July 1, 2009 and July 1, 2014 that would aid the Dayton SAU in its operations and undertakings. Copies of documents and/or electronic files will be provided, where possible, both electronically and in hard copy, as available.

P. Transition of Administration and Governance:

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Administration: It is the intent of the Dayton Withdrawal Committee that a vote to approve this Withdrawal Agreement take place in November 2013. If the Withdrawal Agreement is approved by the Commissioner of Education, and the voters of Dayton, the administration of education for students residing in Dayton, other than RSU 23 enrolled students, will be transferred directly from RSU 23 to the Dayton SAU as of July 1, 2014.

In accordance with 20-A MRS §1466(4)(A)(5), after withdrawal from RSU 23, the Dayton SAU will employ, maintain and or contract for , either directly or cooperatively, administrative and support personnel for the efficient and effective management of the Dayton SAU, including but not limited to a superintendent/business manager, a special education director, a support coordinator for technology and curriculum development, and such other support personnel as shall be necessary to maintain a fully functional SAU that meets its students' educational and support needs and the goals of the Dayton SAU.

Dayton SAU reserves the right to negotiate fee for service agreements with other schools and school administrative units including RSU 23, and other communities including, but not limited to Biddeford, Old Orchard Beach, Dayton and Arundel, for, such matters as bulk supplies, bus repair, transportation, dispatch services, telecommunication services, IT support, financial management, and other educational or operational needs which may arise.

The three member governing body of the Dayton SAU shall be elected pursuant to a Town-wide election (the "initial election") held after the vote to Withdraw in November, 2013 but not later than January 30, 2014. The Dayton SAU Board Members shall be elected at large, and shall serve three year terms. Notwithstanding the preceding, and for purposes of creating a staggered board, the terms of office for purposes of the initial election shall be as follows: the person receiving the highest vote total from the initial election shall serve a term that expires June 1, 2017; the person with the next highest vote total will serve a term that expires June 1, 2016; and the person with the third highest vote total in the initial election will serve a term that expires June 1, 2015. Thereafter, each person elected to the Dayton SAU shall serve a full three year term, with every successive election to be scheduled at the same date as the election for Town Selectman.

2014-2015 Budget: If the withdrawal of Dayton is approved by the voters of Dayton before the RSU 23 budget for fiscal year 2014-2015 is approved, neither Dayton nor the voters of Dayton SAU shall participate in approval of the RSU 23 budget for fiscal year 2014-2015 at either the RSU 23 budget meeting or the RSU budget validation referendum, and shall not vote on whether to continue the budget validation process in RSU 23.

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The Withdrawal Committee anticipates that the Dayton SAU would prepare a 2014-2015 School Year Budget in the winter 2013/spring 2014 if a favorable vote to withdraw occurs in November 2013. The Withdrawal Committee believes this is sufficient time to create a budget, and to submit it for consideration by the Town of Dayton as part of its annual budget review process in Spring 2014.

Q. Superintendent's Agreements/Limitations:

EXISTING AGREEMENTS: Nothing in this Withdrawal Agreement is intended to limit, control or supersede any existing Superintendents' Agreement negotiated by RSU 23 for the 2013-2014 school year, except no such agreements will be entered into by RSU 23 and the Superintendent wherein the terms/obligations extend beyond the 2013-2014 school year, except as otherwise permitted by this Agreement.

GOING FORWARD: After July 1, 2014, only the Dayton SAU, acting by and through its Superintendent, may enter into binding Superintendent's Agreements affecting the Dayton SAU and all such agreements must be expressly disclosed to and approved by the Dayton SAU School Board before they shall take effect, except that nothing in this Withdrawal Agreement is intended or shall be read to bar, limit or impede the choice afforded to parents and guardians pursuant to Section C above.

R. Dispute Resolution:

Any dispute between the Town of Dayton, the Dayton SAU and RSU 23 (hereinafter individually a "Party" or collectively, 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 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 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 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. In the event that the Affected Parties are unable to agree on a mediator within thirty (30) days, or to resolve the dispute

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through mediation within 90 days, then each retains all rights and legal and equitable remedies provided by law. All costs of mediation, except for legal representation, will be shared equally among the parties. Legal costs shall be solely borne by the party incurring them, and no award of legal fees may be made by the mediator.

S. Applicability to Successor School Administrative Units:

Upon approval by the Maine Commissioner of Education, and subject to the conditions set forth in 20-A MRS Section 1466, including subsection 9, as may be amended from time to time, this Agreement shall be binding upon the Town of Dayton, the Dayton SAU, its successors, and RSU 23 and its successors provided the Town vote meets the requirements of Section 1466 (9) as amended. Upon such vote, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan governing Dayton, the Dayton SAU and RSU 23, or their respective successor school administrative units.

T. State and Local Approval/Termination:

This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A MRS §1466(4)(B) and by subsequent approval vote of Dayton's citizens per 20-A MRS Section 1466 (9) as may be amended from time to time. The approval of this Withdrawal Agreement pursuant to Section 1466 4 (B) by the Commissioner constitutes a finding on behalf of the Maine Department of Education that the Essential Programs and Services allocations under 20-A MRS Chapter 606-B for Dayton schools and Dayton resident students, including those attending an RSU 23 school pursuant to Section C above, shall be assigned to the Dayton SAU in accordance with the terms herein.

This Withdrawal Agreement shall remain in effect until such time as it is terminated by mutual written agreement of the governing bodies of RSU 23 and the Dayton SAU, and provided such termination has been reviewed and approved by the Commissioner of the Department of Education.

U. Miscellaneous:

This Agreement may only be amended after its execution by subsequent writing executed by the governing Boards of RSU 23 and the Dayton SAU after they have voted on such amendment and only after such amendment has been reviewed and approved by the Commissioner of the Maine Department of Education. This Agreement may not be

Town of Dayton

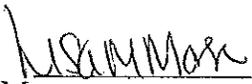
RSU 23 and Town of Dayton Withdrawal Committee

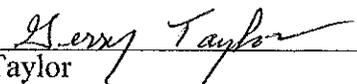
assigned, and it shall be interpreted and governed by the laws of Maine. This Agreement contains the entire agreement between the parties, and there are no other understandings, oral or written, between the parties at the time of the execution of this Agreement. If any provision of this Agreement is deemed invalid or unenforceable, in whole or part, the remaining provisions and parts shall remain effective and in force and effect to the fullest extent permitted by law.

The Withdrawal Committee of the Town of Dayton:


Mildred Tuttle


Michael Polakewich


Lisa Morse


Gerry Taylor

RSU 23


By: _____
Gary Curtis, Chair of the RSU School Unit 23 Board of Directors
Duly Authorized

Approved under 20-A MRS §1466(4)(B)


Maine Department of Education