

Withdrawal Agreement
between Regional School Unit No. 13
and the Town of St. George Withdrawal Committee

This Agreement is by and between Regional School Unit No. 13, a Maine Regional School Unit comprising the municipalities of Cushing, Owls Head, Rockland, South Thomaston, St. George and Thomaston (hereinafter "RSU 13") and the Town of St. George Withdrawal Committee, a duly appointed municipal withdrawal committee for the Town of St. George (hereinafter "St. George") organized in accordance with 20-A M.R.S. § 1466(4)(A).

1. Purposes

The purposes of this Agreement are to:

- A. In accordance with 20-A M.R.S. § 1466, provide for the timely and orderly withdrawal of St. George from RSU 13;
- B. Provide educational continuity for all students residing in St. George;
- C. Fairly allocate responsibility for RSU 13's financial and contractual obligations and other liabilities, and to fairly allocate RSU 13's assets; and
- D. Minimize the disruption to RSU 13's educational programming and services, minimize any cost increases to the taxpayers of both Parties, and provide for the transition of educational responsibilities to the St. George Municipal School Unit.

2. Withdrawal

Pursuant to 20-A M.R.S. § 1466, the Town of St. George ("St. George") shall withdraw from RSU 13 in accordance with the terms of this Agreement as of June 30, 2015, and thereafter shall no longer be a member of RSU 13. As of July 1, 2015 ("the Effective Date"), St. George shall become a separate municipal school unit (hereinafter "the St. George MSU") composed solely of St. George. For the purposes of this Agreement, the term "St. George MSU" shall mean the municipal school unit composed solely of St. George or any school administrative unit that the St. George MSU may join or merge with, or otherwise be included in, as a member.

Upon the Effective Date, the St. George MSU will assume full responsibility for providing a Kindergarten through 12th grade public education for all students residing in the Town of St. George, including those with special education needs. The St. George MSU will operate the St. George School for grades K through 8 in accordance with applicable law.

3. Right to Continued Enrollment and Transportation During First Year After Withdrawal

A. Continued Enrollment. During the first year after withdrawal (i.e., from July 1, 2015, to June 30, 2016), students residing in St. George and RSU 13, including special education students (see Section 5), may attend the school they would have attended had St. George not withdrawn from RSU 13 in accordance with the procedures and policies in place immediately prior to withdrawal and applicable law. During the first year after withdrawal, if a St. George resident

student attends school in RSU 13, or if an RSU 13 resident student attends school in St. George, the school unit where the student resides shall be responsible for the student's transportation to and from school.

B. RSU 13 currently operates an Alternative Education program that is housed at the St. George School and serves students from throughout RSU 13's member municipalities. As of the Effective Date, responsibility for the Alternative Education program will remain with RSU 13, and RSU 13 will identify a suitable location from which to operate the program, whether at the St. George School (by separate agreement) or elsewhere. During the first year after withdrawal, St. George students who otherwise would have attended the Alternative Education program had St. George not withdrawn may attend that program through RSU 13 upon the payment of tuition as set forth in subsection D.

C. Termination of Right. A student's right to continue to be educated at schools as set forth in Subsection A above may be discontinued to the extent provided by law, including without limitation for reasons of suspension, expulsion, out-of-district placement, or enrollment in another public or private school.

D. Tuition. The tuition rates during the first year following withdrawal shall be as follows: The tuition rate for elementary students shall be the rate calculated under 20-A M.R.S. § 5804(1). The tuition rate for secondary students shall be the rate calculated pursuant to 20-A M.R.S. § 5805(1). The number of students shall be the average number of students on October 1st and April 1st of the school year. Pursuant to 20-A M.R.S. § 1466(4)(A)(1), as applicable, the tuition rates during the first year after withdrawal are not subject to any statewide average per pupil cost limitation.

RSU 13 will invoice St. George for the number of St. George students enrolled in RSU 13 during the school year on a monthly basis, with reconciliation after the Department of Education sets final tuition rates and during the fiscal year in which the tuition costs are incurred. Payments shall be due thirty (30) days after billing. Installments not paid by the due date shall bear interest at the legal rate pursuant to Title 14, Section 1602 and 1602-A, until paid in full, and shall be subject to the remedies provided in 20-A M.R.S. § 5810.

The elementary and secondary tuition rates do not include transportation costs, special education and 504/ADA costs (see Section 6), or, as applicable, costs charged by Region 8 Mid-Coast School of Technology pursuant to its cooperative agreement.

E. Eligibility for Scholarships, Benefits and Programs. During the first year after withdrawal, any St. George resident student attending an RSU 13 school and any resident RSU 13 student attending the St. George School in accordance with this Agreement shall be entitled to participate in any extra-curricular or after school program, special curriculum offering (including gifted/talented programs), scholarship program or other benefit or program applicable to other students of the school the student is attending.

4. Education of St. George Resident Students after First Year of Withdrawal

A. For the education of St. George resident students in grades K through 8, during the ten-year period following withdrawal, the St. George MSU will provide educational programming at the St. George School or shall enter into a "school of record" tuition contract approved by the

Department of Education that provides for the education of its students in any of those grades not served by a St. George MSU school.

B. For the education of students in grades 9 through 12, during the ten-year period following the withdrawal, St. George has entered into a "school of record" tuition contract with RSU 40 attached hereto as **Exhibit A** and made part of this Agreement. St. George will also offer students in grades 9 through 12 the opportunity to attend an established list of secondary schools, including RSU 13, on a tuition basis.

5. Education of St. George Students at RSU 13 after First Year of Withdrawal; Tuition Agreement

A. Right of Attendance. For the education of St. George students in grades 9 through 12 after the first year of withdrawal, RSU 13 shall accept said students on a tuition basis, with tuition to be calculated in accordance with subsection B of this Section, except as the provisions of subsection D of this Section may apply for special education students. This tuition agreement shall continue through the 2025-2026 school year unless otherwise terminated as provided herein. During the ten-year period of this tuition agreement, the St. George MSU shall place no limits on the number of its students that may attend RSU 13, nor shall it restrict the ability of St. George resident students for whom the St. George MSU does not maintain grades to choose to attend RSU 13 schools.

B. Tuition. The Town of St. George shall pay tuition for St. George resident students attending RSU 13 schools in accordance with this Section. Tuition shall be paid at 110% of the rate calculated pursuant to 20-A M.R.S.A. § 5805(1). In addition to a student's tuition, RSU 13 may charge a debt service factor, in an amount not to exceed 10% of the tuition amount calculated pursuant to 20-A M.R.S.A. § 5805(1), for any newly incurred capital outlay or debt service related to new construction at the RSU 13 school that the student attends. The debt service factor must be limited to a period of time not to exceed RSU 13's repayment period for newly incurred capital outlay or debt service. The percentage of the debt service factor must be proportional to the cost of the project and the number of tuition students, and shall be approved by the Commissioner of Education.

RSU 13 will invoice St. George for the number of St. George students enrolled in RSU 13 during the school year on a monthly basis, with reconciliation after the Department of Education sets final tuition rates and during the fiscal year in which the tuition costs are incurred. The number of students invoiced shall be the average number of students on October 1st and April 1st of the school year. Payment shall be due thirty (30) days after billing. Installments not paid by the due date shall bear interest at the legal rate pursuant to Title 14, Section 1602 and 1602-A, until paid in full, and shall be subject to the remedies provided in 20-A M.R.S. § 5810.

C. Number of Students. For the 2016-2017, 2017-2018, and 2018-2019 school years, RSU 13 shall accept secondary students from St. George in accordance with this agreement. If St. George does not actually send at least 25 students to RSU 13 during these said years, RSU 13 may charge and St. George shall pay tuition on the difference between the number of students actually attending and the lesser of 25 or the limit, if any, imposed as provided herein on the number of St. George students that may be enrolled in RSU 13 schools. Upon two years' written notice to the St. George MSU, RSU 13 may limit the number of St. George students it will enroll

under this Agreement. Such limit must be based on the actual limitations on the capacity of students at the RSU 13 secondary school. If such a limit is imposed, any St. George secondary student enrolled in RSU 13 as of the notice date shall have the continued right to attend his or her RSU 13 school through graduation.

D. Eligibility for Scholarships, Benefits and Programs. Any St. George resident student attending an RSU 13 school in accordance with this Section shall be entitled to participate in any extra-curricular or after school program, special curriculum offering (including gifted/talented programs), scholarship program or other benefit or program applicable to other students attending the RSU 13 school. Costs and/or fees, if any, for such programs and offerings shall be paid by St. George resident students to the same extent that such costs and/or fees are paid by RSU 13 students.

E. Cancellation. Either party may cancel the application of this Section 5 effective at the end of a fiscal year upon two years' prior written notice to the other party. In the event of cancellation by either party, St. George students attending RSU 13 schools in grades 9 or 10 as of the cancellation notice date shall have the right to elect to continue their education at RSU 13 schools through their graduation date. The tuition and other provisions specified herein shall apply to such students.

6. Special Education/504 Students

A. St. George Special Education/504 Students Attending RSU 13 Schools

Following the first year after withdrawal, special education and Section 504 placement obligations for St. George resident students shall be the responsibility of the St. George MSU.

i. Placement and Planning. For students residing in St. George and attending RSU 13 schools pursuant to this Agreement, RSU 13 shall provide all special education services required by the IEP prepared by each student's IEP Team to the extent that RSU 13 has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Decisions about whether RSU 13 can implement the terms of the IEP, and whether RSU 13 has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by RSU 13 after a careful review of the IEP for the student. In no event shall RSU 13 refuse to provide needed special education services as provided in the IEP for students residing in St. George who are permitted to attend RSU 13 schools under this Agreement, except for student removals of more than 10 cumulative days in the school year, when a student has been properly expelled from RSU 13, or when RSU 13 has determined that it cannot provide an appropriate program or placement for a student.

The St. George MSU's Director of Special Education Services (or designee) shall represent the St. George MSU for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for St. George students attending RSU 13 schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the IEP Team, the St. George MSU's representative at that Team meeting shall make the decisions on those issues, subject to parental due process rights in relation thereto. RSU 13 personnel will work cooperatively with the St. George MSU's representative, and, upon request will provide the St. George 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 St. George MSU's representative shall provide input to RSU 13's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of St. George students attending RSU 13 schools or perceived deficiencies in IEP implementation. RSU 13 shall consider that input in good faith and shall respond in an appropriate manner consistent with the terms of this Agreement.

ii. Special Education and 504 Costs. 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 St. George MSU, in addition to the tuition payments required under this Agreement, shall be responsible for the actual costs of special education for St. George students attending RSU 13, including special education transportation costs and costs for facilities modifications required to accommodate a St. George student, to the extent that such costs are not included in the calculation of the tuition rate under 20-A M.R.S. §§ 5804 and 5805(1) and regardless of whether the costs qualify for state subsidy. For purposes of this Section 5, special education shall include non-special education 504/ADA plans and services and special education costs shall include costs of non-special education 504/ADA plans and services and reasonable attorneys' fees incurred by RSU 13 in connection with disputes over delivery of special education services and/or Section 504/ADA plan services for individual St. George resident students. RSU 13 shall provide an itemized invoice to the St. George MSU for such special education costs during the fiscal year in which the special education costs are incurred.

B. RSU 13 Special Education/504 Students Attending St. George MSU Schools

i. Placement and Planning. For students residing in RSU 13 and attending St. George MSU schools during the first year after withdrawal pursuant to this Agreement, the St. George MSU shall provide all special education services required by the IEP prepared by each student's IEP Team to the extent that the St. George MSU has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Decisions about whether the St. George MSU can implement the terms of the IEP, and whether the St. George MSU has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by the St. George MSU after a careful review of the IEP for the student. In no event shall the St. George MSU refuse to provide needed special education services as provided in the IEP for students residing in RSU 13 who are permitted to attend St. George MSU schools under this Agreement, except for student removals of more than 10 cumulative days in the school year, when a student has been properly expelled from the St. George MSU, or when the St. George MSU has determined that it cannot provide an appropriate program or placement for a student.

RSU 13's Director of Special Education Services (or designee) shall represent RSU 13 for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for RSU 13 students attending St. George MSU schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the IEP Team, RSU 13's representative at that Team meeting shall make the decisions on those issues, subject to parental due process rights in relation thereto. St. George MSU personnel

will work cooperatively with RSU 13's representative, and, upon request will provide RSU 13's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. RSU 13's representative shall provide input to the St. George MSU's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of RSU 13 students attending St. George MSU schools or perceived deficiencies in IEP implementation. The St. George MSU shall consider that input in good faith and shall respond in an appropriate manner consistent with the terms of this Agreement.

Following the first year after withdrawal, special education and Section 504 placement obligations for RSU 13 resident students shall be the sole responsibility of RSU 13.

ii. Special Education and 504 Costs. 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), RSU 13, in addition to the tuition payments required under this Agreement, shall be responsible for the actual costs of special education for RSU 13 students attending St. George MSU schools, including special education transportation costs and costs for facilities modifications required to accommodate the students, to the extent that such costs are not included in the calculation of the tuition rate under 20-A M.R.S. § 5804(1) and regardless of whether the costs qualify for state subsidy. For purposes of this Section 5, special education shall include non-special education 504/ADA plans and services and special education costs shall include costs of non-special education 504/ADA plans and services and reasonable attorneys' fees incurred by the St. George MSU in connection with disputes over delivery of special education services and/or Section 504/ADA plan services for individual RSU 13 resident students. The St. George MSU shall provide an itemized invoice to RSU 13 for such special education costs during the fiscal year in which the special education costs are incurred.

7. The St. George MSU to Become a Member of Region 8 Mid-Coast School of Technology.

Upon withdrawal, the St. George MSU shall, in concert with the Department of Education and the Region 8 Cooperative Board, take necessary steps to become a member of Region 8 Mid-Coast School of Technology through legislative amendment of 20-A M.R.S. § 8451(2)(G). Until such time as the St. George MSU becomes a member of Region 8, the St. George MSU shall be responsible for Region 8 costs attributable to St. George resident student counts pursuant to the Region 8 cost sharing formula. The Region 8 Cooperative Agreement is attached hereto as **Exhibit B** and made part of this Agreement.

8. Need for School Construction

The withdrawal of St. George from RSU 13 will not cause a need within 5 years from the Effective Date for school construction projects that would be eligible for state funds. This does not include a need for a school construction project that existed prior to the Effective Date or a need that would have arisen even if St. George had not withdrawn. Any school construction or renovation by the St. George MSU shall be at its sole expense.

9. Transportation

As of the Effective Date, RSU 13 shall have no responsibility regarding the transportation of students residing in St. George. As of the Effective Date, the St. George MSU shall assume the full responsibility and cost for transportation of all St. George resident students, including those students attending RSU 13. For St. George resident students attending RSU 13 schools under this Agreement, the St. George MSU shall provide transportation for those students to the RSU 13 schools that they attend. RSU 13 shall assume responsibility for transportation of any RSU 13 students attending the St. George School during the first year following withdrawal.

10. Allocation and Distribution of Outstanding Indebtedness

As of the date of this Agreement, the outstanding bonds and notes issued or assumed by RSU 13 and related to real property are listed in the table below:

Date Issued	Amount Issued	Issuer	Purpose	Outstanding Principal as of Effective Date	Maturity Date
5/27/1999	\$1,582,500	SAD 5	South School (state subsidized)	\$0	11/01/14
5/29/1997	\$2,760,000	SAD 50	St. George School (state subsidized)	\$414,000	11/1/2017
5/28/1998	\$4,800,000	SAD 5	Middle School	\$960,000	11/1/2018
3/27/2002	\$2,225,000	SAD 50	Cushing School	\$778,750	11/1/2021
5/23/2013	\$500,000	RSU 13	Various, including St. George School	\$450,000	11/1/2023

The debts of Maine School Administrative District No. 5 ("SAD 5") and Maine School Administrative District No. 50 ("SAD 50") were assumed by RSU 13 as a part of RSU 13's Reorganization Plan. The Parties recognize that the voters of RSU 13 (including the voters of St. George), upon reorganization, agreed to assume the debts of SAD 5 and SAD 50 with the understanding that all member municipalities would contribute to the payment of debt service. Similarly, the voters of RSU 13, after reorganization, agreed to issue debt as a regional school unit with the understanding that all member municipalities would contribute to the payment of debt service.

Pursuant to 20-A M.R.S. § 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; however, a withdrawal agreement may provide for alternate means for retiring outstanding indebtedness.

A. Debt Service on St. George School. In 1997, SAD 50 issued a bond for the St. George School that was approved for purposes of state debt service subsidy (the "1997 Bond"). As of

the Effective Date, RSU 13 will owe \$414,000 in principal plus interest on this indebtedness. After the Effective Date, the St. George MSU will pay RSU 13 its State-calculated allocable share of any remaining debt service on the 1997 Bond.

At the time SAD 50 issued the 1997 Bond, it executed an Arbitrage and Use of Proceeds Certificate (attached as **Exhibit D**), 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 1997 Bond would retain its tax exempt status. Upon the transfer of the St. George School to the St. George MSU, the St. George MSU shall be responsible for these certifications and representations. By this Agreement, the St. George MSU agrees to be fully bound by all of the terms of the Arbitrage and Use of Proceeds Certificate, excluding provisions requiring continued ownership of the St. George School by SAD 50 but including without limitation the following provision:

The school construction project at the St. George School (the "Project") is and will be owned by [Maine School Administrative District No. 50 (the "Unit")] and will not be leased to any person who is not a state or local government unit. The Unit has not and will not enter into any contracts or other arrangements including without limitation, management contracts, capacity guarantee contracts, take or pay contracts or put or pay contracts, with persons who are not state or local governments pursuant to which such persons have a right to use or make use of the Project on a basis not available to members of the general public.

B. Other Outstanding Indebtedness of RSU 13. The remaining outstanding debt of RSU 13—including the bonds issued on May 28, 1998, March 27, 2002, and May 23, 2013—is not approved for state subsidy, and RSU 13 shall remain intact for the purpose of securing and retiring the debt. As an alternate means of retiring St. George's share of this indebtedness, St. George shall pay RSU 13 a percentage of the remaining principal and interest payments due on those bonds, which percentage shall be calculated as the average of the Town of St. George's share of RSU 13's **additional** local funds for the **five** fiscal years beginning 2009-2010 and ending 2013-2014 (the "St. George Percentage Share"). The Parties agree that the St. George Percentage Share equals 24.57%. RSU 13 shall invoice St. George for its share of the principal and interest payments according to the regular payment structure on each bond, until the debt is retired.

C. Opinion Required by Bond Bank. To the extent requested by the Maine Municipal Bond Bank (the "Bond Bank") with respect to outstanding bonds issued by SAD 5, SAD 50, and RSU 13 and held by the Bond Bank, RSU 13 shall have its bond counsel prepare and submit an opinion to the Bond Bank that this Agreement does not affect the Bond Bank's substantive rights to enforce the terms of such outstanding bonds. The St. George MSU shall reimburse RSU 13 its legal cost for this opinion of bond counsel.

D. Assumption of Debt Related to Property Transferred to St. George. The St. George MSU agrees to assume and pay and fully comply with the terms, including tax covenants, of any other indebtedness, including bonds, notes, or lease purchase agreements for equipment or other personal property that serves or is related to the St. George School whether or not identified and provided for herein. A schedule of such equipment and personal property is attached hereto as

Exhibit E. To the extent such other existing indebtedness also covers equipment or other personal property that serves or relates to RSU 13 schools, the St. George MSU shall comply with the terms and conditions of the same, shall not exercise any right of nonappropriation without the consent of RSU 13, and shall promptly pay the invoices of RSU 13 for an equitable pro rata share of each payment obligation based upon cost of the equipment that serves or is related to the St. George School.

11. Financial Commitments for Bonds or Notes Issued after Approval of Withdrawal and Prior to the Effective Date

If St. George votes to withdraw from RSU 13, during the period between the date of certification of that vote and the Effective Date, pursuant to applicable provisions of law (including without limitation sections 5721, 5724(4) and 5772 of Title 30-A), St. George shall have the responsibility to issue such debt (including lease purchase agreements) as it deems necessary to make unexpected or emergency repairs, or other renovations as it deems necessary, to the St. George School. If St. George issues a bond or note or enters into a lease purchase agreement for such repairs, renovations, or upgrades, these obligations shall be issued in the name of St. George and shall be the sole responsibility of St. George with no contribution from RSU 13. Until the school is transferred to the St. George MSU, the parties shall reasonably cooperate to complete the financed renovations, upgrades, or repairs to effect the same without unnecessarily interfering with the operation of the school.

In addition, if St. George votes to withdraw from RSU 13, during the period between the date of certification of that vote and the Effective Date, RSU 13 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at RSU 13 schools and for other purposes. During this period of time, RSU 13 agrees not to issue such obligations for the St. George School. Pursuant to 20-A M.R.S. § 1466(16), RSU 13 will remain intact for purposes of retiring and securing such indebtedness. As an alternate means of retiring such obligations, RSU 13 hereby agrees to assume, and at its own expense to pay, such obligations entirely from its own funds with no contribution or participation from the St. George MSU (except for any debt service factor supplementing tuition as described herein, to the extent applicable).

To the extent that any obligation may be issued by RSU 13 for current operating expenses during FY 2014-2015, including tax and revenue anticipation notes, the obligation shall be a general obligation of RSU 13 payable from ad valorem taxation in all of its member municipalities, including the Town of St. George.

12. Allocation and Distribution of Other Long-Term Financial Commitments

A. Long-Term Individual Employment Contracts. RSU 13 employs administrative and central office individuals on a long-term basis for the following positions: Superintendent, Director of Special Education, Business Manager, Maintenance and Transportation Director, Director of School Improvement and Athletic Director. The long-term nature of contracts for these positions is necessitated by labor market forces, and the contracts are based on the anticipated needs of RSU 13 as it is constituted. Therefore, as of the Effective Date, the St. George MSU shall be responsible to pay the St. George Percentage Share of the costs of these employees for the duration of their employment contracts. However, the St. George MSU shall not be responsible for costs of RSU 13 long-term employment contracts to the extent that they

extend beyond the 2016-2017 fiscal year, or to the extent they are extended or entered into after the date that voter approval of this Agreement is certified. RSU 13 shall not accelerate its normal contract negotiation or hiring procedures in order to enter new contracts prior to the date that voter approval of this Agreement is certified.

The St. George MSU shall be responsible at its own expense to contract for any long-term individual employment contracts it may require, including, if applicable, a principal, a superintendent of schools, a director of special education, and other administrative and central office positions referenced above.

B. Vendor Contracts. RSU 13 has entered into long-term vendor contracts and agreements for products and services, including without limitation, copier services and maintenance, HVAC maintenance, and consulting services. These contracts are listed in **Exhibit F**. To the extent possible, the parties shall issue replacement agreements with vendors to separately cover each party's respective equipment and/or services.

The St. George MSU agrees to assume and be solely liable for and at its own expense to pay any amounts that come due on or after the Effective Date under any such contracts and agreements to the extent related to maintenance, care and servicing of the St. George School or equipment and other tangible personal property located at or servicing the St. George School. To the extent such existing contracts and agreements also cover facilities or assets retained by RSU 13 and cannot be separated between the Parties, the St. George MSU shall comply with the terms and conditions of the same, shall not exercise any right of non-appropriation without the consent of RSU 13, and shall promptly pay invoices of RSU 13 for an equitable pro rata share of each payment obligation. Licensing and software agreements are covered in Section 17(B).

13. Contingent Liabilities.

A. Future Claims. The Parties acknowledge that RSU 13 may be liable for future legal claims based on incidents arising prior to the Effective Date, when St. George was a member of RSU 13. The St. George MSU shall be responsible for and agrees to pay the St. George Percentage Share of RSU 13's costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that RSU 13's costs, expenses, damages, and other losses are not covered by insurance or other sources. RSU 13 shall give written notice of such claims to the St. George MSU within 30 days after RSU 13 receives notice of a claim. RSU 13 shall regularly update the St. George MSU regarding the status of such claims, and shall consult with the school committee or as applicable the superintendent of the St. George MSU before entering into a settlement of such claims.

B. Audits. In the event that RSU 13 becomes the subject of a federal or state audit for a period when St. George was a member of RSU 13 and as a result of such audit, RSU 13 becomes subject to any payment obligation or withholding by federal or state authority, then the St. George MSU shall reimburse RSU 13 for the St. George Percentage Share of the amount of such payment obligation or withholding relating to the period when St. George was a member of RSU 13 including without limitation, any interest and penalties thereon, within thirty (30) days of any such payment by RSU 13 or any such withholding from RSU 13. If, as a result of such audit, RSU 13 receives any rebate, refund, credit or overpayment from any federal or state authority, then RSU 13 shall reimburse the St. George MSU for the St. George Percentage Share of such

rebate, refund, credit or overpayment within thirty (30) days of receipt of any such payment or credit to RSU 13.

14. Collective Bargaining Agreements

A. The collective bargaining agreements listed in **Exhibit G**, attached hereto, currently pertain to RSU 13 employees that will be employed by the St. George MSU following withdrawal from RSU 13.

B. Collective bargaining agreements listed above that are in effect on the Effective Date and that expire after the Effective Date shall, to the extent they cover employment positions that will be included in the St. George MSU, be assigned to and assumed by the St. George MSU as of the Effective Date.

C. If withdrawal from RSU 13 is approved by the voters of the Town of St. George, upon certification of that vote, the RSU 13 Board shall have no further authority to bargain with respect to employment positions to be assigned to the St. George MSU for any period following the Effective Date.

D. If any collective bargaining agreement covering employment positions to be assigned to the St. George MSU has expired and no successor agreement has been executed as of the Effective Date, the St. George 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 St. George MSU until such time as the Town of St. George has entered a new agreement.

E. Employees occupying employment positions that are included in existing bargaining units and are assigned to the St. George MSU shall continue to be represented by the bargaining agents representing them before the Effective Date.

F. A list of employees and positions to be assigned to the St. George MSU is attached to this Agreement as **Exhibit H**. RSU 13 shall update this list to June 30, 2015, and the updated list shall be attached to and incorporated into this Agreement as **Replacement Exhibit H**.

G. As of the date of this Agreement, several RSU 13 employees are assigned to the St. George School on a part-time basis. On the Effective Date, such RSU 13 employees who work more than 50% of their average work week at the St. George School shall become employees of the St. George MSU, and RSU 13 employees who work less than 50% of their average work week at the St. George School shall become employees of RSU 13. The allocation of these employees is detailed in **Exhibit H**. This Agreement neither requires nor precludes the St. George MSU and RSU 13 from entering into any agreement(s) to share the services of any employee(s), and such agreement(s) may allocate responsibilities and liabilities for employees in a manner that differs from that set forth herein.

15. Continuing Contract Rights under Section 13201

A. The Town of St. George's withdrawal from RSU 13 will not affect the continuing contract rights of teachers under 20-A M.R.S. § 13201. On the Effective Date, all continuing contract teachers to be assigned to the St. George School under this Agreement, and having a right to

continued employment as of the Effective Date, shall become continuing contract teachers of the St. George MSU.

B. The St. George MSU shall credit probationary teachers assigned to the St. George School who become employees of the St. George MSU with prior consecutive years of probationary service, if any, that they accumulated as employees of RSU 13. A list of continuing contract teachers and probationary teachers with their number of years of service toward continuing contract status, to be assigned to the St. George MSU is attached as Exhibit I. This list shall be updated to the Effective Date, by the St. George MSU School Committee, upon consultation with the RSU 13 Superintendent, and the updated list shall be provided to RSU 13 and attached to and incorporated into this Agreement as Replacement Exhibit I.

16. Sharing of Staff and Services

Nothing in this Agreement requires or precludes the sharing of teachers, administrative or other staff or services pursuant to any separate agreement entered into by the St. George MSU and RSU 13.

17. Disposition of Real and Personal Property and Reimbursements

The St. George MSU shall be responsible for the cost, including any attorneys' fees, for all recording, registration and filing fees; and all transfer, re-titling, inspection and other taxes, fees or charges of any governmental authority to effectuate the transfer of any property pursuant to this Agreement. All transfers and assignments of property under this Agreement shall be without warranty or covenant of title of any kind, and subject to rights and interests of lessors, lessees, secured parties, and others, if any, whether or not recorded or filed of record.

A. Real Property. RSU 13 shall convey all of its right, title, and interest in and to all real property and fixtures located in the Town of St. George that were deeded to RSU 13 upon its formation to the Town of St. George by quitclaim deed, dated May 27, 2009, and recorded in the Knox County Registry of Deeds at Book 4123, Page 181. RSU 13 shall be responsible for preparing the deed and for the costs of that preparation.

B. Personal Property. RSU 13 agrees that any and all personal property located in or on the premises of the St. George School, or used exclusively for St. George school programs, as of the Effective Date, including but not limited to moveable equipment, computers and other technological equipment, furnishings, textbooks and other curriculum materials, supplies and inventories, will become the property of the St. George MSU upon the Effective Date. The St. George MSU may require such assignments, bills of sale or other instruments of transfer that are reasonably necessary to transfer RSU 13's right, title and interest in such personal property without warranty or covenant of any kind, provided that if the St. George MSU requires an itemized list of property for attachment to a bill of sale or other instrument, it shall prepare that list at its expense for RSU 13 approval.

As of the Effective Date, license agreements and software for the direct operation of the St. George School and equipment and other tangible personal property transferred under this Agreement shall be assigned by RSU 13 to the St. George MSU to the extent permitted by the terms of the licensing or software agreements, and to the extent such transfer is permissible under the terms of such agreements without imposition of any additional fee or cost to RSU 13

or any limitation or restriction on RSU 13's use of such license or software agreement in connection with RSU 13's other facilities, equipment and operations. For purposes of the preceding sentence, "direct operation" does not include RSU 13's software and licenses pertaining to its central office operations serving its schools, including the St. George School. The St. George MSU shall be responsible for purchasing all of its central office licenses and software, including accounting software. Any transfers of software and license agreements are further subject to the terms and conditions of such agreements, which the St. George MSU assumes and agrees to pay.

C. School Buses and Vehicles. Upon the Effective Date, RSU 13 shall transfer title to three buses to the Town of St. George. Descriptions of the vehicles to be transferred are set forth in Exhibit J to this Agreement. If any vehicle transferred pursuant to this Agreement is subject to lease financing, the St. George MSU shall assume the lease, if possible, or be responsible for paying the remaining lease obligation on the bus. The St. George MSU shall be entitled to receive any state school bus purchase subsidy associated with any lease payments made by the St. George MSU for any bus transferred pursuant to this agreement.

D. Scholarship and Trust Funds. Scholarship and trust funds held by RSU 13 that have been established for the exclusive benefit of the Town of St. George or its resident students shall be transferred to the St. George MSU subject to any applicable requirements. The Parties are not aware of any such funds.

E. Consumables and Supplies. RSU 13 shall continue to supply the St. George School with consumables and supplies, including heating fuels, as needed up to the Effective Date.

In accordance with 20-A M.R.S. § 1466(19), the RSU 13 School Board has determined that its educational program will not be disrupted solely because of the transfer of any property to the St. George MSU pursuant to this Agreement.

18. Undesignated Fund Balance

Within thirty (30) days of a finalized audit for FY 2014-2015, RSU 13 shall pay to the St. George MSU the St. George Percentage Share of RSU 13'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 13 had a negative undesignated fund balance as of June 30, 2015, then within thirty (30) days of the finalized audit, the St. George MSU shall pay RSU 13 the St. George Percentage Share of the amount of the negative fund balance.

19. RSU 13 Reserve Funds

Within thirty (30) days of a finalized audit for FY 2014-2015, RSU 13 shall pay to the St. George MSU the St. George Percentage Share of the total balance of all reserve accounts as of the close of the 2014-2015 fiscal year.

20. Transition of Administration and Governance

It is the intent of the parties that the vote to approve this Withdrawal Agreement will occur in the November 2014 statewide election, and that the process to form the St. George MSU will begin

immediately following an affirmative vote to withdraw. In the event this Agreement is approved, the administration and governance of education for St. George resident students will be transferred from RSU 13 to the St. George MSU as of the Effective Date. Upon approval of this Agreement, the Town of St. George will provide for the election of a school committee in accordance with state law. Said school committee will have the responsibility to develop an operating budget for the 2015-2016 fiscal year, to hire necessary administrative staff (including a part-time superintendent), to enter into agreements for services to be provided to the St. George MSU, and to accomplish the transfer of property, assets and debt liabilities from RSU 13 to the Town of St. George. If the withdrawal of the Town of St. George from RSU 13 is approved, the voters of the Town of St. George shall not participate in approval of the RSU 13 budget for fiscal year 2015-2016 at either the RSU 13 budget meeting or the RSU 13 budget validation referendum, and shall not vote on whether or not to continue the budget validation referendum process in RSU 13.

21. Amendment

This Agreement may be amended by mutual written agreement of the school boards of RSU 13 and the St. George MSU. Any amendment to this Agreement shall require the written approval of the Commissioner of the Maine Department of Education.

22. State and Local Approval

This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A M.R.S. § 1466(4)(B) and approval of the withdrawal by affirmative vote of the Town of St. George. Approval of this Agreement requires a majority vote of those casting valid votes in the Town, and the total votes for and against withdrawal must equal or exceed 50% of the total number of votes cast in the Town for the last gubernatorial election. 20-A M.R.S. § 1466(9).

23. Additional Considerations

A. Superintendents' Agreements. Nothing in this Agreement shall limit the availability or use of Superintendents' Agreements with respect to students of RSU 13 and the St. George MSU.

B. Dispute Resolution. Any dispute between the Town of St. George and RSU 13 (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. Either Party may give written notice of a dispute arising out of or related to this Agreement the other Party in person or by certified mail, return receipt requested. The 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 noticed Party. If the dispute has not been resolved within thirty (30) days, either Party may serve written notice on the other Party of a request for mediation. The mediation shall be conducted in Maine by a mediator mutually agreeable to the 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. The Parties shall share the cost of the mediator, but each shall bear its own costs related to mediation. If the Parties are unable to resolve the dispute through mediation, then each retains all rights and legal and equitable remedies provided by law, including the right to initiate and pursue litigation.

D. Applicability to Successor School Administrative Units. Upon approval by the Maine Commissioner of Education and by affirmative vote of the Town of St. George to approve this Agreement for withdrawal from RSU 13, this Agreement shall be binding upon the Town of St. George, the St. George MSU and any successor school administrative units that the St. George MSU may join, merge with, or otherwise be included as a member, and upon RSU 13 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which the Town of St. George, the St. George MSU, RSU 13, or their respective successor school administrative units are or become a party.

24. Miscellaneous

This Agreement may not be assigned and shall be interpreted, governed, construed, and enforced in accordance with the laws of State of Maine, without regard to any of its conflict of laws principles.

This Agreement contains the entire agreement between the Parties in relation to its subject matter, and there are no other agreements or understandings, oral or otherwise, between the Parties at the time of execution of this Agreement.

Each Party represents that its signatories to this Agreement are duly authorized by that Party to execute this Agreement and in so doing to bind that Party to its terms.

The headings and subheadings of the sections and paragraphs of this Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the agreements, terms, covenants and conditions of this Agreement in any manner.

If any provision(s) of this Agreement is determined to be invalid or unenforceable in whole or in part for any reason, such provision(s) shall be severed and the Parties shall negotiate in good faith to amend this Agreement so as to effect the original intent of the Parties as closely as possible. The remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the full extent permitted by law.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same Agreement.

List of Exhibits:

Exhibit A - RSU 40 10-Year Tuition Agreement

Exhibit B - Region 8 Cooperative Agreement

Exhibit C - Reserved

Exhibit D - Arbitrage and Use of Proceeds Certificate for M.S.A.D. No. 50 \$2,760,000
Registered School Bond issued May 29, 1997

Exhibit E - Schedule of St. George Equipment and Personal Property subject to payments

Exhibit F - Schedule of RSU 13 Long-Term Vendor Contracts

Exhibit G - Schedule of RSU 13 Collective Bargaining Agreements

Exhibit H - Schedule of Employees and Positions to be Assigned to the St. George MSU

Exhibit I - Schedule of Continuing Contract Teachers and Probationary Teachers

Exhibit J - Schedule of School Buses and Vehicles to be Transferred to the St. George MSU

Signed this 20th day of August, 2014.

WITHDRAWAL COMMITTEE OF THE TOWN OF ST. GEORGE:

William D. Penland

James G. Goff

Sherman Hoyt

Terrence Roll

Countersigned this 12 day of August, 2014.

REGIONAL SCHOOL UNIT NO. 13

Steven Roberts

Steven Roberts

Chair of the School Board

as duly authorized by vote of the RSU 13 Board of Directors

Approved this _____ day of _____, 2014.

James E. Rier, Jr.

James E. Rier, Jr.

Commissioner, Maine Department of Education