

WITHDRAWAL AGREEMENT

By and Between

Town of West Bath Withdrawal Committee and

Regional School Unit No. 1

THIS AGREEMENT dated as of November 13, 2014, by and between the **Town of West Bath Withdrawal Committee**, a duly appointed municipal withdrawal committee representing the Town of West Bath (hereinafter "West Bath" or the "Town") organized in accordance with 20-A M.R.S. § 1466(4)(A), and **Regional School Unit No. 1**, a Maine regional school unit comprised of the municipalities of Arrowsic, Bath, Phippsburg, West Bath, and Woolwich (hereinafter "RSU 1," "RSU," or the "District").

1. **Purposes.** The purposes of this Agreement are:

a. To provide for the timely and orderly withdrawal of West Bath from RSU 1 as required by 20-A M.R.S. § 1466;

b. To provide educational continuity for those students residing in West Bath who wish to continue their education with RSU 1 as provided in Section 3 below; and

c. To allocate RSU 1's financial and contractual obligations, and its assets, between RSU 1 and the new administrative unit that includes, or is comprised solely of, West Bath, as of the effective date of West Bath's withdrawal in a manner that fairly takes into account the continuing educational needs of students, the continuity of educational programs, and the goal of mitigating where possible increases in property taxes as a result of the withdrawal.

2. **Withdrawal.** Pursuant to 20-A M.R.S. § 1466, the Town shall withdraw from RSU 1 in accordance with the terms of this Agreement as of June 30, 2015, and thereafter shall no longer be a member of RSU 1. As of July 1, 2015, the Town shall become a separate municipal school administrative unit comprised solely of the Town of West Bath (hereinafter, "New West Bath SAU"), until and unless the Town joins, merges with or otherwise is included in another school administrative unit.

3. **Provision for Educational Services.**

a. **Grade K-5 Students.** The Town will continue to provide educational services for its grade K-5 students, including those with special education needs, in the same manner that educational services were provided prior to West Bath joining RSU 1. West Bath has a K-5 school, the West Bath School, and education for the vast majority of grade K-5 students will continue to be provided within the West Bath School, including special education services, resource room, self-contained and many options in the individual grade classrooms. If needed, alternatives will be made available including, without limitation, tutoring and placements outside of West Bath pursuant to Superintendent's agreements.

b. Right to Continued Enrollment (2015-2016).

i. During the first year after withdrawal (*i.e.*, from July 1, 2015 to June 30, 2016), students residing in West Bath may attend the RSU 1 school that they would have attended if West Bath had not withdrawn from RSU 1 in accordance with 20-A M.R.S. § 1466(4)(A)(1). The Superintendents of RSU 1 and the New West Bath SAU shall determine this enrollment in accordance with applicable law. A student's right to continue to be educated at RSU 1 schools during the 2015-2016 school year may be discontinued to the extent provided by law, including without limitation suspension, expulsion, out-of-district placement, or enrollment in another public or private school. Accordingly, for the first year following withdrawal, West Bath students may attend the school they would have attended if West Bath had not withdrawn from the RSU.

ii. During the first year after withdrawal (*i.e.*, from July 1, 2015 to June 30, 2016), RSU 1 students residing in municipalities other than West Bath who were enrolled at the West Bath School as of the date of withdrawal (*i.e.*, June 30, 2015) may continue to attend the West Bath School. A student's right to continue to be educated at the West Bath School during the 2015-2016 school year may be discontinued to the extent provided by law, including without limitation suspension, expulsion, out-of-district placement, or enrollment in another public or private school.

c. Right to Continued Enrollment (2016-2025).

i. Following the first year after withdrawal (*i.e.*, beginning July 1, 2016), all West Bath students may choose to attend any middle or secondary school that suits their educational goals or desires at which they are accepted. However, by this Agreement, RSU 1 agrees to accept West Bath middle school and high school students as tuition students throughout the 10-year period from the effective date of withdrawal until June 30, 2025. The New West Bath SAU shall notify RSU 1 by March 1 annually of the projected number of students who intend to attend an RSU 1 middle school or secondary school.

ii. Following the first year after withdrawal (*i.e.*, beginning July 1, 2016), any West Bath students who were attending an RSU 1 elementary school (K-8) as of the date of withdrawal (*i.e.*, June 30, 2015) may choose to continue attending that school up to the highest grade offered at that school.

iii. Following the first year after withdrawal (*i.e.*, beginning July 1, 2016), West Bath students may choose to attend RSU 1 elementary schools (K-8) as tuition students. By this Agreement, RSU 1 agrees to accept West Bath K-8 students as tuition students throughout the 10-year period from the effective date of withdrawal until June 30, 2025. The New West Bath SAU shall notify RSU 1 by March 1 annually of the projected number of students who desire to attend RSU 1 elementary schools. The RSU 1 will consider West Bath parental preferences for RSU 1 schools as placement decisions are being made in accordance with RSU 1 policies then in effect.

iv. Following the first year after withdrawal (*i.e.*, beginning July 1, 2016), any RSU 1 students who were attending the West Bath School as of the date of withdrawal may choose to continue attending the West Bath School up to grade 5. A student's right to continue to be educated at the West Bath School may be discontinued to the extent provided by law, including without limitation suspension, expulsion, out-of-district placement, or enrollment in another public or private school.

4. State Allocation and Tuition. In accordance with Chapter 219 of Title 20-A of the Maine Revised Statutes, the New West Bath SAU shall pay tuition to RSU 1 for students residing in West Bath who are eligible under Section 3 of this Agreement and who elect to enroll in RSU 1 schools. Pursuant to 20-A M.R.S. § 1466(4)(A)(1), the tuition rate shall be determined under 20-A M.R.S. §§ 5804 and 5805, except that during the first year after withdrawal, the limitation of Section 5805(2) shall not apply. To the extent that, during the ten (10) years following withdrawal, RSU 1 will have any "newly incurred capital outlay and debt service," as that term is defined in 20-A M.R.S. § 1(19-A), RSU 1 may charge a 5% debt service factor; provided, however that (i) RSU 1 charges other tuitioning municipalities an equivalent debt service factor, (ii) the debt service factor is limited to a period of time not to exceed RSU 1's repayment period for newly incurred capital outlay and debt service, and (iii) the percentage of the debt service factor is proportional to the cost of the project and the number of tuition students. Except as otherwise provided in this Section 4, the New West Bath SAU shall pay tuition to RSU 1 for any students in grades K-5 attending an RSU 1 school. The New West Bath SAU will also pay tuition to RSU 1 for the actual number of West Bath resident students in grades 6-12 attending RSU 1 schools, or 75% of the total tuition at the RSU 1 elementary and secondary tuition rates for the total number of West Bath resident students in grades 6-12 who are educated at public expense ("Guaranteed Floor"), whichever is greater. Under 20-A M.R.S. Chapter 606-B, the Essential Programs and Services Funding Act, the New West Bath SAU will receive the State education subsidy allocations for West Bath resident students attending RSU 1 schools and RSU 1 will receive State education subsidy allocations for RSU 1 resident students attending the West Bath School. To the extent that any RSU 1 students choose to attend the West Bath School as grandfathered students pursuant to Sections 3(b)(ii) and/or 3(c)(iv) of this Agreement, the New West Bath SAU shall not charge tuition for those students for the applicable school year, and RSU 1 shall give the New West Bath SAU a credit against the tuition for that year for West Bath students in grades K-12 attending RSU 1 schools. The amount of the credit shall be determined by multiplying the number of grandfathered RSU 1 students attending the West Bath School each year by the New West Bath SAU elementary tuition rate for that year. Any unused credit may not be carried forward from one year to the next. In no event shall West Bath pay less tuition to RSU 1 than the amount required as the Guaranteed Floor.

5. Special Education.

a. West Bath Special Education Students attending the West Bath School. The New West Bath SAU will provide for continuity of programming for all special education students residing within the Town of West Bath attending the West Bath School. The New West Bath SAU assumes all responsibilities for decisions related to special education for these students.

b. West Bath Special Education Students Attending RSU 1 Schools.

i. During the 2015-2016 school year, for all students residing in West Bath attending RSU 1 schools, RSU 1 shall provide all special education and related special education services required by the IEP prepared by each student's IEP Team to the extent that RSU 1 has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations.

ii. For years after 2015-2016, RSU 1 shall provide for students residing in West Bath who attend RSU 1 schools all special education services required by the IEP prepared by the student's IEP Team to the extent that RSU 1 has an appropriate program or placement to meet the terms of the IEP and applicable requirements of Maine law and regulations.

iii. Except for short term programming changes of not more than ten (10) school days, decisions about whether RSU 1 can implement the terms of the IEP, and whether RSU 1 has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by RSU 1 after a careful review of the IEP for the student. In no event shall RSU 1 refuse to provide needed special education services as provided in the IEP for students residing in West Bath who are permitted to attend RSU 1 schools under this Agreement, except for student removals of not more than ten (10) school days or when RSU 1 has determined that RSU 1 cannot provide an appropriate program or placement for that student. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, the West Bath Special Education Director shall make the decisions on those issues, subject to the parent's due process rights in relation thereto. The New West Bath SAU's representative on the IEP team shall be the West Bath Special Education Director or other individual designated by the Superintendent of the New West Bath SAU. RSU 1 personnel will work cooperatively with the New West Bath SAU's representative, and, upon request will provide the New West Bath 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 New West Bath SAU's representative shall provide input to RSU 1's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of West Bath special education students attending RSU 1 schools or perceived deficiencies in IEP implementation. RSU 1 shall consider that input in good faith and RSU 1 shall respond in an appropriate manner consistent with the terms of this Agreement. In accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), the New West Bath SAU shall be responsible for all costs of special education for special education students residing in West Bath attending RSU 1 schools after July 1, 2015. The New West Bath SAU shall pay RSU 1 for all special education costs of any such student including without limitation as follows:

(a) the New West Bath SAU shall pay RSU 1 for the actual costs of special education for New West Bath SAU students enrolled in RSU 1 schools, including special education transportation costs, costs for facilities modifications required to accommodate the students, and attorneys' fees incurred by RSU 1 in connection with disputes with third parties over delivery of special education services for individual West Bath students, to

the extent that such costs are not included in the calculation of the tuition rate under 20-A M.R.S. §§ 5804 and 5805(1); and

(b) the New West Bath SAU shall pay RSU 1 the costs of any non-special education 504/ADA plans and services for individual West Bath students, including section 504/ADA transportation costs, costs for facilities modifications required to accommodate the students, and attorneys' fees incurred by RSU 1 in connection with disputes with third parties over delivery of section 504/ADA plan services for individual West Bath students, to the extent such costs are not included in other payments under this Agreement. For example, if RSU 1 incurs costs for non-special education 504/ADA plans and services for individual West Bath students, and those costs are not within the scope of tuition or special education costs that the New West Bath SAU pays to RSU 1, the New West Bath SAU will be responsible for such costs.

RSU 1 shall bill the New West Bath SAU for such special education and 504/ADA costs during the fiscal year in which those costs are incurred. RSU 1 shall not be responsible for costs of West Bath special education students who attend programs outside of RSU 1.

c. RSU 1 Special Education Students Attending West Bath School.

i. Following the date of withdrawal, for all students residing in RSU 1 municipalities attending the West Bath School, the New West Bath SAU shall provide all special education and related special education services required by the IEP prepared by each student's IEP Team to the extent that New West Bath SAU has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations.

iii. Except for short term programming changes of not more than ten (10) school days, decisions about whether the New West Bath SAU can implement the terms of the IEP, and whether the New West Bath SAU has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by the New West Bath SAU after a careful review of the IEP for the student. In no event shall the New West Bath SAU refuse to provide needed special education services as provided in the IEP for students residing in RSU 1 municipalities who are permitted to attend the West Bath School under this Agreement, except for student removals of not more than ten (10) school days or when the New West Bath SAU has determined that the New West Bath SAU cannot provide an appropriate program or placement for that student. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, the RSU 1 Special Education Director shall make the decisions on those issues, subject to the parent's due process rights in relation thereto. RSU 1's representative on the IEP team shall be the individual designated by the Superintendent of RSU 1. The New West Bath SAU personnel will work cooperatively with RSU 1's representative, and, upon request will provide RSU 1's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. RSU 1's representative shall provide input to the New West Bath SAU Special Education Director (or other administrative designee) on the proper implementation of the IEPs of RSU 1 special education students attending the

West Bath School or perceived deficiencies in IEP implementation. The New West Bath SAU shall consider that input in good faith and the New West Bath SAU shall respond in an appropriate manner consistent with the terms of this Agreement. 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 1 shall be responsible for all costs of special education for special education students residing RSU 1 municipalities attending the West Bath School after July 1, 2015. RSU 1 shall pay the New West Bath SAU for all special education costs of any such student including without limitation as follows:

(a) RSU 1 shall pay the New West Bath SAU for the actual costs of special education for RSU 1 students enrolled in the West Bath School, including special education transportation costs, costs for facilities modifications required to accommodate the students, and attorneys' fees incurred by the New West Bath SAU in connection with disputes with third parties over delivery of special education services for individual RSU 1 students, to the extent that such costs are not included in the calculation of the tuition rate under 20-A M.R.S. §§ 5804 and 5805(1); and

(b) RSU 1 shall pay the New West Bath SAU the costs of any non-special education 504/ADA plans and services for individual RSU 1 students, including section 504/ADA transportation costs, costs for facilities modifications required to accommodate the students, and attorneys' fees incurred by the New West Bath SAU in connection with disputes with third parties over delivery of section 504/ADA plan services for individual RSU 1 students, to the extent such costs are not included in other payments under this Agreement. For example, if the New West Bath SAU incurs costs for non-special education 504/ADA plans and services for individual RSU 1 students, and those costs are not within the scope of tuition or special education costs that RSU 1 pays to the New West Bath SAU, RSU 1 will be responsible for such costs.

The New West Bath SAU shall bill RSU 1 for such special education and 504/ADA costs during the fiscal year in which those costs are incurred. The New West Bath SAU shall not be responsible for costs of RSU 1 special education students who attend programs outside of the New West Bath SAU.

6. **Career and Technical Education.** Following July 1, 2015, students residing in West Bath who attend RSU 1 schools and participate in career and technical education shall attend the Bath Regional Career and Technical Center. Upon withdrawal, the New West Bath SAU, in concert with the Department of Education and RSU 1, shall take necessary steps to include the New West Bath SAU as an affiliate of the Bath Regional Career and Technical Center and to amend 20-A M.R.S. § 8401(1) to reflect West Bath's withdrawal from RSU 1.

7. **Need for School Construction.** Withdrawal of West Bath from the RSU will not cause a need within five (5) years from the effective date of withdrawal for State-subsidized school construction in the New West Bath SAU or RSU 1, except to the extent that a need for school construction existed prior to the effective date of the withdrawal or a need for school construction would have arisen even if West Bath had not withdrawn.

8. **Transportation.** RSU 1 has signed a contract with Bath Bus Service to provide transportation for RSU 1 students through June 30, 2016 (the "Transportation Contract"). During the first year after withdrawal (2015-2016), the New West Bath SAU will continue to pay its 10.57% share of the transportation costs under the Transportation Contract, and all West Bath students who attend RSU 1 schools will be served by the buses under the Transportation Contract until June 30, 2016. Following the first year after withdrawal (*i.e.*, beginning July 1, 2016), the New West Bath SAU will provide all transportation for West Bath students, including those students attending RSU 1 schools under this Agreement. The New West Bath SAU shall be responsible to negotiate a new contract with a busing company for West Bath students, or otherwise provide for their transportation needs, as it deems appropriate.

9. **Administration of the New West Bath SAU.** Following withdrawal, the New West Bath SAU will contract for the services of a Superintendent and any other system administration and clerical support as appropriate. The New West Bath SAU will also pursue cooperative agreements with neighboring communities and existing SAUs, including RSU 1, to provide efficient and effective management, instructional coordination and improvement, special education, adult education, and other leadership and administrative capacity deemed valuable to the education of its resident students.

10. **Distribution of Certain Financial Commitments and Services.**

a. **Superintendent Contract.** RSU 1 has signed a contract with Patrick Manuel to be its Superintendent of Schools through June 30, 2016 (the "Superintendent Contract"). Since the New West Bath SAU will not receive significant benefit from the Superintendent Contract following withdrawal, and will need to enter into a contract with its own Superintendent effective July 1, 2015, the New West Bath SAU will not have any responsibility to contribute to the cost of the Superintendent's contract after June 30, 2015.

b. **Outstanding Bonds and Notes.**

i. **Debt Obligations Existing Prior to the Formation of RSU 1.** Under the Private and Special Law that organized RSU 1, P & S.L. 2007, ch. 25 (hereinafter "LD 910"), RSU 1 did not assume any debt obligations issued by its participating members prior to the organization of RSU 1. Instead, pursuant to Section 13 of LD 910, RSU 1 makes payments to any participating member holding debt obligations in amounts sufficient to meet the participating member's scheduled debt service payments. The debt obligations subject to this provision are as follows:

Bond Issue	Date of Issue	Principal (on 6/30/2015)	Interest (on 6/30/2015)	Total (on 6/30/2015)
Bath Middle School Renovation Project	2001	\$1,866,102.00	\$138,982.37	\$2,025,084.37
Vocational/Morse High School Addition & Renovation Loan	2006	\$19,571.00	\$819.00	\$20,390.00
Bath System Wide Renovation Project	2008	\$840,000.00	\$56,700.00	\$896,700.00

The debt service related to the above-referenced bond issues constitutes renovation debt service and is therefore included in the State tuition rate for RSU 1. Therefore, the Town of West Bath and the New West Bath SAU shall have no further liability for payments made under Section 13 of LD 910.

ii. Debt Obligations Issued by RSU 1 after its Formation. As of the date of this Agreement, RSU 1 has outstanding the following bonds, notes and lease/purchase agreements:

(a) Woolwich Central School Project. As of June 30, 2015, RSU 1 will owe a principal balance of \$452,832.00 and \$190,965.00 in interest for bonds issued by RSU 1 for the construction of the Woolwich Central School (“the Woolwich Central School Indebtedness”). Under 20-A M.R.S. § 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. The debt service related to the Woolwich Central School Indebtedness constitutes renovation debt service and is therefore included in the State tuition rate for RSU 1. The parties agree that as an alternate means of retiring the Woolwich Central School Indebtedness, RSU 1, excluding the Town of West Bath and the New West Bath SAU, will pay all of the debt service on this obligation due after June 30, 2015.

(b) School Improvement Bond Anticipation Note. On November 5, 2013, voters in RSU 1 authorized the RSU to issue up to \$5.2 million in additional indebtedness (the “School Improvement Indebtedness”), which has been issued through a bond anticipation note. Under 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, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. In accordance with 20-A M.R.S. § 1466(16)(A), as an alternate means for retiring the outstanding indebtedness incurred by RSU 1, West Bath shall remain obligated for and shall pay the debt service on the bond anticipation note related to any portion of the School Improvement Indebtedness that is allocable to improvements at the West Bath School made as of June 30, 2015 (if any), and shall not

be responsible for any other portion of the School Improvement Indebtedness, which will be included in RSU 1's State tuition rate as renovation debt service. The New West Bath SAU shall make such payments to RSU 1 at least thirty (30) days before the due date of any payments of interest and principal on the bond anticipation note for the School Improvement Indebtedness. RSU 1 agrees to reduce the borrowing amount of the permanent financing for the School Improvement Indebtedness by the amount of indebtedness that is allocable to improvements relating to the West Bath School made as of June 30, 2015, if any.

c. Lease Agreements. As of the date of this Agreement, RSU 1 has outstanding the following lease agreements:

i. Photocopier Lease/Purchase Obligation. RSU 1 acquired a lease on 49 copiers on August 2, 2013, in the original principal amount of \$250,622.81. The acquisition was financed through a five-year lease/purchase agreement with MST Government Leasing, LLC. The RSU will owe remaining lease/purchase payments, including principal and interest, totaling \$216,886.92 as of June 30, 2015 on these 49 units. The parties agree that the New West Bath SAU will retain control and ownership of the 3 copier units in the West Bath School, along with the option to purchase those units as provided in the lease/purchase agreement. RSU 1 will retain control and ownership of the remaining 46 copiers. Under the lease/purchase agreement, RSU 1 makes annual principal and interest payments of \$54,221.74, of which \$6,225.45 is allocated to the 3 copier units located in the West Bath School. Under 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, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. The parties agree that as an alternative method of paying this obligation under 20-A M.R.S. § 1466(16)(A), as of July 1, 2015, the New West Bath SAU shall make annual payments of \$6,225.45 directly to RSU 1 at least thirty (30) days before the due date of any payments of interest and principal on the lease/purchase agreement until the principal balance of the lease/purchase agreement has been paid off in full. At least thirty (30) days prior to the date of withdrawal, RSU 1 will give a notice of termination to Specialized Purchasing Consultants Corp., to be effective as of the date of withdrawal, of its consulting contract with RSU 1 and its SPC Simplified Billing Outline contract with RSU 1, and RSU 1 and the New West Bath SAU shall each be free to enter into replacement contracts following withdrawal with Specialized Purchasing Consultants Corp. regarding their respective printer and copier equipment.

ii. Maine Learning Technology Initiative (MLTI) Obligation. On June 10, 2013, RSU 1 signed a four-year obligation for the West Bath School to receive 15 laptop/tablet packages, with annual payments of \$3,255.00 ending June 30, 2017. Under 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, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. The parties agree that as an alternative method of paying this obligation under 20-A M.R.S. § 1466(16)(A), as of July 1, 2015, RSU 1 shall assign

the MLTI obligation for the West Bath School to the New West Bath SAU, and RSU 1 shall have no further liability for payments or other liabilities under this obligation. As of July 1, 2015, the New West Bath SAU shall have no further responsibility for service or maintenance of the computer equipment located at RSU 1 schools outside of West Bath; and RSU 1 shall have no further responsibility for service or maintenance of the computer equipment located at the West Bath School.

iii. Computer Lease/Purchase Obligation. RSU 1 acquired a lease on computer equipment on July 29, 2013 in the original principal amount of \$215,672.17. The acquisition was financed through a 48-month lease/purchase agreement with Apple, Inc. The RSU will owe remaining lease/purchase payments, including principal and interest, totaling \$113,031.30 as of June 30, 2015 on the computer equipment. The parties agree that the New West Bath SAU will retain ownership of the computer equipment located in the West Bath School, along with the option to purchase that equipment as provided in the lease/purchase agreement. RSU 1 will retain control and ownership of the remaining equipment. Under 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, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. The parties agree that as an alternative method of paying this obligation under 20-A M.R.S. § 1466(16)(A), as of July 1, 2015, the New West Bath SAU shall make annual payments of \$8,368.55 directly to RSU 1 at least thirty (30) days before the due date of any payments of interest and principal on the lease/purchase agreement until the principal balance of the lease/purchase agreement has been paid off in full. RSU 1 covenants to solely use such funds from the New West Bath SAU to pay Apple, Inc. RSU 1 shall have no further responsibility for service or maintenance of the computer equipment located at the West Bath School.

iv. Central Office Lease. On February 10, 2012, RSU 1 entered into a five-year lease agreement with Midcoast Maine Community Action for its central office building located at 34 Wing Farm Parkway in Bath. Since the New West Bath SAU will not receive significant benefit from the central office building following withdrawal, the New West Bath SAU will not have any responsibility to contribute to payments made under the central office lease after June 30, 2015.

d. Legal Claims. The parties acknowledge that RSU 1 may be liable for legal claims based on incidents arising prior to July 1, 2015, when West Bath was a member of RSU 1. Unless otherwise provided in a settlement agreement or final court judgment in any pending legal claim, the New West Bath SAU shall be responsible for and agrees to pay 10.57% of RSU 1's costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that RSU 1's costs, expenses, damages, and other losses are not covered by insurance or other outside sources. If such claims are pending as of June 30, 2015, or if RSU 1 has received notice of such claims prior to June 30, 2015, RSU 1 shall give notice to the New West Bath SAU on or before July 15, 2015. If RSU 1 receives notice of such claims after July 1, 2015, RSU 1 shall give written notice of such claims to the New West Bath SAU within thirty (30) days after RSU 1 receives notice of a claim. RSU 1 shall regularly update the

New West Bath SAU regarding the status of such claims, and shall consult in good faith with the New West Bath SAU School Board before entering into a settlement of any such claims.

e. Recapture/Audit. In the event that RSU 1 becomes the subject of a federal or state audit for a period when West Bath was a member of RSU 1 and if, as a result of such audit, RSU 1 is subject to any payment obligation or withholding by federal or state authority, then the New West Bath SAU shall reimburse RSU 1 for 10.57% of the amount of such payment obligation or withholding including without limitation, any interest and penalties thereon, within thirty (30) days of any such payment by RSU 1 or any such withholding from RSU 1. If, as a result of such audit, RSU 1 receives any rebate, refund, credit or overpayment from any federal or state authority, then RSU 1 shall reimburse the New West Bath SAU for 10.57% of such rebate, refund, credit or overpayment within thirty (30) days of any such payment or credit to RSU 1.

f. Effective upon the date of withdrawal, the New West Bath SAU will assume and be solely liable at its own expense for any other contracts related to assets to be owned by the New West Bath SAU, including the West Bath School and all personal property and fixtures physically located therein.

g. The New West Bath SAU agrees to assume and be solely liable for and at its own expense to pay any amounts that come due on or after July 1, 2015 under any contracts and agreements not expressly dealt with in this Agreement, including without limitation service, maintenance, consulting or other contracts and agreements to the extent related to maintenance, care and servicing of the West Bath School or equipment and other tangible personal property located at or servicing of the West Bath School. RSU 1 agrees to assume and be solely liable for and at its own expense to pay any amounts that come due on or after July 1, 2015 under any contracts and agreements not expressly dealt with in this Agreement, including without limitation service, maintenance, consulting or other contracts or agreements to the extent related to maintenance, care and servicing of RSU 1 schools other than the West Bath School or equipment and other tangible personal property located at or servicing RSU 1 schools other than the West Bath School.

11. Financial Commitments for Bonds or Notes Issued During FY 2014-2015.

a. Financial Commitments Issued Before West Bath Votes on Withdrawal.

During FY 2014-2015 RSU 1 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at the RSU's schools or for other purposes. Such improvements are not currently contemplated, but may be necessary in case of a failure of a structure or building system or other need. For any debt issued or incurred by RSU 1 before West Bath has voted on withdrawal from RSU 1, under 20-A M.R.S. § 1466(16) RSU 1 will remain intact for purposes of retiring and securing that indebtedness. If West Bath subsequently votes to withdraw from RSU 1 and if such bonds, notes or lease purchase obligations relate solely to school facilities located outside of West Bath, as an alternate means for retiring such indebtedness or lease purchase obligations under 20-A M.R.S. § 1466(16), RSU 1, exclusive of

West Bath, hereby agrees to pay such indebtedness. To the extent that such bonds, notes or lease purchase obligations relate solely to school facilities located in West Bath, as an alternate means of retiring this indebtedness or lease purchase obligations, the New West Bath SAU hereby agrees to assume, and at its own expense to pay on or before the due date, such indebtedness entirely from funds of the New West Bath SAU with no contribution or participation by RSU 1. To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 1 may have to make certain certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"). These certifications and representations, in part, ensure the holder that the financial obligations retain their tax advantaged status. With respect to obligations relating to school facilities located in the New West Bath SAU, following withdrawal, the New West Bath 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 New West Bath SAU shall be fully bound by all of the terms and representations made by RSU 1 in connection with the issuance of any such financial obligations.

b. Financial Commitments for Bonds or Notes Issued After West Bath has Voted to Withdraw.

After West Bath has voted to withdraw, RSU 1 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at the RSU's schools or to purchase equipment or for other purposes. Such improvements are not currently contemplated, but may be necessary in case of a failure of a structure or building system or other need. As of July 1, 2015, RSU 1 will remain intact for purposes of retiring and securing any such indebtedness. To the extent that such proposed indebtedness is related to real or personal property located at or serving school facilities in West Bath and is a general obligation that requires voter approval, and is to be submitted to the voters for approval after West Bath has voted to withdraw, the RSU 1 school board shall provide for the debt to be approved at an RSU 1 referendum vote conducted in accordance with the general laws but only in West Bath and not in the other RSU 1 member towns. Prior to the effective date of withdrawal, the obligations will be authorized to be issued by the RSU 1 school board in the name of RSU 1, but these obligations shall be obligations only of the New West Bath SAU, and to the extent the obligations are general obligations they shall be secured by ad valorem taxation in West Bath. To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 1 will make certain certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"). These certifications and representations, in part, ensure the holder that the financial obligations retain their tax advantaged status. Following withdrawal, the New West Bath 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 New West Bath SAU shall be fully bound by all of the terms and representations made by RSU 1 in connection with the issuance of any such financial obligations. On or after July 1, 2015, the obligations will be authorized to be issued by the school board of the New West Bath SAU under the general laws, except that, as provided herein, any voter approval requirement applicable to the issuance of such indebtedness shall be

deemed to have been satisfied by the referendum approval in West Bath as described under these procedures. Whether issued before or after July 1, 2015, in either case, such indebtedness shall be paid entirely from funds of the New West Bath SAU with no contribution or participation by RSU 1. To the extent that such proposed indebtedness is related to real or personal property located at or serving only school facilities in RSU 1 outside of West Bath and is a general obligation, the RSU 1 school board shall provide for the debt to be approved at an RSU 1 referendum vote conducted in accordance with the general laws in the RSU 1 member municipalities other than West Bath and the voters of West Bath shall not participate in that referendum vote. The obligations will be authorized to be issued by the RSU 1 school board in the name of RSU 1, but these obligations shall not be obligations of West Bath or the New West Bath SAU, and to the extent the obligations are general obligations they shall be secured by ad valorem taxation in the RSU 1 member municipalities other than West Bath. RSU 1 hereby agrees to assume, and at its own expense to pay, such indebtedness entirely from its own funds with no contribution or participation by West Bath or the New West Bath SAU.

c. Debt Obligations for Current Operating Expenses. To the extent that any obligation may be issued by RSU 1 for current operating expenses during FY 2014-2015, including tax and revenue anticipation notes, the obligation shall be a general obligation of RSU 1 payable from ad valorem taxation in all of its member municipalities, including West Bath.

12. Undesignated Fund Balance and Other Fund Balances. Within thirty (30) days of a finalized audit, RSU 1 shall pay the New West Bath SAU the total of West Bath's 10.57% share of the undesignated fund balance as of June 30, 2015, net of any encumbered funds in that account. Funds required to pay 2015 summer salaries and benefits for work performed prior to July 1, 2015, for example, shall not be included in RSU 1's undesignated fund balance as of June 30, 2015 but rather shall be treated as encumbered funds to be used to pay FY 2014-2015 salary and benefit obligations of RSU 1. Within thirty (30) days of a finalized audit, RSU 1 shall pay the New West Bath SAU the total of West Bath's 10.57% share of the balances, as of June 30, 2015, of the following special revenue funds: (1) school lunch program fund; (2) adult education fund; and (3) capital projects fund. To the extent that, as of June 30, 2015, there is a deficit within the RSU 1 undesignated fund balance or within any of the special revenue funds described above, the New West Bath SAU's will pay its 10.57% share of the payment necessary to bring the fund to a zero balance.

13. Teacher and Staff Retention/Collective Bargaining.

a. General Principles. It is the goal of the New West Bath SAU to minimize educational disruption to all its students as West Bath transitions from RSU 1 governance to New West Bath SAU governance, and to minimize administrative and employee disruption as well. The New West Bath SAU will therefore retain existing teachers and staff directly serving the West Bath School facilities. A list of employees and positions to be assigned to the New West Bath SAU is attached to this Agreement as Schedule A. This list shall be updated to June 30, 2015 by RSU 1 and the updated list shall be attached to this Agreement as Replacement Schedule A. Prior to June 30, 2015, the RSU 1 Superintendent shall consult with the New West Bath SAU Superintendent and may make any appropriate adjustments to Schedule A relating to

assignment of educational technicians for Special Education. These RSU 1 employees shall become employees of the New West Bath SAU as of July 1, 2015. Except as set forth herein, those individuals who become employees of the New West Bath SAU as of July 1, 2015 shall be solely the financial responsibility of the New West Bath SAU and those individuals who remain RSU 1 employees as of July 1, 2015, shall be solely the financial responsibility of RSU 1.

The following is a guide outlining the known categories of employees who work for RSU 1 under a collective bargaining agreement (CBA), including when their current term of contract expires, and the current status of their contracts. The CBAs listed below currently pertain to RSU 1 employees who will be employed by the New West Bath SAU following West Bath's withdrawal from RSU 1:

Employee Unit	Term	Applies To	Expiration Date
AFSCME	2012/13 – 2014/15	All kitchen and maintenance workers	June 30, 2015
School Administrators Association (SAA)	2012/13 – 2014/15	All school principals and assistant principals.	July 31, 2015
Sagadahoc Education Association	2012/13 – 2014/15	All teachers and professional staff	August 31, 2015
Sagadahoc Education Association (ESP)/MEA/NEA	2012/13 – 2014/15	Secretaries and education technicians	August 31, 2015

RSU 1 is required to bargain in good faith with respect to successor agreements to the CBAs that may be negotiated prior to July 1, 2015. Following West Bath's withdrawal on June 30, 2015, the New West Bath SAU shall assume the RSU's existing CBAs to the extent that they cover employees of RSU 1 assigned full-time to the West Bath School at the end of the 2014-2015 school year and who have a right to continued employment as of July 1, 2015. Following West Bath's withdrawal, the New West Bath SAU School Board will extend representational rights to the bargaining units listed above for the purpose of negotiating future CBAs. If, on the date of withdrawal (June 30, 2015), RSU 1 is engaged in negotiations with the above bargaining unit(s), the New West Bath SAU School Board will assume responsibilities for those negotiations insofar as they pertain to employees of the New West Bath SAU. If no new CBAs have been reached between RSU 1 and any of the bargaining units above as of the date of withdrawal, the New West Bath SAU School Board will honor the terms of any existing CBAs that remain in effect past their termination date and will honor the static status quo in accordance with the requirements of the Maine Labor Relations Board with respect to employees assigned full-time to the New West Bath SAU.

b. Express Categories. For purposes of further clarifying the general intentions of the parties as expressed above, and for purposes of clarifying the status of RSU 1 employees who are not directly working in the West Bath School as of June 30, 2015, the following expressly stated categories of individuals shall be subject to the following conditions:

i. RSU 1 EMPLOYEES WORKING SOLELY IN THE WEST BATH SCHOOL FULL-TIME OR PART-TIME UNDER COLLECTIVE BARGAINING AGREEMENTS. To accomplish the above goal, the New West Bath SAU will honor all existing labor agreements negotiated between RSU 1 and its teaching and administrative staff working full time or part-time in the West Bath School through the term of those agreements. The New West Bath SAU shall accept responsibility for collective bargaining with all such employees as of July 1, 2015. Upon the completion of any applicable labor agreement, responsibility for the re-negotiation of any respective contract shall be the responsibility of, and undertaken by the New West Bath SAU. The New West Bath SAU shall only be responsible for such contracts to the extent the individual covered thereunder is assigned to the West Bath School as of July 1, 2015, as discussed above.

ii. RSU 1 EMPLOYEES WORKING IN BOTH THE WEST BATH SCHOOL AND IN AN RSU 1 SCHOOL ON A SPLIT/SHARED BASIS UNDER A COLLECTIVE BARGAINING AGREEMENT. The New West Bath SAU and RSU 1 will honor all existing labor agreements for teaching and administrative staff working and assigned part-time to the West Bath School and part-time to the RSU beyond July 1, 2015, provided, however, that a proper accounting of costs between RSU 1 and the New West Bath SAU is completed each year in which 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. Employees who, as of June 30, 2015, work part-time in the West Bath School and part-time outside of RSU 1 shall become part-time employees of the New West Bath SAU. Employees shared between the West Bath School and other RSU 1 schools shall become employees of the New West Bath SAU if, as of June 30, 2015, they spend 50% or more of their time as an RSU 1 employee at the West Bath School. Employees shared between West Bath and other RSU 1 schools shall remain employees of RSU 1 if, as of June 30, 2015, they spend more than 50% of their time as an RSU 1 employee at RSU 1 schools other than West Bath. The RSU and the New West Bath SAU agree to keep in place the existing schedules for shared employees, provided that the non-employing unit may notify the employing unit at any time that the services of a particular employee are no longer required by the non-employing unit, in which case the proportionate responsibility of the non-employing unit 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 the employing unit if their employing unit retains their position and shall enjoy a priority over other equally qualified applicants if the employing unit should choose to post the position for hire, but no guarantee of employment is provided hereby.

iii. ALL OTHER RSU 1 EMPLOYEES WORKING IN THE WEST BATH SCHOOL. All other RSU 1 employees who are serving in the West Bath School as of June 30, 2015, but who are not otherwise covered by a CBA, shall become employees of the New West Bath SAU as of July 1, 2015.

14. **Continuing Contract Rights.** The withdrawal of West Bath from RSU 1 will not affect the continuation of continuing contract rights under 20-A M.R.S. § 13201. On June 30, 2015, the effective date of withdrawal, all continuing contract teachers then assigned to the West Bath

School shall become continuing contract teachers of the New West Bath SAU. On June 30, 2015, the effective date of withdrawal, all probationary teachers assigned to the West Bath School who become employees of the New West Bath SAU and who have earned years of service with RSU 1 toward continuing contract status shall retain those years of service for purposes of attaining continuing contract status with the New West Bath SAU. A list of continuing contract teachers and probationary teachers with their number of years of service toward continuing contract status, assigned to the West Bath School, is attached as Schedule B. This list shall be updated to June 30, 2015 by RSU 1 and the updated list shall be attached to this Agreement as Replacement Schedule B.

15. Disposition of Real and Personal Property.

a. Real Property. Subject to approval of this Agreement by the voters of the Town of West Bath, following the date of withdrawal, RSU 1 shall convey any right, title or interest of RSU 1 in the real property comprising the West Bath School, including the parcel of land upon which the school is located, to the New West Bath SAU by a release or quitclaim deed.

b. Personal Property. Any and all personal property located in or on the West Bath School property, or used exclusively for West Bath School programs, including without limitation movable equipment, technology equipment, furnishings, library books, textbooks and other curriculum materials, supplies and inventories shall become property of the New West Bath SAU on the date of withdrawal. The New West Bath SAU may require such assignments, bills of sale or other instruments of transfer as are reasonably necessary to establish the New West Bath SAU's right, title and interest in such personal property. RSU 1's reasonable costs of providing such instruments, including staff time and attorney's fees shall be reimbursed by the New West Bath SAU within 30 days of receipt of an itemized invoice from RSU 1.

c. Notwithstanding the foregoing, any RSU 1 files and records in any form, including computer files, shall remain property of RSU 1. Any of these records applicable to West Bath shall be made available to the New West Bath SAU upon request, as permitted by law.

16. Transition of Administration and Governance.

a. Upon withdrawal from RSU 1, the administration and governance of education for students residing in West Bath will be transferred directly from RSU 1 to the New West Bath SAU as of July 1, 2015, except as provided herein with respect to West Bath students attending RSU 1 as tuition students. The Town will become a municipal school administrative unit. If the vote to withdraw is approved by West Bath voters, the West Bath Town Clerk shall, within ninety (90) days of the withdrawal vote, conduct a special election for the New West Bath SAU School Board, which will be comprised of five (5) members with staggered, three-year terms.

b. Until the election of the New West Bath SAU School Board, a transition team shall oversee the New West Bath SAU. The transition team shall be comprised of three (3) members: one (1) existing RSU 1 Board Member who is a resident of West Bath; and two (2)

members who are appointed by the West Bath Board of Selectmen. The transition team shall perform any necessary duties to ensure a smooth transition; provided, however, that the transition team shall not have the authority to hire a superintendent or any other administrative personnel, or to establish a budget for FY 2015-2016. Notwithstanding the preceding, the transition team may prepare a recommended budget for the New West Bath SAU for FY 2015-2016.

c. If the withdrawal of West Bath is approved under 20-A M.R.S. § 1466(9), the voters of West Bath shall not participate in approval of the RSU 1 budget for fiscal year 2015-2016 at either the RSU 1 budget meeting or the RSU 1 budget validation referendum, and shall not vote on whether to continue the budget validation process in RSU 1.

17. **Dispute Resolution.** Any dispute between the New West Bath SAU and RSU 1 (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 or related to this Agreement to another Party or Parties in person or by certified mail, return receipt requested. The Parties to the dispute (hereinafter the "Affected Parties") shall attempt to resolve the matter through informal communication or negotiation for a period of thirty (30) days from the date of receipt of notice by the last Party to receive notice. If the dispute has not been resolved within thirty (30) days, any Party may serve written notice of 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. If the parties are not able to reach agreement with the assistance of the mediator, then they retain all rights and remedies provided by law and the right to initiate and pursue litigation.

18. **State and Local Approval.** This Agreement is subject to approval by the Commissioner of the Maine Department of Education ("Commissioner") as required by 20-A M.R.S. § 1466(4)(B) and approval by the Town of West Bath at a referendum conducted in West Bath as required by 20-A M.R.S. § 1466(9). Approval of this Agreement by RSU 1 and West Bath constitutes approval for purposes of establishing the rights and responsibilities of RSU 1 and West Bath with respect to the matters contained herein. Approval by RSU 1 shall not be deemed a representation by RSU 1 that the contents of this Agreement will provide for appropriate educational and related services to West Bath students, or that the Agreement will not cause costs to maintain educational and related services for RSU 1 students to increase.

19. **Superintendents' Agreements.** Nothing in this Agreement shall limit the availability or use of Superintendents' Agreements with respect to any student who is not an enrolled student under this Agreement.

20. **Applicability to Successor School Administrative Units.** Upon approval by the Commissioner and approval by a majority vote of the Town of West Bath, this Agreement shall be binding upon the Town of West Bath, the New West Bath SAU, and any successor school administrative units that West Bath may join, merge with or otherwise be included in as a member during the term of this Agreement, and on RSU 1 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which West Bath, the New West Bath SAU, or RSU 1, or their respective successor school administrative units, is or becomes a party.

21. **Termination.** This Agreement shall remain in effect until such time as it may be terminated by mutual written agreement of the governing bodies of RSU 1 and the New West Bath SAU with the prior written approval of the Commissioner.

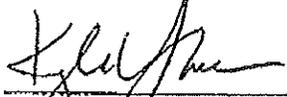
22. **Amendment.** This Agreement may be amended by mutual written agreement of the governing bodies of RSU 1 and the New West Bath SAU with the written approval of the Commissioner. Substantive amendments may, in the discretion of the Commissioner, be approved only after a referendum by the voters of the Town of West Bath to approve the amendment.

23. **Miscellaneous Provisions.** This Agreement may not be assigned, and it shall be interpreted and governed under 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. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

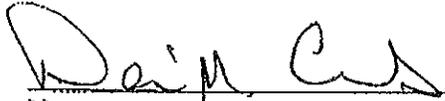
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SIGNATURES ON FOLLOWING PAGE.]

Signed at West Bath, this 12 day of NOVEMBER, 2014.

The Withdrawal Committee of the Town of West Bath:


Name: KYLE YACOBEN
Member from the RSU 1 Board of Directors


Name: PETER O'CONNELL
Member and Representative from Municipal Officers (Member of the Board of Selectmen)


Name: Dennis M. Crews
Member at Large


Name: Carol Gillespie
Member of Petitioning Group

Signed at _____, this ____ day of _____, 2014.

Name:
Chair, RSU 1 Board of Directors

Signed at _____, this ____ day of _____, 2014.

James E. Rier, Jr.
Commissioner of Maine Department of Education

Signed at West Bath, this _____ day of _____, 2014.

The Withdrawal Committee of the Town of West Bath:

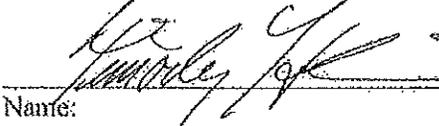
Name:
Member from the RSU 1 Board of Directors

Name:
Member and Representative from Municipal Officers (Member of the Board of Selectmen)

Name:
Member at Large

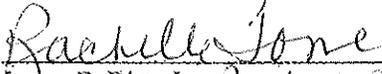
Name:
Member of Petitioning Group

Signed at _____, this 14 day of NOVEMBER, 2014.



Name:
Chair, RSU 1 Board of Directors

Signed at 18th, this _____ day of November, 2014.

Acting


James E. Rier, Jr. Rachelle Tome
Commissioner of Maine Department of Education