

Withdrawal Agreement between RSU 10 and the Town of Carthage

This Agreement dated as of May 26, 2016, 2016, by and between RSU 10, a Maine Regional School Unit comprised of the municipalities of Buckfield, Byron, Canton, Carthage, Dixfield, Hanover, Hartford, Mexico, Peru, Roxbury, Rumford and Sumner (hereinafter "RSU 10") and the Town of Carthage Withdrawal Committee, a duly appointed municipal withdrawal committee for the Town of Carthage (hereinafter "Carthage") 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 Carthage from RSU 10 contingent upon the concurrent withdrawal of Canton, Dixfield and Peru (together with Carthage, the "Withdrawing Municipalities") and further contingent on the formation of a new regional school unit (the "New RSU") by all of the Withdrawing Municipalities by the relevant Effective Date specified in Section 2. For the purposes of this Agreement the term "New RSU" shall mean a new regional school unit comprised of all of the Withdrawing Municipalities.
- B. Provide educational continuity for all students residing in the Withdrawing Municipalities; and
- C. Allocate RSU 10's financial and contractual obligations, and its assets, between RSU 10 and the New RSU as of the Effective Date of the Withdrawing Municipalities' withdrawal, in a manner that fairly takes into account the continuing educational needs of students, the continuity of educational programs, and the goal of avoiding sudden or excessive increases in property taxes.

2. Withdrawal

Pursuant to 20-A M.R.S. § 1466 and contingent upon the provisions of Section 18 of this Agreement being satisfied (including the condition that the Towns of Canton, Carthage, Dixfield and Peru have all voted to withdraw at the November 8, 2016 general election, or otherwise prior to January 1, 2017), Carthage shall withdraw from RSU 10 and become a part of a new regional school unit comprised of all of the Withdrawing Municipalities. In no event shall Carthage withdraw from RSU 10 unless it will become a part of a New RSU as of the date of withdrawal.

The Effective Date of this Agreement shall be dependent upon the date a Reorganization Plan is approved by the voters of each of the Withdrawing Municipalities to form a New RSU. The Reorganization Plan shall be first submitted to the voters of the Withdrawing Municipalities at the November 8, 2016 general election. If the Withdrawing Municipalities have each approved a Reorganization Plan at such election or otherwise prior to January 1, 2017, Carthage shall withdraw from RSU 10 in accordance with the terms of this Agreement as of June 30, 2017 (the "Effective Date"), and thereafter shall no longer be a member of RSU 10. If the Withdrawing Municipalities approve a Reorganization Plan after January 1, 2017, but prior to January 1, 2018, then June 30, 2018 shall be considered the "Effective Date", and all provisions under this

Agreement which apply to the 2016-2017 school year shall apply instead to the 2017-2018 school year and all other dates specified in this Agreement related to fiscal year, continued enrollment, voting rights, and transfer of liabilities, assets and administration shall be advanced by one year. The RSU 10 Board shall take no action to close any RSU 10 school in the Withdrawing Municipalities prior to the Effective Date.

Subject to approval of withdrawal from RSU 10 by each of the Withdrawing Municipalities by referendum votes that meet the requirements of 20-A M.R.S. § 1466(9), and subject to the formation of a new regional school unit by all of the Withdrawing Municipalities pursuant to 20-A MRS §1461-A to take effect as of the Effective Date, Carthage will become a member of a new regional school unit ("the New RSU") comprised of the four Withdrawing Municipalities on the Effective Date.

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, 2017, to June 30, 2018), students residing in the New RSU and RSU 10, including special education students (see Section 5), may attend the school they would have attended had the Withdrawing Municipalities not withdrawn from RSU 10, in accordance with the procedures and policies in place immediately prior to withdrawal and applicable law, provided, however, that this provision shall not be a limitation on the authority of the Board of Directors of RSU 10 to realign grade levels or close schools located within the municipalities remaining in RSU 10. During the first year after withdrawal, if a resident of the Withdrawing Municipalities attends school in RSU 10, or if an RSU 10 resident student attends school in the New RSU, the school unit where the student resides shall be the school administrative unit responsible for the student's transportation to and from school in accordance with applicable law.
- B. Special Day Treatment Education Program.** RSU 10 currently operates a special day treatment education program that is housed at the Penacook Learning Center and serves students from throughout RSU 10's member municipalities. As of the Effective Date, responsibility for this program will remain with RSU 10. For the first two years following the Effective Date, students from the Withdrawing Municipalities who otherwise would have been eligible to attend Penacook Learning Center, had the Withdrawing Municipalities not withdrawn, may attend that program through RSU 10 upon the payment of tuition and special education costs to RSU 10 as set forth in sections 3.D and 5(A)(ii), provided, however, that this provision shall not be a limitation on the authority of the Board of Directors of RSU 10 to relocate or close the special day treatment program. RSU 10 shall give the New RSU notice of such a relocation or closure by April 1 of the year preceding the school year during which the relocation or closure will take effect.
- C. Termination of Right.** A student's right to continue to be educated at schools as set forth in Subsections A and B 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 the rate calculated under 20-A M.R.S. § 5805(1). 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.

The receiving RSU will invoice the sending RSU semi-annually in January and June based on the actual number of students from the sending RSU enrolled in the receiving RSU and each student's period of enrollment during the school year, with reconciliation after the Department of Education sets final tuition rates. Payments shall be due fifteen (15) 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 5), or, as applicable, costs charged by Region 9 School of Applied Technology pursuant to its cooperative agreement.

- E. Eligibility for Scholarships, Benefits and Programs.** During the first year after withdrawal, any New RSU student attending an RSU 10 school and any RSU 10 student attending a New RSU 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 on the same terms as other students of the school the student is attending.

4. Education of Students after First Year of Withdrawal

- A. Provision of K-12 Education.** For the education of New RSU students in grades K through 12, the New RSU will provide educational programming at its own facilities in order to provide for the education of its students.
- B. Continued Right of Attendance.** Any RSU 10 student enrolled, as of the Effective Date, in grade 10, 11 or 12 in a school to be transferred to the New RSU shall have the right to continue attending said school through his or her graduation date. Any New RSU student enrolled, as of the Effective Date, in grade 10, 11 or 12 in a school that will remain with RSU 10 shall have the right to continue attending said school through his or her graduation date. The tuition and other provisions specifications as set forth in Section 3(D) shall apply to said students, except the statewide average per pupil cost limitation set forth in 20-A M.R.S. § 5805(2) shall apply. Costs for special education students shall be charged in accordance with Section 5.
- C. Eligibility for Scholarships, Benefits and Programs.** Any New RSU resident student attending an RSU 10 school, and any RSU 10 resident student attending a New RSU 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 on the same terms as other students attending the school.

5. Special Education/504 Students

A. New RSU Special Education/504 Students Attending RSU 10 Schools

On the Effective Date, special education and Section 504 placement obligations for New RSU resident students shall become the responsibility of the New RSU.

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

The New RSU's Director of Special Education Services (or designee) shall represent the New RSU for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for New RSU students attending RSU 10 schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the IEP Team, the New RSU's representative at that Team meeting shall make the decisions on those issues, subject to parental due process rights in relation thereto. RSU 10 personnel will work cooperatively with the New RSU's representative, and, upon request will provide the New RSU's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. The New RSU's representative shall provide input to RSU 10's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of New RSU students attending RSU 10 schools or perceived deficiencies in IEP implementation. RSU 10 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 New RSU, in addition to the tuition payments required under this Agreement, shall be responsible for the actual costs of special education for New RSU students attending RSU 10, including special education transportation costs and costs for facilities modifications required to accommodate a New RSU 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 10 in connection with disputes over delivery of special education services and/or Section 504/ADA plan services for individual New RSU resident students. RSU 10 shall provide an itemized invoice to the

New RSU for such special education costs during the fiscal year in which the special education costs are incurred.

B. RSU 10 Special Education/504 Students Attending New RSU Schools

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

RSU 10's Director of Special Education Services (or designee) shall represent RSU 10 for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for RSU 10 students attending New RSU schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the IEP Team, RSU 10's representative at that Team meeting shall make the decisions on those issues, subject to parental due process rights in relation thereto. New RSU personnel will work cooperatively with RSU 10's representative, and, upon request will provide RSU 10's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. RSU 10's representative shall provide input to the New RSU's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of RSU 10 students attending New RSU schools or perceived deficiencies in IEP implementation. The New RSU 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), RSU 10, in addition to the tuition payments required under this Agreement, shall be responsible for the actual costs of special education for RSU 10 students attending New RSU 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 New RSU in connection with disputes over delivery of special education services and/or Section 504/ADA plan services for individual RSU 10 resident students. The New RSU shall provide an

itemized invoice to RSU 10 for such special education costs during the fiscal year in which the special education costs are incurred.

6. Need for School Construction

The withdrawal of the Withdrawing Municipalities from RSU 10 will not create a need for any school construction projects that would be eligible for state funds within five (5) years of the Effective Date.

7. Transportation

Section 15(B) of this Agreement provides for the transfer to the New RSU of buses to serve the students of the New RSU. The New RSU shall provide transportation, including special education transportation, in accordance with Maine law for all resident students enrolled in New RSU schools. Buses will travel throughout the New RSU and pick up students at sites determined by the transportation director. Bus routes serving the New RSU will be similar to or the same as those serving the Withdrawing Towns prior to withdrawal. Neither school unit shall be required to transport students who choose to exercise any right of continued attendance at a school outside the school unit in which the students reside, as provided for under this Agreement.

8. Need to Create New Supervisory Units

The New RSU shall become a fully independent supervisory unit upon the Effective Date; however, this Agreement shall not prevent the Boards of RSU 10 and the New RSU from entering a separate agreement to share superintendent and/or central office services in 2017-2018 or beyond.

9. Administration/Distribution of Financial Commitments

A. Indebtedness Pre-dating RSU 10. Under Paragraph 6(A) of the RSU 10 Reorganization Plan, RSU 10 assumed no liability to pay any bonds, notes or lease purchase agreements that were issued prior to the operational date of the RSU. Accordingly, the Withdrawing Municipalities shall be solely responsible for any bonds, notes or lease purchase agreements issued by SAD 21 prior to the operational date of the RSU, with the individual or joint responsibility therefor to be allocated pursuant to the Reorganization Plan approved for the New RSU.

B. Debt and Lease Purchase Obligations Issued by RSU 10.

i. Existing Debt Obligations. The following financial obligations were issued by RSU 10 since its formation and remain current as of the date of this Agreement:

a. A school bus bond in the amount of \$261,600 to Kennebec Savings Bank dated as of September 23, 2014 and used for the purchase of three buses. As of June 30, 2017, the outstanding principal and interest on this obligation will be \$87,200.00.

b. A school bus bond in the amount of \$261,200 to Bangor Savings Bank dated as of September 24, 2015 and used for the purchase of three buses. As of June 30, 2017, the outstanding principal and interest on this obligation will be \$179,015.36.

RSU 10 shall remain intact for the purpose of securing and retiring the above debt. As an

alternate means of retiring the Withdrawing Municipalities' share of this indebtedness, the New RSU shall pay RSU 10 a percentage of the remaining principal and interest payments due on those bonds, which percentage shall be calculated based upon the cumulative total of the Withdrawing Municipalities' percentage contribution toward additional local funds raised for the 2016-2017 fiscal year. The New RSU shall make such principal and interest payments to RSU 10 at least sixty (60) days before RSU 10's due date. RSU 10 shall invoice the New RSU for its share of the principal and interest payments at least ninety (90) days prior to each due date according to the regular payment structure on each bond, until the debt is retired.

ii. Financial Commitments Issued Prior to Satisfaction of Contingencies of Section 18.

During FY 2016-2017 RSU 10 may issue bonds or notes or enter into additional lease purchase financing arrangements to upgrade facilities at the RSU's schools or for other purposes. Such improvements are not currently contemplated, but may be necessary in case of a failure of a structure or building system or other need. For any debt issued or incurred by RSU 10 before the contingencies of Section 18 have been satisfied, under 20-A M.R.S. § 1466(16) RSU 10 will remain intact for purposes of retiring and securing that indebtedness. If the contingencies of Section 18 are subsequently satisfied and if such bonds, notes or lease purchase obligations relate solely to school facilities located outside of the Withdrawing Municipalities, as an alternate means for retiring such indebtedness or lease purchase obligations under 20-A M.R.S. § 1466(16), RSU 10, exclusive of the New RSU, hereby agrees to pay such indebtedness. Where possible during this period, RSU 10 shall issue any bond which relates to school facilities in the New RSU separately from any other bond which benefits schools in other RSU 10 municipalities. To the extent that such bonds, notes or lease purchase obligations relate solely to school facilities located in New RSU, as an alternate means of retiring this indebtedness or lease purchase obligations, the New RSU hereby agrees to assume, and at its own expense to pay on or before the due date, such indebtedness entirely from funds of the New RSU with no contribution or participation by RSU 10. To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 10 may have to make certain certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"). These certifications and representations, in part, ensure the holder that the financial obligations retain their tax advantaged status. With respect to obligations relating to school facilities located in the New RSU, following withdrawal, the New RSU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New RSU shall be fully bound by all of the terms and representations made by RSU 10 in connection with the issuance of any such financial obligations.

iii. Opinion Required by Bond Bank. To the extent requested by the Maine Municipal Bond Bank (the "Bond Bank") with respect to any bonds issued by SAD 21 or RSU 10 authorized prior to the Effective Date and held by the Bond Bank, RSU 10 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 bonds. The New RSU shall reimburse RSU 10 its legal costs for this opinion of bond counsel.

iv. **Debt Obligations for Current Operating Expenses.** To the extent that any obligation may be issued by RSU 10 for current operating expenses during FY 2016-2017, including tax and revenue anticipation notes, the obligation shall be a general obligation of RSU 10 payable from ad valorem taxation in all of its member municipalities, including the Withdrawing Municipalities.

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

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

After the contingencies in Section 18 have been satisfied, RSU 10 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at the RSU's schools or to purchase equipment or for other purposes. Such improvements are not currently contemplated, but may be necessary in case of a failure of a structure or building system or other need. As of the Effective Date, RSU 10 will remain intact for purposes of retiring and securing any such indebtedness. To the extent that such proposed indebtedness is related to real or personal property located at or serving school facilities in the Withdrawing Municipalities and is a general obligation that requires voter approval, and is to be submitted to the voters for approval after the contingencies of Section 18 have been satisfied, the RSU 10 school board shall provide for the debt to be approved at an RSU 10 referendum vote conducted in accordance with the general laws. To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 10 will make certain certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "Code"). These certifications and representations, in part, ensure the holder that the financial obligations retain their tax advantaged status. Following withdrawal, the New RSU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New RSU shall be fully bound by all of the terms and representations made by RSU 10 in connection with the issuance of any such financial obligations. On or after the Effective Date, the obligations will be authorized to be issued by the school board of the New RSU under the general laws, except that, as provided herein, any voter approval requirement applicable to the issuance of such indebtedness shall be deemed to have been satisfied by the referendum approval in RSU 10. Whether issued before or after the Effective Date, in either case, such indebtedness shall be paid entirely from funds of the New RSU with no contribution or participation by RSU 10.

Should RSU 10 become bound by a withdrawal agreement approved by the voters of any other member municipality, RSU 10 shall issue any bond which relates to school facilities in that municipality separately from any other bond which benefits schools in other RSU 10 municipalities or in the Withdrawing Municipalities.

To the extent that any proposed indebtedness is related to real or personal property located at or serving only school facilities in the Remaining Municipalities and is a general obligation, the RSU 10 school board shall provide for the debt to be approved at an RSU 10 referendum vote

conducted in accordance with the general laws. RSU 10 hereby agrees to assume, and at its own expense to pay, such indebtedness with no contribution or participation by the Withdrawing Municipalities. For purposes of this Agreement the term "Remaining Municipalities" shall mean the Towns of Buckfield, Byron, Hanover, Hartford, Mexico, Roxbury, Rumford and Sumner, although RSU 10's obligations as to any of those municipalities may be varied by the terms of a withdrawal agreement approved by the voters of the municipality in accordance with 20-A M.R.S.A. § 1466.

11. Financial Commitments

- A. RSU 10 has signed a contract with the Superintendent of Schools of RSU 10 effective through June 30, 2016 (the "Superintendent Contract"). The Superintendent Contract may be extended, or a new contract entered, prior to the Effective Date. However, the New RSU shall have no responsibility for any portion of the term of the Superintendent Contract, or any other individual contracts for staff or administration, that extend beyond the Effective Date, and no such contract shall otherwise be binding on RSU 10 unless the RSU Board vote authorizing it includes votes in the affirmative from a majority of the weighted votes of Directors representing the Remaining Municipalities.
- B. As of the Effective Date, the New RSU will assume and be solely liable at its own expense for any copier lease and maintenance agreements related to copy machines or other equipment located at the New RSU Schools.
- C. As of the Effective Date, the New RSU will assume and be solely liable at its own expense for any other contracts or lease purchase agreements related to assets located at New RSU schools or to be owned by the New RSU under the terms of this Agreement, including school buses and other vehicles transferred to the New RSU.
- D. To the extent that any of the agreements in subsection B or subsection C include products or services related to RSU 10 and the agreements cannot be separated between RSU 10 and the New RSU, the New RSU shall pay RSU 10 its share of the costs related to such agreements.

12. Contingent Liabilities

- A. **Future Claims.** The Parties acknowledge that RSU 10 may be liable for future legal claims based on incidents arising prior to the Effective Date, when the Withdrawing Municipalities were members of RSU 10. The New RSU shall be responsible for and agrees to pay its share of RSU 10's costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that RSU 10's costs, expenses, damages, and other losses are not covered by insurance or other sources. RSU 10 shall give written notice of such claims to the New RSU within 30 days after RSU 10 receives notice of a claim. RSU 10 shall regularly update the New RSU regarding the status of such claims, and shall consult with the school board, or as applicable, the superintendent of the New RSU before entering into a settlement of such claims. For the purposes of this Section 12, the New RSU's share of such claims shall be calculated based upon the cumulative total of the Withdrawing Municipalities' percentage contribution toward additional local funds raised for the 2016-2017 fiscal year.

- B. Audits.** In the event that RSU 10 becomes the subject of a federal or state audit for a period when the Withdrawing Municipalities were members of RSU 10 and as a result of such audit, RSU 10 becomes subject to any payment obligation or withholding by a federal or state authority, then the New RSU shall reimburse RSU 10 for the Withdrawing Municipalities' share, as calculated in subsection A, of the amount of such payment obligation or withholding relating to the period when the Withdrawing Municipalities were members of RSU 10 including without limitation, any interest and penalties thereon, within thirty (30) days of any such payment by RSU 10 or any such withholding from RSU 10. If, as a result of such audit, RSU 10 receives any rebate, refund, credit or overpayment from any federal or state authority, then RSU 10 shall reimburse the New RSU for the Withdrawing Municipalities' share of such rebate, refund, credit or overpayment within thirty (30) days of receipt of any such payment or credit to RSU 10.
- C. Deposit of Funds Predating RSU 10.** In the event that RSU 10 receives a refund, credit or other payment of funds wholly deposited or paid by any of the Withdrawing Municipalities or their respective school unit(s) prior to the formation of RSU 10, RSU 10 shall transfer such funds to the New RSU and the provisions of Section 16 of this Agreement shall not apply. In the event that the New RSU receives a refund, credit or other payment of funds wholly deposited or paid by RSU 10 or any of its members prior to the formation of RSU 10, the New RSU shall transfer such funds to RSU 10 and the provisions of Section 16 of this Agreement shall not apply.

13. Collective Bargaining Agreements

- A. Collective Bargaining Agreements.** The collective bargaining agreements listed below currently pertain to RSU 10 employees that will be employed by the New RSU following the Withdrawing Municipalities' withdrawal from RSU 10:
- (1) Bargaining Unit: Western Foothills Education Ass'n: Bus Drivers, Custodians, Grounds and Mechanic Employees
Term: 2015-2018
Applies to: Bus drivers, custodians, grounds and mechanic employees
 - (2) Bargaining Unit: The Western Foothills Administrators' Association
Term: 2014-2017
Applies to: Principals, Assistant Principals, Athletic Directors, Directors of Special Services, Technology Directors, Nutrition Directors, Building & Grounds Director and Building & Grounds Assistant Director
 - (3) Bargaining Unit: The Western Foothills Education Association
Term: 2015-2018
Applies to: Educational Technicians I, II and III

- (4) Bargaining Unit: Technology and Central Office Staff

Term: 2013-2016

Applies to: Technology staff, Building & Grounds Admin. Asst., Business Manager, Special Education Admin. Asst., Admin. Asst. to the Director of Curriculum Instruction and Assessment/Human Resources, Superintendent's Admin. Asst., Maine Care Billing Specialist, Payroll/Bookkeeper, Asst. Business Manager/Accounts Payable

- (5) Bargaining Unit: School Secretaries

Term: 2015-2018

Applies to: School Secretary, Guidance Secretary, Special Education Secretary, Building/Grounds/Transportation Secretary, Receptionist and Nutrition Services Secretary

- (6) Bargaining Unit: The Western Foothills Education Association (Teachers' Bargaining Unit)

Term: 9/1/2013 – 8/31/2016

Applies to: Certified professional teachers

- (7) Bargaining Unit: Council 93, American Federation of State, County and Municipal Employees, AFL-CIO, RSU #10 Nutrition Service Workers

Term: 2015-2018

- B. Collective bargaining agreements listed above that are in effect on the Effective Date and that expire after the Effective Date and any successor agreements negotiated prior to the Effective Date, shall, to the extent they cover employment positions that will be included in the New RSU, be assigned to and assumed by the New RSU as of the Effective Date.
- C. If any collective bargaining agreement covering employment positions to be assigned to the New RSU has expired and no successor agreement has been executed as of the Effective Date, the New RSU shall maintain the static status quo, as defined by applicable law existing under the expired agreement with regard to employment positions assigned to the New RSU.
- D. Employees occupying employment positions that are included in existing bargaining units and are assigned to New RSU shall continue to be represented by the bargaining agents representing them before the Effective Date.
- E. A list of employees and positions to be assigned to the New RSU's schools is attached to this Agreement as **Exhibit 1**. This list shall be updated to the Effective Date by agreement of the School Boards of RSU 10 and the New RSU, and the updated list shall be attached

to this Agreement as **Replacement Exhibit 1**. Unless otherwise noted, positions of employees who work more than 50% of their time at schools or in positions serving schools within the Withdrawing Municipalities shall be assigned to the New RSU, and positions of employees who work more than 50% of their time at schools or in positions serving schools within the Remaining Municipalities shall be assigned to RSU 10, provided that either or both RSU 10 and the New RSU may extend offers of employment to RSU 10's current central office personnel, and provided that employees of each school unit are free to apply for and be extended offers for employment at the other school unit. This Agreement shall not preclude RSU 10 and the New RSU from entering separate agreements to share staff or services after the Effective Date.

14. Continuing Contract Rights under Section 13201

The Withdrawing Municipalities' withdrawal from RSU 10 will not affect the continuing contract rights of teachers and administrators under 20-A M.R.S. §§ 13201 and 13303. On the Effective Date, all continuing contract teachers and administrators assigned to schools within the New RSU, and having a right to continued employment as of July 1, 2017, shall become continuing contract teachers of the New RSU. The New RSU shall credit probationary teachers assigned to the New RSU who become employees of the New RSU with prior consecutive years of probationary service, if any, that they accumulated as employees of RSU 10. A list of continuing contract teachers and probationary teachers with their number of years of service toward continuing contract status, assigned to the New RSU's schools is attached as **Exhibit 2**. This list shall be updated to the Effective Date by RSU 10 and the updated list shall be attached to this Agreement as **Replacement Exhibit 2**.

The New RSU shall assume the responsibility under 20-A M.R.S.A. §§ 13201 and 13303 to notify any teachers and administrators assigned to New RSU schools, whose contracts expire on June 30, 2016, of its intent with respect to entering into replacement contracts with those employees.

15. Disposition of Real and Personal Property and Reimbursements

- A. Real Property.** All real property and fixtures located in the Withdrawing Municipalities will be released back to the New RSU. The New RSU may require such quitclaim deeds, assignments or other instruments of transfer as are reasonably necessary to establish the New RSU's right, title and interest in such real property and fixtures.
- B. Personal Property.** Except as otherwise provided in Paragraphs 15.C through 15.F, RSU 10 agrees that any and all personal property transferred by SAD 21 to the RSU upon creation of RSU 10 and currently in use, and all personal property located in or on schools or other facilities within the Withdrawing Municipalities, or used exclusively for school programs within the Withdrawing Municipalities, as of the date of this Agreement, including moveable equipment, furnishings, textbooks and other curriculum materials, supplies and inventories, will become the property of the New RSU upon the Effective Date. The New RSU may require such assignments, bills of sale or other instruments of transfer that are reasonably necessary to establish the New RSU's right, title and interest in such personal property. RSU 10 shall not transfer said personal property into facilities located within the Remaining Municipalities so as to avoid the application of this section. It is understood that a large format printer and the existing network servers and related hardware located outside the Withdrawing Municipalities will remain the property of RSU 10. RSU 10 and the New

RSU shall cooperate and make reasonable efforts to partially assign or otherwise divide any existing software licenses between them to the extent permissible under existing contracts. Software licenses that cannot be partially assigned or divided shall remain the property of RSU 10.

- C. **School Buses and Vehicles.** RSU 10 agrees that any school buses and vehicles currently in use by RSU 10 in the Withdrawing Municipalities shall be transferred to the New RSU. The school buses and vehicles to be transferred to the New RSU are listed on Exhibit 3 of this Agreement, which shall be updated and replaced by mutual agreement of the Boards of RSU 10 and the New RSU prior to the Effective Date.
- D. **Central Office Equipment and Relocation.** Ownership and possession of the servers, network infrastructure, printers and staff computers housed in the RSU 10 Central Office, together with the software and software licenses in use thereon, shall remain the property of RSU 10 as of the Effective Date. RSU 10 shall vacate the central office space located in Dixfield on or before August 1, 2017. The New RSU shall pay RSU 10 a single one-time payment of \$45,000 to offset the costs of moving RSU 10's Central Office personnel and equipment and setting up new office space. Such payment shall be made on or before August 1, 2017.
- E. **Scholarship and Trust Funds.** Scholarship and trust funds held by RSU 10 for the benefit of schools or towns located within the Withdrawing Municipalities shall be transferred to the New RSU subject to any applicable requirements.
- F. **Grants.** RSU 10 agrees that any grants or other funds specifically designated for the New RSU, the New RSU's schools, or New RSU residents shall be transferred to the New RSU on the date of transfer of the New RSU's share of the undesignated fund balance.

16. Undesignated Fund Balance and Other RSU 10 Funds

- A. **Undesignated Fund Balance.** Within thirty (30) days of a finalized audit for FY 2016-2017, RSU 10 shall pay to the New RSU its share—based on RSU 10's cost sharing formula for additional local funds for FY 2016-2017—of RSU 10'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 2016-2017 shows that RSU 10 had a negative undesignated fund balance as of June 30, 2017 then within thirty (30) days of the finalized audit, the New RSU shall pay RSU 10 the New RSU's share of the amount of the negative fund balance as calculated above.
- B. **Prior Maine Care Audit Claims.** As a result of prior audits, the Maine Department of Health and Human Services has asserted that RSU 10 owes that Department \$1,235,267 for prior Maine Care reimbursements. RSU 10 has disputed the validity of the DHHS claim and is currently involved in negotiations with DHHS with respect to the amounts, if any, that are due. If a final settlement is not reached prior to the Effective Date, or if RSU 10 has not made full payment of any amounts due prior to the Effective Date, the New RSU shall pay a share of any amounts due or to be paid after the Effective Date, calculated based on RSU 10's cost sharing formula for additional local funds for FY 2016-2017. Such payment shall be due within thirty (30) days of the final resolution of those prior

MaineCare audit claims. The New RSU shall not be required to pay any share of the amount due that RSU 10 was, pursuant to any written agreement with DHHS, scheduled to pay prior to the Effective Date.

- C. Current MaineCare Account.** In the event that the audit for FY 2016-2017, or any subsequent final MaineCare audit shows that RSU 10 has a negative balance in its MaineCare Account as of the Effective Date, not counting any amounts that may be due under paragraph 16(B) above, then within thirty (30) days of the finalized audit for FY 2016-2017, or the subsequent MaineCare audit, as applicable, the New RSU shall pay to RSU 10 the Withdrawing Municipalities' share of such deficit, calculated in accordance with RSU 10's FY 2016-2017 cost sharing formula for additional local funds. In the event that the finalized audit for FY 2016-2017 shows a positive balance in the MaineCare account, not counting any amounts that may be due under Paragraph 16.B above, then within thirty (30) days of the finalized audit, RSU 10 shall pay the New RSU the New RSU's share of the amount of the positive balance as calculated above. The New RSU's payment responsibility pursuant to this subsection shall be stayed during the pendency of any dispute, negotiation, alternative dispute resolution or litigation between RSU 10 and the Department of Health and Human Service regarding the amount due.
- D. Food Service Account.** As of June 30, 2015, RSU 10 had a deficit in its food service account of \$363,800. In the event that the audit for FY 2016-2017 shows that RSU 10 still has a negative balance in its food service account as of June 30, 2017, then within thirty (30) days of the finalized audit, the New RSU shall pay RSU 10 the New RSU's share of the negative balance as calculated above. In the event that the finalized audit for FY 2016-2017 shows a positive balance in the food service account, then within thirty (30) days of the finalized audit, RSU 10 shall pay the New RSU the New RSU's share of the positive balance calculated as above.
- E. Other Non-lapsing Accounts.** Within thirty (30) days of a finalized audit for FY 2016-2017, RSU 10 shall pay to the New RSU its share of the balance—calculated in accordance with RSU 10's cost sharing formula for additional local funds for FY 2016-2017—of RSU 10's non-lapsing or carryover accounts, including reserve accounts, any accounts containing grant moneys or donations that are not dedicated toward schools in the Remaining Municipalities, and any other such accounts that are held for the general use of RSU 10. If a grant, trust or other fund cannot be divided per the requirements of the granting document or agency, then RSU 10 shall retain the funds.
- F. Summer Salaries, Benefits and Payroll Taxes.** As of June 30, 2017, RSU 10 will owe summer salaries, benefits and payroll taxes for work performed by teachers and other employees of RSU 10 during FY 2016-2017. The funds necessary to pay these summer salaries, benefits and payroll taxes during July and August of 2017 will not have been included in the budget of RSU 10 for FY 2016-2017. Accordingly, on or before July 15, 2017, the New RSU shall pay RSU 10 the Withdrawing Municipalities' share of such summer salaries, benefits and payroll taxes, based on RSU 10's FY 2016-2017 cost sharing formula for additional local funds.

17. Transition of Administration and Governance

It is the intent of the Withdrawal Committees of the Withdrawing Municipalities that votes on both the withdrawal and the formation of the New RSU will take place during the November 2016 general election. If the votes to withdraw from RSU 10 and to form the New RSU comprised of all the Withdrawing Municipalities are approved by all of the Withdrawing Municipalities, the New RSU comprised of all the Withdrawing Municipalities will provide for the election of a board of directors in accordance with state law. Said board will have the responsibility to develop an operating budget for the 2017-2018 fiscal year, to accomplish the transfer of property, assets and debt liabilities from RSU 10 to the New RSU, and to accomplish all other business necessary to operate the new RSU.

If the withdrawal of the Withdrawing Municipalities from RSU 10 and formation of the New RSU are approved by January 1, 2017, the voters of the Withdrawing Municipalities shall not participate in approval of the RSU 10 budget for fiscal year 2017-2018 at either the RSU 10 budget meeting or the RSU 10 budget validation referendum, and shall not vote on whether or not to continue the budget validation referendum process in RSU 10. If the withdrawal of the Withdrawing Municipalities is approved at the November 8, 2016 election or otherwise prior to January 1, 2017, and the formation of the New RSU is approved by each of the Withdrawing Municipalities after January 1, 2017 but prior to January 1, 2018, the voters of the Withdrawing Municipalities shall not participate in approval of the RSU 10 budget for fiscal year 2018-2019 at either the RSU 10 budget meeting or the RSU 10 budget validation referendum, and shall not vote on whether or not to continue the budget validation referendum process in RSU 10.

Upon the relevant Effective Date, the administration and governance of education for students residing in the New RSU will be transferred directly from RSU 10 to the New RSU. Upon its election, the New RSU Board of Directors will hire or contract for a superintendent and business manager to operate a central administrative office, a special education director and secretary, a supervisor of operations and maintenance (building and grounds), a transportation supervisor, and an information and technology manager and staff. The New RSU's supervisor of the food service staff will create menus and plan purchases that will meet nutritional guidelines.

18. Contingency on other Withdrawals and Formation of New RSU

This Agreement shall be null and void, and the Town of Carthage shall not withdraw from RSU 10 as of the relevant Effective Date set forth in Section 2 and shall not assume any of the duties or liabilities set forth herein unless the Towns of Canton, Carthage, Dixfield and Peru have all voted to withdraw from RSU 10 at the November 8, 2016 general election or otherwise prior to January 1, 2017, and unless said four municipalities have also voted to form the New RSU at referendum votes that meet the requirements of 20-A M.R.S. § 1466(9) and 20-A MRS §1461-A prior to January 1, 2018.

19. Amendment

This Agreement may be amended by mutual written agreement of the school boards of RSU 10 and the New RSU. Any amendment to this Agreement shall require the written approval of the Commissioner of the Maine Department of Education.

20. Termination

This Agreement shall remain in effect until such time as it may be terminated by mutual written agreement of the governing bodies of RSU 10 and the New RSU with the prior written approval of the Commissioner of the Maine Department of Education.

21. State and Local Approval

This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A M.R.S. § 1466(4)(B) and approval by affirmative votes of the Withdrawing Municipalities of the withdrawal from RSU 10 and of the formation of the New RSU as set forth in Sections 17 and 18, above.

22. Additional Considerations

- A. **Superintendents' Agreements.** Nothing in this Agreement shall limit the availability or use of Superintendents' Agreements with respect to students or staff of RSU 10 and the New RSU.
- B. **Dispute Resolution.** Any dispute between Carthage, the other Withdrawing Municipalities, the New RSU, and/or RSU 10 (hereinafter individually referred to as "a Party" or collectively as "the Parties") arising out of or relating to this Agreement shall be resolved in accordance with this paragraph. Any Party may give written notice of a dispute arising out of or related to this Agreement to another Party or Parties in person or by certified mail, return receipt requested. The Parties to the dispute (hereinafter "the Affected Parties") shall attempt to resolve the matter through informal communication or negotiation for a period of thirty (30) days from the date of receipt of notice by the last Party to receive notice. If the dispute has not been resolved within thirty (30) days, any Party may serve written notice on the other Affected Parties of a request for mediation. The mediation shall be conducted in Maine by a mediator mutually agreeable by the Affected Parties, shall not exceed one full day or two half days in length, and shall be completed within ninety (90) days from the date of receipt of notice of a request for mediation by the last Affected Party to receive notice. If the Affected Parties are unable to agree on a mediator within thirty (30) days, or to resolve the dispute through mediation within ninety (90) days, then each retains all rights and legal and equitable remedies provided by law.
- C. **Legal Expenses and Costs.** Notwithstanding the provisions of the preceding paragraph, the substantially prevailing party in any dispute involving a claim that either party has breached its obligations under Paragraphs 9, 10, 11, 12, 15 and 16 shall be entitled to recover its costs and legal expenses, including reasonable attorney's fees.
- D. **Applicability to Successor School Administrative Units.** Upon approval by the Maine Commissioner of Education and by affirmative votes of all of the Withdrawing Municipalities in accordance with Sections 17 and 18 above, to approve withdrawal from RSU 10 and formation of the New RSU, this Agreement shall be binding upon the Town of Carthage, the New RSU and any successor school administrative units, and RSU 10 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which Carthage, the New RSU, RSU 10, or their respective successor school administrative units are or become a party.

E. ~~Assignment of Rights Remedies.~~ The Town of Carthage may, within the Reorganization Plan to form the New RSU, assign to the New RSU any rights and/or remedies arising from this Agreement or otherwise relating to Carthage's withdrawal from RSU 10.

F. ~~Career and Technical Region 9.~~ Following the Effective Date, the New RSU shall, in ~~consultation with the~~ Maine Department of Education and the Region 9 Cooperative Board, take ~~necessary steps~~ to become a member of Region 9, Northern Oxford County Career and ~~Technical Region~~ through legislative amendment of 20-A M.R.S. §8451(2)(H). Until such ~~time as the~~ New RSU becomes a member of Region 9, the New RSU shall be responsible for ~~Region 9~~ costs attributable to New RSU students pursuant to the Region 9 cost-sharing ~~Agreement.~~

23. Miscellaneous

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

Signed at Carthage, this 26 day of May, 2016.

Withdrawal Committee of the Town of Carthage:

John Parley
[Signature]

Bryan R. Welch
Kenneth Hutcherson

Regional School Unit No. 10

By: *Bruce H. Ross*

Title: School Board Chairperson

Approved By:

William H. Beardsley
Commissioner, Maine Department of Education

[Signature]