Withdrawal Agreement Between RSU 50 and the Town of Sherman Withdrawal Committee

This Agreement dated as of June 15, 2017 by and between RSU 50, the Maine regional school unit comprised of the municipalities of Crystal, Dyer Brook, Hersey, Island Falls, Merrill, Moro Plantation, Mount Chase, Oakfield, Patten, Sherman, Smyrna and Stacyville (hereinafter "RSU 50") and the Town of Sherman Withdrawal Committee, a duly appointed municipal withdrawal committee for the Town of Sherman (hereinafter "Sherman") organized in accordance with 20-A M.R.S. §1466(4)(A).

A. Purposes:

The purposes of this Agreement are:

1. In accordance with 20-A M.R.S. §1466(4)(A), to provide for the timely and orderly withdrawal of Sherman from RSU 50 contingent upon the concurrent withdrawal of Sherman, Patten and Stacyville (collectively, including Sherman, the "Withdrawing Municipalities") and further contingent on the formation of a new regional school unit (the "New RSU") by, at a minimum, the four Withdrawing Municipalities by the relevant Effective Date specified in Section B, infra. For the purposes of this Agreement, the term "New RSU" shall mean a new regional school unit that includes all of the Withdrawing Municipalities;

2. To provide educational continuity for all students residing in the Withdrawing Municipalities; and

3. To allocate RSU 50's financial and contractual obligations, and its assets, between RSU 50 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 and the continuity of educational programs.

B. Withdrawal:

Pursuant to 20-A M.R.S. §1466, Sherman shall withdraw from RSU 50 and become part of a new regional school unit that shall include all of the Withdrawing Municipalities. This Agreement will not become effective unless the towns of Mount Chase, Patten, Sherman, and Stacyville all approve a reorganization plan and vote in favor of withdrawal.

The Effective Date of this Agreement shall be June 30, 2018 (the "Effective Date"). The RSU 50 Board shall take no action to close any RSU 50 school prior to the Effective Date.

Subject to approval of withdrawal from RSU 50 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 as of the Effective Date, Sherman will become a member of the New RSU on the Effective Date.
C. Right to Continued Enrollment:

During the first year following the Effective Date, students residing in the Withdrawing Municipalities may attend the RSU 50 school they would have attended if the Withdrawing Municipalities had not withdrawn from RSU 50 in accordance with 20-A M.R.S. §1466(4) (A)(1). The Superintendent of RSU 50 and the Superintendent of the New RSU shall confer with each other and shall develop a list of K-12 students residing in the New RSU who have enrolled in RSU 50 schools outside of the Withdrawing Municipalities (hereinafter “RSU 50 Enrolled Students”). On or before the Effective Date, the Superintendents shall jointly certify a list of RSU 50 Enrolled Students for the preceding school year.

Likewise, during the first year following the Effective Date, students residing in RSU 50 municipalities may attend the New RSU school they would have attended if the Withdrawing Municipalities had not withdrawn from RSU 50 in accordance with 20-A M.R.S. §1466(4) (A)(1). The Superintendent of the New RSU and the Superintendent of RSU 50 shall confer with each other and shall develop a list of K-12 students residing RSU 50 municipalities who have enrolled in New RSU schools (hereinafter “New RSU Enrolled Students”). On or before the Effective Date, the Superintendents shall jointly certify a list of New RSU Enrolled Students for the preceding school year.

D. State Allocation and Tuition:

In accordance with 20-A M.R.S. §1466(4)(A)(1), during the first year following the Effective Date, the New RSU shall pay tuition for New RSU students attending RSU 50 schools. Likewise, during the first year following the Effective Date RSU 50 shall pay tuition for RSU 50 students attending New RSU schools. Tuition shall be determined under 20-A M.R.S. §5804 (for elementary students) and 20-A M.R.S. §5805(1) (for secondary students) except that during the first year following the Effective Date it is not subject to the state per-pupil limitation in 20-A M.R.S. §5805(2). After the first year following the Effective Date, the New RSU shall pay tuition for New RSU students attending RSU 50 schools pursuant to Section E.2, and RSU 50 shall pay tuition for RSU 50 students attending New RSU schools, pursuant to Section E.3 with tuition determined under 20-A M.R.S. §5804 (for elementary students) and 20-A M.R.S. §5805(1) (for secondary students), including the state per-pupil limitation in 20-A M.R.S. §5805(2).

E. Providing Educational Services for all Students from the New RSU:

1. New RSU Students Attending New RSU Schools:

   a) Regular Education Students. Upon the Effective Date, the New RSU will provide a Pre-K to 12 education for all students residing in the New RSU who wish to attend the New RSU schools. The New RSU will provide a teaching staff, facilities, administrators and academic programs. All students will have access to and will receive an educational program that takes into consideration their scholastic needs and that, upon graduation, will enable them to graduate with the knowledge and skills
necessary to successfully go on for further education or to enter the workplace.

(b) Special Education/504 Students. The New RSU will provide for continuity of programming for all special education and 504/ADA students residing within the New RSU attending New RSU schools. The New RSU will assume all responsibilities for decisions related to special education for these students. The New RSU shall provide all special education and 504 services to New RSU students required by each student’s IEP/504 Team in accordance with Maine law and regulations. If the student’s IEP/504 Plan requires placement outside of New RSU schools, all tuition and additional special education/504 costs will be paid by the New RSU for this purpose. The New RSU Director of Special Services shall be responsible for representing all New RSU students who qualify for special education/504 services, for supervising the IEP/504 Team processes, and for supervising the student evaluation process as for New RSU students.

(c) RSU 50 shall transfer to the New RSU the student records of the students who are to be educated in the New RSU provided that the New RSU shall reimburse RSU 50 for the costs of making copies of such student records to be retained by RSU 50 for its records.

2. New RSU Students Attending RSU 50 Schools:

(a) RSU 50 agrees to educate all students residing in the municipalities of the New RSU who had been enrolled at any RSU 50 school located outside the Withdrawing Municipalities during the school year preceding the Effective Date or who are enrolled in such schools during the first year after the Effective Date. These students may, at their option, continue their education at RSU 50 schools until such time that they graduate high school. Current procedures and policies pertaining to the education of New RSU students at RSU 50 schools governing placement, attendance, discipline and other student matters will apply unless new procedures and policies of general application to RSU 50 students are adopted by RSU 50. The New RSU shall pay RSU 50 tuition for students under this paragraph, as provided in Section D, above.

(b) Special Education/504 Students. During the first school year following the Effective Date, for students residing in the New RSU attending RSU 50 schools located outside the Withdrawing Municipalities pursuant to this agreement, RSU 50 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 50 has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Decisions about whether RSU 50 can implement the terms of the IEP, and whether RSU 50 has an appropriate program or placement for a student pursuant to the requirement of the IEP shall be made by RSU 50 after a careful review of the IEP for the student. In no event shall RSU 50 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 50 schools under this Agreement, except for student
removals of not more than 10 cumulative school days in the school year, when a student has been properly expelled from RSU 50, or when RSU 50 has determined that RSU 50 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 or the IEP Team process, and supervision of the student evaluation process for New RSU students attending RSU 50 schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, the New RSU’s representative at that Team meeting shall make the decisions on those issues, subject to the parents’ due process rights in relation thereto. RSU 50 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 50’s Special Education Director (or designee) on the proper implementation of the IEPs of New RSU special education students attending RSU 50 schools or perceived deficiencies in IEP implementation. RSU 50 shall consider that input in good faith, and shall take all reasonable measures consistent with the terms of this Agreement to respond to concerns and address perceived deficiencies.

(c) Special Education/504 Costs. The New RSU shall be responsible for the special education costs of any New RSU student enrolled in RSU 50 schools located outside the Withdrawing Municipalities pursuant to this Agreement including special education transportation costs and costs for facilities modifications required to accommodate the student. The tuition rate calculations under 20-A M.R.S. §§5804 and 5805 expressly exclude expenditures for special education. Therefore, in accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), the New RSU, in addition to the tuition payments required under Section D of this Agreement, shall be responsible for the actual costs of special education for New RSU students, including special education transportation costs and costs for facilities modifications required to accommodate the students. For purposes of this Section, special education shall include non-special education 504/ADA plans and services and reasonable attorneys’ fees incurred by RSU 50 in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual New RSU students. RSU 50 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.

3. **RSU 50 Students Attending New RSU Schools:**

(a) The New RSU agrees to educate all students residing in the municipalities of RSU 50 who had been enrolled at any RSU 50 school located in the Withdrawing Municipalities during the school year preceding the Effective Date or who are enrolled in such schools during the first year after withdrawal. These students may, at their option,
continue their education at New RSU schools until such time that they graduate high school. Current procedures and policies pertaining to the education of RSU 50 students at New RSU schools governing placement, attendance, discipline and other student matters will apply unless new procedures and policies of general application to New RSU students are adopted by the New RSU. RSU 50 shall pay the New RSU tuition for students under this paragraph, as provided in Section D, above.

(b) Special Education/504 Students. During the first school year following the Effective Date, for students residing in RSU 50 attending New RSU schools, the New RSU shall provide all special education and related special education services required by the IEP prepared by each student's IEP Team to the extent that the New RSU has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Decisions about whether RSU 50 can implement the terms of the IEP, and whether RSU 50 has an appropriate program or placement for a student pursuant to the requirement of the IEP shall be made by RSU 50 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 the RSU 50 attending New RSU schools, except in cases of student removals of not more than 10 cumulative school days in the school year, when a student has been properly expelled from the New RSU, or when the New RSU has determined that the New RSU cannot provide an appropriate program or placement for a student. RSU 50's Director of Special Education Services (or designee) shall represent the RSU 50 for special education programming, supervision or the IEP Team process, and supervision of the student evaluation process for RSU 50 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 Team, the RSU 50's representative at that Team meeting shall make the decisions on those issues, subject to the parent's due process rights in relation thereto. The New RSU personnel will work cooperatively with the RSU 50's representative and, upon request, will provide the RSU 50's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. RSU 50'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 50 special education students attending New RSU schools or perceived deficiencies in IEP implementation. The New RSU shall consider that input in good faith, shall take all reasonable measures consistent with the terms of this Agreement to respond to concerns and address perceived deficiencies.

(c) Special Education/504 Costs. RSU 50 shall be responsible for the special education costs of any RSU 50 student enrolled in New RSU schools including special education transportation costs and costs for facilities modifications required to accommodate the student. The tuition rate calculations under 20-A M.R.S. §§5804 and 5805 expressly exclude expenditures for special education. Therefore, in
accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), RSU 50, in addition to the tuition payments required under Clause D of this Agreement, shall be responsible for the actual costs of special education for RSU 50 students, including special education transportation costs and costs for facilities modifications required to accommodate the students. For purposes of this Section, special education shall include 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 50 students. The New RSU shall provide an itemized invoice to RSU 50 for such special education costs during the fiscal year in which the special education costs are incurred.

4. **Special Education:** Subject to the provisions in this Section, special education services and/or section 504/ADA plan services shall ultimately be the responsibility of the RSU in which a given student resides.

5. **Career and Technical Education:** Following the Effective Date, students residing in the New RSU and participating in career and technical education shall attend Region Two School of Applied Technology, or such technical school with which New RSU should later enter into a contract. Upon withdrawal, the New RSU in concert with the Department of Education and Region Two School of Applied Technology shall take the necessary steps to become a member of the Region Two School of Applied Technology. Until such time as the New RSU becomes a member of Region Two, the New RSU shall be responsible for Region Two costs attributable to New RSU student counts pursuant to the Region Two cost sharing formula.

**F. School Construction:**

The withdrawal of the Withdrawing Municipalities from RSU 50 will not cause a need for any school construction projects in either RSU 50 or the New RSU that would be eligible for state funds within five (5) years of the Effective Date.

**G. Transportation Services:**

Section O(3) of this Agreement provides for the transfer, to the New RSU, of buses and vehicles to serve the transportation needs of the students of the New RSU. RSU 50 shall provide transportation for students residing in RSU 50 to RSU 50 schools as required by 20-A M.R.S.A. § 5401. The New RSU shall provide transportation for students residing in the New RSU to New RSU schools as required by 20-A M.R.S.A. § 5401. Each respective RSU may, at its discretion, elect to pick up students from the other RSU at agreed-upon pick-up locations.

**H. Creation of 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 50 and the New RSU from entering into a separate agreement to share superintendent and/or central office services for the first school year following the Effective Date or beyond.

I. Financial Commitments:

1. Outstanding Indebtedness: Under 20-A M.R.S. §1466(16) when a municipality withdraws from a regional school unit having outstanding indebtedness, the RSU remains intact for the purpose of retiring and securing that debt, but the withdrawal agreement may provide for an alternate means for retiring that outstanding indebtedness. RSU 50 represents that it carries no debt as of the date of this Agreement. As such, no division of debt is necessary.

2. Financial Commitments Issued Prior to Satisfaction of Contingencies of Clause S: During the 2017-2018 school year, RSU 50 may issue bonds, notes, or lease purchase arrangements to upgrade facilities at RSU 50’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 50 before the contingencies of Section S have been satisfied, under 20-A M.R.S. §1466(16), RSU 50 will remain intact for purposes of retiring and securing that indebtedness. If the contingencies of Section S are subsequently satisfied, and if such bonds, notes or lease purchase obligations relate solely to school facilities located outside the Withdrawing Municipalities, as an alternate means for retiring such indebtedness or lease purchase obligations under 20-A M.R.S. §1466(16), RSU 50, exclusive of the New RSU, hereby agrees to pay such indebtedness. Where possible during this period, RSU 50 shall issue any bond which relates to school facilities in the New RSU separately from any other bond which benefits schools in other RSU 50 municipalities. To the extent that such bonds, notes or lease purchase obligations relate solely to school facilities located in the 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 50.

3. Lease Purchase Obligations: As of the Effective Date, the New RSU will assume, and be solely liable at its own expense, all lease purchase agreements and maintenance agreements for buses, equipment and personal property transferred to the New RSU under Section O of this Agreement or that relate solely to the New RSU. To the extent that any of the agreements in subsection 2 or subsection 3 include products or services related to RSU 50 and the agreements cannot be separated between RSU 50 and the New RSU, the New RSU shall pay RSU 50 its share of the costs related to such agreements.

J. Indebtedness After Contingencies Have Been Satisfied: After the contingencies in Section S have been satisfied, but before the Effective Date, RSU 50 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities or 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 50 will remain intact for purposes of retiring and securing any such indebtedness. To the extent that such proposed indebtedness is a general obligation that requires voter approval, and is to be submitted to the voters for approval after the contingencies of Section 5 have been satisfied, the RSU 50 school board shall provide for the debt to be approved at an RSU 50 referendum vote conducted in accordance with the general laws. Prior to the effective date of withdrawal, the obligations will be authorized to be issued by the RSU 50 school board in the name of RSU 50, but these obligations shall be obligations only of the New RSU, and to the extent the obligations are general obligations, they shall be secured by ad valorem taxation in the member municipalities of the New RSU. To issue such obligations on a tax advantaged (tax exempt or tax credit) basis, RSU 50 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 50 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 50. 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 50.

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 50, school board shall provide for the debt to be approved at an RSU 50 referendum vote conducted in accordance with the general laws, RSU 50 hereby agrees to assume, and at its own expense pay, such indebtedness with no contribution or participation by the Withdrawing Municipalities. For purposes of this paragraph the term “Remaining Municipalities” shall mean those member municipalities that have not voted to become members of the New RSU or to otherwise withdraw from RSU 50 as of the date that the referendum is called.

K. Superintendent Contract:

RSU 50 has signed a one-year contract with an interim Superintendent of Schools for a term that runs through June 30, 2018. The New RSU shall have no obligation under any extension of the current RSU 50 superintendent contract, nor any other RSU 50 superintendent contract.
L. Contingent Liabilities:

1. *Future Claims*: The Parties acknowledge that RSU 50 may be liable for future legal claims based on incidents arising prior to the Effective Date, when the Withdrawing Municipalities were members of RSU 50. The New RSU shall be responsible for and agrees to pay its share (according to the Sum of Local Additional Contribution Percentage, as shown in Exhibit 4) of RSU 50’s costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that RSU 50’s costs, expenses, damages, and other losses are not covered by insurance or other sources. RSU 50 shall give written notice of such claims to the New RSU within 30 days after RSU 50 receives notice of a claim. RSU 50 shall regularly update the New RSU regarding the status of such claims, and shall consult with the school board of the New RSU before entering into a settlement of such claims.

2. *Audits*: In the event that RSU 50 becomes the subject of a federal or state audit for a period when the Withdrawing Municipalities were members of RSU 50 and as a result of such audit, RSU 50 becomes subject to any payment obligation or withholding related to the period when the Withdrawing Municipalities were members of RSU 50, the New RSU shall be responsible for and agrees to pay its share (according to the Sum of Local Additional Contribution Percentage, as shown in Exhibit 4) of RSU 50’s obligation. Likewise, if as a result of such audit, RSU 50 receives any rebate, refund or credit, RSU 50 shall reimburse the New RSU for its share of such rebate, refund or credit within thirty (30) days of receipt of any such payment or credit to RSU 50.

M. Collective Bargaining Agreements:

The collective bargaining agreements listed below currently pertain to RSU 50 employees that will be employed by the New RSU following the Withdrawing Municipalities withdrawal from RSU 50:

<table>
<thead>
<tr>
<th>Employee Unit</th>
<th>Term</th>
<th>Applies To</th>
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<tbody>
<tr>
<td>RSU 50</td>
<td>9/1/16-</td>
<td>Teachers, Librarian, School Nurse, Math &amp; Literacy Coaches</td>
</tr>
<tr>
<td>Education</td>
<td>8/31/19</td>
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<tr>
<td>RSU 50 Support</td>
<td>7/1/16-</td>
<td>Administrative, Custodial, Transportation, Ed Tech, Food Service and Library</td>
</tr>
<tr>
<td>Staff</td>
<td>6/30/18</td>
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</table>

Following the Withdrawing Municipalities withdrawal, the New RSU shall assume all current collective bargaining agreements to the extent that they cover employees of RSU 50 assigned to the New RSU schools at the end of the school year preceding the Effective Date (whether full or part-time) who have a right to continued employment as of the day after the Effective Date. 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 mutual agreement between RSU 50 and the New RSU and the updated list shall be attached
to this Agreement as Replacement Exhibit 1.

Nomination of probationary teachers for employment during the school year immediately following the Effective Date shall be the responsibility of the RSU in which the teacher to be employed after the Effective Date.

Following the vote by the Withdrawing Municipalities to withdraw and the formation of the New RSU, the New RSU school board will extend representational rights to all of the bargaining units listed above for the purpose of negotiating future collective bargaining contracts. If, after a vote by the Withdrawing Municipalities to withdraw, RSU 50 is engaged in negotiations with any of the above bargaining units, the New RSU school board will assume responsibilities for those negotiations insofar as they pertain to employees of the New RSU for time periods after the Effective Date. If no new collective bargaining agreement has been reached between RSU 50 and any of the bargaining units above on the date of a vote by the Withdrawing Municipalities to withdraw, the New RSU school board will honor the terms of any existing collective bargaining agreements that remain in effect past their termination date, and will honor the status quo as defined by the Maine Labor Relations Board with respect to employees assigned to the New RSU until a successor agreement has been agreed upon.

RSU 50 shall transfer to the New RSU the personnel records of employees assigned to the New RSU, provided that the New RSU shall reimburse RSU 50 for the costs of making copies of such records to be retained by RSU 50 for its records.

N. Continuing Contract Rights under Section 13201:

The Withdrawing Municipalities’ withdrawal from RSU 50 will not affect the continuing contract rights of teachers under 20-A M.R.S. § 13201. On the Effective Date of withdrawal, all continuing contract teachers assigned to schools within the New RSU, and having a right to continued employment as of the Effective Date, shall become continuing contract teachers of the New RSU. On the Effective Date, all probationary teachers assigned to RSU 50 schools who become employees of the New RSU, and who have earned years of service with RSU 50 toward continuing contract status, shall retain those years of service for purposes of attaining continuing contract status with the New RSU. 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 is attached as Exhibit 2. This list shall be updated on the Effective Date by mutual agreement between RSU 50 and the New RSU, and the updated list shall be attached to this Agreement as Replacement Exhibit 2.

O. Disposition of Real and Personal Property:

1. **Real Property:** All real property and fixtures located in the Withdrawing Municipalities shall become the property of the New RSU on the Effective Date. Any property that SAD 25 deeded to RSU 50 upon its creation will be deeded to the New RSU by
quiteclaim deed. Any legal fees or other costs associated with such transfer shall be the responsibility of the New RSU. The New RSU may require such deeds, assignments or other instruments of transfer as in its judgment are necessary to establish the New RSU’s right, title and interest in such real property and fixtures.

2. Personal Property: Any and all personal property located in or on New RSU schools (i.e. Katahdin schools), 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 on the Effective Date. Any and all personal property located in or on RSU 50 schools outside of the withdrawing municipalities (i.e. Southern Aroostook schools) as of the date of this Agreement, including moveable equipment, furnishings, textbooks and other curriculum materials, supplies, and inventories, will become the property of RSU 50 on the Effective Date. This shall be subject to the exception that any part or equipment in the Transportation Garage that corresponds to a particular vehicle shall be considered part of that vehicle, and shall be distributed according to Section O(3) of this Agreement. The parties agree, in good faith, not to move personal property from one school to another in anticipation of the withdrawal.

3. School Buses & Vehicles: On the Effective Date, RSU 50 will transfer the school buses, vehicles and equipment listed on Exhibit 3 to the New RSU.

4. Central Office Equipment: All RSU 50 Central Office Equipment shall become the property of RSU 50 on the Effective Date.

5. Scholarship & Trust Funds: Scholarship and trust funds held by RSU 50 for the benefit of the Withdrawing Municipalities and schools located therein shall be transferred to the New RSU subject to any applicable requirements.

6. Grants: RSU 50 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.

P. Undesignated Fund Balance and Other RSU 50 Funds:

RSU 50 shall pay to the New RSU its share of RSU 50’s undesignated fund balance, food service account balance, and non-lapsing or carryover accounts balances — including reserve accounts, any accounts containing grant monies or donations not dedicated to schools in the Remaining Municipalities, and any other such accounts that are held for the general use of RSU 50 net of all encumbered funds and other charges under generally accepted accounting principles, such as but not limited to summer salaries and benefit obligations (hereinafter the “Undesignated Fund Balance”). The New RSU share shall be calculated and paid as follows:

RSU 50 will transfer $200,000 (the initial MSAD 25 contribution to RSU 50) to an authorized New RSU bank account no later than the date thirty (30) days prior to the
Effective Date.

The remainder of the New RSU’s share shall be a percentage, according to the Sum of Local Additional Contribution Percentage, as shown in Exhibit 4. The remainder shall be computed by subtracting $400,000 (the initial contributions of MSAD 25 and CSD 9) from the Undesignated Fund Balance, and multiplying the difference by this percentage.

This remainder shall be paid in two installments: fifty (50) percent to be paid on the Effective Date, and fifty (50) percent within 30 days of the completion of the official 2017-2018 District Audit. The first of these payments will be made based upon an estimated final Undesignated Fund Balance; the second payment will reflect any adjustments as shown by the audit. Should the Undesignated Fund Balance fall below $400,000, or become negative, the surplus or liability shall be shared between RSU 50 and the New RSU according to the Sum of Local Additional Contribution Percentage, as shown in Exhibit 4.

Should any Withdrawing Municipality have any outstanding financial obligations to RSU 50, the New RSU’s share shall be reduced by the amount owed.

Q. Transition of Administration and Governance:

Upon completion of the contingencies of Section S, and prior to the Effective Date of withdrawal, the New RSU will provide for the election of a board of directors in accordance with the Reorganization Plan and state law. Said board shall have the authority to take all actions necessary to prepare for the establishment of the New RSU, including but not limited to preparing a budget for the first school year following the Effective Date to be submitted to the voters of the New RSU, and accepting the transfer of property, assets and debt liabilities.

The approval of each school unit’s budget for the school year immediately following the effective date shall be the sole responsibility of the voters of each respective school unit and the voters of the other unit shall not participate in its RSU budget meeting or budget validation referendum. RSU 50 takes no responsibility for the ratification of the New RSU budget.

Upon the Effective Date, the administration and governance of education for students residing in the New RSU will be transferred directly from RSU 50 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.

R. Sharing of Staff and Services:

RSU 50 and the New RSU intend to enter into a multi-year, reciprocal Interlocal Agreement, with the goal of maintaining continuity of services currently shared between the schools of the pre-withdrawal RSU 50. This Agreement is expected to include the following positions
for three years:

<table>
<thead>
<tr>
<th>Employees of RSU 50</th>
<th>Employees of New RSU</th>
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<tbody>
<tr>
<td>District Technology Coordinator</td>
<td>Food Services Director</td>
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<tr>
<td>District Technology Technician</td>
<td>Head Mechanic/Grounds Assistant</td>
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<td>Transportation Assistant</td>
<td>Librarian</td>
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<tr>
<td>Director of Special Services</td>
<td>Sciences Teacher</td>
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<td>Facilities Director</td>
<td>English Teacher</td>
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<tr>
<td>Library Ed Tech II</td>
<td>Physical Education Teacher</td>
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<td>Social Studies Teacher</td>
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<td>Foreign Language Teacher</td>
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The final list of shared positions and their respective allocation of employee time and salary and benefit costs will be incorporated into a duly executed Interlocal Agreement by the two RSUs, to be separately negotiated no later than the Effective Date. The Interlocal Agreement shall include the following terms:

1. The employer for each of the shared positions listed above shall be the school administrative unit shown on the above chart;

2. The employer for each of the shared positions will honor all existing collective bargaining agreements for employees in shared positions shown on the above chart;

3. The term of the Interlocal Agreement shall be not less than three years;

4. The salary and benefit costs for each employee filling a shared position listed in the above chart shall be shared between RSU 50 and the New RSU, in proportion to the time that each employee spends in each school system, provided that in the absence of a mutual agreement to the contrary, the work time and salary and benefit costs of that shared position shall be shared equally between RSU 50 and the New RSU;

5. The employee filling each shared position shall be an employee of the employing unit for all purposes, including evaluation and discipline, provided that the employing unit shall consider in good faith the observations, evaluations and recommendations of the non-employing unit regarding that employee’s performance while working in the shared position in the non-employing unit; and

6. Should issues arise regarding the termination or non-renewal of the contract of employment of an employee filling a shared position, the parties agree to consult with each other regarding the termination or non-renewal of that employee, provided that the employing unit shall make all decisions relating thereto. The non-
employing unit shall be responsible for its share of any employment costs incurred by the employing unit arising out of that employee’s then current one-year employment contract.

7. On, or before May 1st of each year of the agreement, officials from RSU 50 and the New RSU will meet to determine the level of shared services for each position and the costs to be shared.

The boards of directors of the two RSUs will form a Shared Services Committee comprised of three directors from each board, which committee will be responsible for administering the Interlocal Agreement. If RSU 50 and the New RSU are not able to reach agreement on an Interlocal Agreement with respect to any shared employment position listed above prior to the Effective Date, that shared position shall nonetheless be assigned to the school unit listed above as the employer. In that event, the relationship between RSU 50 and the New RSU with respect that shared position shall be governed by subparagraphs 1-6 above.

S. Contingency on Other Withdrawals:

This Agreement shall be considered null and void, and the Town of Sherman shall not withdraw from RSU 50 as of the relevant Effective Date set forth in Clause B, and shall not assume any of the duties nor liabilities set forth herein unless the Towns of Patten, Mount Chase and Stacyville have voted to withdraw from RSU 50 and to form the New RSU at referendum votes that meet the requirements of 20-A MRSA §1466 (9) and 20-A MRSA §1461-A.

T. Amendments:

This Agreement may be amended by mutual written agreement of the school boards of RSU 50 school board and the New RSU, either before or after the Effective Date. Any such amendment shall be effective only if in writing, signed by duly authorized representatives of the parties to the amendment, and approved by the Commissioner of the Maine Department of Education.

U. 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 50 and the New RSU with prior written approval of the Commissioner of the Maine Department of Education.

V. State and Local Approval:

This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A MRSA §1466(4)(B) and approval by affirmative votes of the Withdrawing Municipalities of the withdrawal from RSU 50 and of the formation of the New RSU as set forth above.
W. Additional Considerations:

1. *Dispute Resolution:* Upon the favorable votes required by the contingencies of Section S, any dispute between the Sherman, the other Withdrawing Municipalities, the New RSU, and/or RSU 50 (hereinafter individually referred to as 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 on the other Affected Parties of a request for mediation. The mediation shall be conducted in Maine by a mediator mutually agreeable to the Affected Parties, shall not exceed one full day or two half days in length, and shall be completed within ninety (90) days from the date of receipt of notice of a request for mediation by the last Affected Party to receive notice. 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, the dispute shall be submitted to arbitration in accordance with the procedures of the Maine Uniform Arbitration Act, 14 M.R.S.A. §5927 et seq.

2. *Applicability to Successor School Administrative Units:* Upon affirmative votes of all the Withdrawing Municipalities and final approval by the Maine Commissioner of Education and in accordance with current law, this Agreement shall be binding upon the Town of Sherman, the New RSU, and any successor school administrative units, and on RSU 50 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which Sherman, the New RSU, RSU 50 or their respective successor school administrative units are, or become, a party.

3. *Superintendent’s Agreements:* Nothing in this Agreement shall limit the availability or use of Superintendent’s Agreements with respect to the students of RSU 50 and the New RSU.

4. *Assignment of Rights/Remedies:* The Town of Sherman 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 Sherman’s withdrawal from RSU 50.

X. Miscellaneous:

This Agreement may not be assigned and shall be interpreted, governed, construed, and enforced in accordance with the laws of the State of Maine, without regard to any of its conflict of laws principles. This Agreement contains the entire agreement between the Parties in relation to its subject matter, and there are no other agreements or understandings,
oral or otherwise, between the Parties at the time of execution of this Agreement. Each Party represents that its signatory to the Agreement is duly authorized by that party to execute this Agreement and in doing so binds that party to its terms. The headings and subheadings of the clauses, 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 of this Agreement is determined to be invalid or unenforceable in whole or in part for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the extent permitted by law.

The Withdrawal Committee of the Town of Sherman:

Affix C. Pickard - Chair & Rep from Municipal Officers (Selectperson)

Nicole Mitchell - Rep from RSU 50 School Board

Stuart Kelley - Member & Petitioner

Rachael Graves Lane - Member & Rep from the General Publix

RSU 50:

Philip Knowles
Chair of the RSU 50 School Board Duly Authorized

Approved as a Final Withdrawal Agreement under Title 20-A MRSA §1466(5)

Robert G. Hasson, Jr.
Maine Commissioner of Education