WITHDRAWAL AGREEMENT

Between

Town of Lamoine Withdrawal Committee and Regional School Unit No. 24

AGREEMENT made by and between the Town of Lamoine ("Town" or "Lamoine") Withdrawal Committee and Regional School Unit No. 24 ("RSU" or "RSU 24") according to 20-A MRSA §1466 for the withdrawal of the Town of Lamoine from Regional School Unit No. 24.

The Lamoine residents voted favorably on the petition for withdrawal from the RSU on June 12, 2012. Per state statute, the Town Clerk notified the Commissioner of the Maine Department of Education and the secretary of the RSU that the Town had met all of the requirements to petition for withdrawal from the RSU. The Town's Board of Selectmen appointed its representatives to the withdrawal committee, the members of the RSU Board of Directors representing the Town of Lamoine selected their member to serve on the withdrawal committee, and the first meeting of the committee was convened by the RSU 24 Chair on July 10, 2012 as provided by law.

1. Purposes. The purposes of this Agreement are:

1) To provide for the timely and orderly withdrawal of Lamoine from RSU 24;

2) To provide educational continuity for all students residing in Lamoine and, insofar as the educational programs provided within the Town of Lamoine serve students from RSU 24 communities, to provide educational continuity for those students;

3) To provide fair and equitable compensation to RSU 24 for its prior capital purchases and investments in technology and equipment made in the Lamoine Consolidate School; and to provide fair and equitable compensation to the New Lamoine SAU for its portion of capital purchases and investments in technology and equipment made in other schools located in RSU 24; and

4) To allocate RSU 24's financial and contractual obligations, and its assets, between RSU 24 and the new school administrative unit that includes, or is comprised of, Lamoine (hereinafter the "New Lamoine SAU"), as of the effective date of Lamoine's withdrawal in a manner that fairly takes into account the continuing educational needs of students, the continuity of educational programs and the goal of mitigating where possible increases in property taxes as a result of Lamoine's withdrawal.

For purposes of this Agreement the term "New Lamoine SAU" shall mean the Town of Lamoine municipal school unit.

2. Withdrawal. Pursuant to 20-A MRS § 1466, the Town of Lamoine shall withdraw from RSU 24 in accordance with the terms of this Agreement as of June 30, 2014, and thereafter shall no longer be a member of the RSU 24 school administrative unit. As of July 1, 2014, Town of Lamoine shall become a separate municipal school administrative unit comprised solely of

Lamoine unless Lamoine joins, merges with, or otherwise is included in another administrative unit.

3. Continuity of Educational Services.

During the first year after withdrawal from RSU 24 (i.e., from July 1, 2014 to June 30, 2015) the New Lamoine SAU will provide continuity of educational services to all students residing in Lamoine and RSU 24 students attending Lamoine schools as follows:

A. Lamoine students attending Lamoine Consolidated School during the 2013-14 school year

Lamoine students attending Lamoine Consolidated School during the 2013-2014 school year will continue to receive the educational services they previously received at the Lamoine Consolidated School in order to provide optimal instructional and curricular continuity. These services include the core curriculum, auxiliary and specialized services such as special education and gifted/talented, co-curricular, and after-school programming for K through grade 8 provided through the Lamoine Consolidated School.

B. Lamoine elementary students attending RSU 24 schools outside the Town of Lamoine

Any elementary student residing in Lamoine who attends an RSU 24 school outside the Town of Lamoine and is enrolled in that school at the close of the 2013-2014 school year, or any elementary student residing in Lamoine who would have attended an RSU 24 school outside the Town of Lamoine during the 2014-2015 school year if Lamoine had not withdrawn from RSU 24, may attend that school during the first year after withdrawal. During the 2014-2015 school year, additional students residing in Lamoine may enroll in an RSU 24 school for the 2014-2015 school year, if that is the RSU 24 school that student would have attended if Lamoine had not withdrawn from RSU 24, in accordance with 20-A MRS §1466(4)(A)(1). On or about June 30, 2014, the superintendents of RSU 24 and the New Lamoine SAU shall confer with each other and shall jointly certify the list of such students ("Lamoine Enrollees in Other RSU 24 Schools").

A student's right to continue to be educated at an RSU 24 school during the 2014-2015 school year shall terminate if the student discontinues his or her enrollment at that school for a continuous period of 90 calendar days between September 1, 2014 and June 15, 2015, whether by enrolling in another school administrative unit or private school, dropping out, or being expelled and not readmitted within 90 days. Notwithstanding the foregoing, a student's failure to attend the RSU 24 school for a continuous period of 90 days due to health reasons, out-of-district special education placement, or approved travel or study abroad, shall not terminate a student's right to continue to attend RSU 24 schools under this Agreement. In addition, in other appropriate circumstances, the Superintendents may agree that a student's failure to attend RSU 24 schools for a continuous period of 90 days shall not terminate the student's right to continue his or her education at RSU 24 schools under this Agreement.

The costs of educating Lamoine students attending RSU 24 schools, exclusive of students receiving special education services will be allocated as follows: RSU 24 will bill the New

Lamoine SAU on a bi-annual basis on or before December 15 and May 15, with a reconciliation after the Department of Education sets final tuition rates, at a tuition rate determined under Section 5804 for students in grades K-8 and Section 5805, subsection 1 for FY 2014-15. If a student attends the Hancock County Technical Center or any other program outside of the RSU 24 school that the student attends, the tuition for that student shall be pro-rated to reflect the proportion of the school day that the student spends at the RSU 24 school.

Under 20-A MRS Chapter 606-B, the Essential Programs and Services Funding Act, the New Lamoine SAU will receive the State education subsidy allocations for Lamoine students attending RSU 24 schools on a tuition basis.

C. RSU 24 students attending Lamoine Consolidated School.

Any student residing in RSU 24 outside the Town of Lamoine who attends Lamoine Consolidated School and is enrolled in that school as of the close of 2013-2014 school year or any such student who would have attended Lamoine Consolidated School during the 2014-2015 school year if Lamoine had not withdrawn from RSU 24, may attend that school during the first year after withdrawal. During the 2014-2015 school year, additional students residing in RSU 24 outside of Lamoine who would have attended Lamoine Consolidated School if Lamoine had not withdrawn from RSU 24, may attend that school. A student's right to continue to be educated at Lamoine Consolidated School during the 2014-2015 school year shall terminate if the student discontinues his or her enrollment at that school for a continuous period of 90 calendar days between September 1, 2014 and June 15, 2015, whether by enrolling in another school administrative unit or private school, dropping out, or being expelled and not readmitted within 90 days. Notwithstanding the foregoing, a student's failure to attend Lamoine Consolidated School for a continuous period of 90 days due to health reasons, out-of-district special education placement, or approved travel or study abroad, shall not terminate a student's right to continue to attend Lamoine Consolidated School under this Agreement. In addition, in other appropriate circumstances, the Superintendents may agree that a student's failure to attend Lamoine Consolidated School for a continuous period of 90 days shall not terminate the student's right to continue his or her education at Lamoine Consolidated School under this Agreement.

The costs of educating RSU 24 students who attend Lamoine Consolidated School, exclusive of any such student receiving special education services, will be allocated as follows. The New Lamoine SAU will bill RSU 24 on a bi-annual basis payable on or before December 15 and May 15, with a reconciliation after the Department of Education sets final tuition rates, at a tuition rate determined under section 5804 for grade K-8 students. If a student attends any other program outside of the Lamoine Consolidated School for part of the school day, the tuition for that student shall be pro-rated to reflect the proportion of the school day that the student spends at the Lamoine Consolidated School.

Under 20-A MRS Chapter 606-B, the Essential Programs and Services Funding Act, RSU 24 will receive the State education subsidy allocations for RSU 24 students attending Lamoine schools on a tuition basis.

D. High school students residing in Lamoine ("Lamoine Secondary Students")
As in the past and according to state statute governing secondary school choice, all secondary students residing in Lamoine shall have the right to choose to attend an approved secondary school that suits their educational goals and needs.

1. The First Year Following Withdrawal. During the 2014-2015 school year, RSU 24 agrees to educate those Lamoine high school students who were previously enrolled at RSU 24 Ellsworth High School or Sumner Memorial High School and any students who choose to enroll for that year. Current procedures and policies pertaining to the education of Lamoine secondary students at RSU 24 schools governing placement, attendance, and other student matters will pertain unless new such procedures and policies are jointly agreed to by the two SAUs.

2. The Nine Years After the First Year Following Withdrawal. Following the first year after withdrawal, pursuant to chapter 219 of Title 20-A of the Maine Revised statues, RSU 24 agrees to accept Lamoine secondary students as tuition students at Ellsworth High School and Sumner Memorial High School, subject to its right to limit enrollment when other choice options exist as described below. Notwithstanding section 5803 of Title 20-A, if RSU 24 gives a notice of discontinuance of acceptance of the Lamoine secondary students, such notice shall not be effective before June 30, 2024 unless:

   i. The New Lamoine SAU has a secondary school that Lamoine secondary students may attend; or

   ii. The New Lamoine SAU has a tuition contract with a school unit to accept all Lamoine secondary students who apply, the term of which ends on or after June 30, 2024.

   During the first ten years following withdrawal, the New Lamoine SAU shall maintain school choice and shall not take any affirmative action to terminate secondary tuition student options that currently exist. Local secondary tuition student options that currently exist for Lamoine secondary students include, but are not limited to: Ellsworth HS, Mount Desert Island HS, Sumner Memorial HS, John Bapst HS, and George Stevens Academy. During the second through tenth years after withdrawal, RSU 24 reserves the right to limit enrollment of Lamoine secondary tuition students unless all of the high schools listed above verify that they will not accept Lamoine secondary students as secondary tuition students; in this event, RSU 24 shall accept all Lamoine secondary students as tuition students except for any student who requires an out-of-district placement.

Special Education Students. The terms governing the placement of Lamoine students who are eligible for special education services at RSU #24 High Schools shall be identical to those described in the Lamoine-RSU 24 Withdrawal Agreement, Section 3 F.

Payment of Tuition. The costs of educating Lamoine secondary students attending RSU 24 secondary schools, exclusive of students receiving special education services, will be allocated as follows: RSU 24 will bill the New Lamoine SAU on a bi-annual basis on or before December 15 and May 15, with a reconciliation after the Department of Education sets final

tuition rates, at a tuition rate determined under Section 5805, subsection 1 for FY 2014-15 and Section 5805, subsections 1 and 2 thereafter. If a student attends the Hancock County Technical Center, the tuition for that student shall be pro-rated to reflect the proportion of the school day that the student spends at the RSU 24 school.

Under 20-A MRS Chapter 606-B, the Essential Programs and Services Funding Act, the New Lamoine SAU will receive the State education subsidy allocations for resident Lamoine students attending RSU 24 secondary schools on a tuition basis.

E. Lamoine Special Education Students attending Lamoine Schools

Lamoine SAU will provide for continuity of programming for all special education students residing within the Town of Lamoine attending Lamoine schools. The New Lamoine SAU assumes all responsibilities for decisions related to special education for these students.

F. Lamoine Special Education Students Attending RSU 24 Schools

During the 2014-2015 school year, for students residing in Lamoine attending RSU 24 schools, RSU 24 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 24 has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Except for short term programming changes of not more than 10 cumulative school days per school year, decisions about whether RSU 24 can implement the terms of the IEP, and whether RSU 24 has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by RSU 24 after a careful review of the IEP for the student. In no event shall RSU 24 refuse to provide needed special education services as provided in the IEP for students residing in Lamoine who are permitted to attend RSU 24 schools under this Agreement, except for student removals of not more than 10 cumulative school days per school year or when RSU 24 has determined that RSU 24 cannot provide an appropriate program or placement for that student. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, the Lamoine SAU's representative at that Team meeting shall make the decisions on those issues, subject to the parent's due process rights in relation thereto. RSU 24 personnel will work cooperatively with the Lamoine SAU's representative, and, upon request will provide the Lamoine SAU's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. The Lamoine SAU's representative shall provide input to RSU 24's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of Lamoine special education students attending RSU 24 schools or perceived deficiencies in IEP implementation. RSU 24 shall consider that input in good faith and RSU 24 shall respond in an appropriate manner consistent with the terms of this Agreement. In accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), the New Lamoine SAU shall be responsible for the costs of special education for special education students residing in Lamoine attending RSU 24 schools during the 2014-2015 school year. The New Lamoine SAU shall pay RSU 24 for the special education costs of any such student as follows:

The New Lamoine SAU shall be responsible for the special education costs of any New Lamoine SAU student enrolled in RSU 24 schools including special education transportation costs and costs for facilities modifications required to accommodate the student. The tuition rate calculations under 20-A MRS §§5804 and 5805 expressly exclude expenditures for special education. Therefore, in accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), the New Lamoine SAU, in addition to the tuition payments required under this Agreement, shall be responsible for the actual costs of special education for New Lamoine SAU students, 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 MRS §§5804 and 5805(1). For purposes of this section, special education shall include non-special education 504/ADA plans and services and special education costs shall include costs of non-special education 504/ADA plans and services and reasonable attorneys' fees incurred by RSU 24 in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual New Lamoine SAU students. RSU 24 shall provide an itemized invoice to the New Hancock SAU for such special education costs during the fiscal year in which the special education costs are incurred.

The RSU shall bill the New Lamoine SAU for such special education and 504/ADA costs during the fiscal year in which those costs are incurred.

G. RSU 24 special education students attending Lamoine Schools.

For students residing in RSU 24 attending Lamoine Consolidated School during the 2014-2015 school, the New Lamoine SAU shall provide all special education and related special education services required by the IEP prepared by each student's IEP Team to the extent that the New Lamoine SAU has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Except for short term programming changes of not more than 10 cumulative school days per school year, decisions about whether the New Lamoine SAU can implement the terms of the IEP, and whether the New Lamoine SAU has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by the New Lamoine SAU after a careful review of the IEP for the student. In no event shall the New Lamoine SAU refuse to provide needed special education services as provided in the IEP for students residing in RSU 24 who are permitted to attend the Lamoine Consolidated School under this Agreement, except for student removals of not more than 10 cumulative school days per school year or when the New Lamoine SAU has determined that the New Lamoine SAU cannot provide an appropriate program or placement for that student. RSU 24's Director and/or Assistant Director of Special Services shall represent RSU 24 for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for RSU 24 students attending the Lamoine Consolidated School. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, RSU 24'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 Lamoine SAU personnel will work cooperatively with RSU 24's Director and/or Assistant Director of Special Services and other staff, and, upon request will provide the Director and/or Assistant Director

of Special Services with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process in the possession of the New Lamoine SAU. RSU 24's Director and/or Assistant Director of Special Services shall provide input to the New Lamoine SAU staff on the proper implementation of the RSU students' IEPs, or perceived deficiencies in IEP implementation. The New Lamoine SAU shall consider that input in good faith and shall respond in an appropriate manner consistent with the terms of this Agreement. In accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), RSU 24 shall be responsible for the costs of special education for special education students residing in RSU 24 and attending Lamoine Consolidated Schools during the 2014-2015 school year. RSU 24 shall pay the New Lamoine SAU for the special education costs of any such student as follows:

RSU 24 shall be responsible for the special education costs of any RSU 24 student enrolled in New Lamoine SAU schools including special education transportation costs and costs for facilities modifications required to accommodate the student. The tuition rate calculations under 20-A MRS §§5804 and 5805 expressly exclude expenditures for special education. Therefore, in accordance with Chapter 101 of the Rules of the Maine Department of Education, Maine Unified Special Education Regulation, Section IV(4)(A) and (B), RSU 24, in addition to the tuition payments required under this Agreement, shall be responsible for the actual costs of special education for RSU 24 students, 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 MRS §§5804 and 5805(1). For purposes of this section, special education shall include non-special education 504/ADA plans and services and special education costs shall include costs of non-special education 504/ADA plans and services and reasonable attorneys' fees incurred by the New Lamoine SAU in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual RSU 24 students.

The New Lamoine SAU shall bill RSU 24 for such special education and 504/ADA costs during the fiscal year in which those costs are incurred.

4. No Construction within Five Years of the Date of Withdrawal

Lamoine's withdrawal will not create the need for state subsidized school construction in the New Lamoine SAU or RSU 24 within five (5) years from the date of withdrawal.

5. Transportation Services.

Lamoine students are currently conveyed by First Student, Inc under a contract between RSU 24 and First Student, Inc. providing transportation to students residing in Hancock and Lamoine that terminates in 2015. The contract ensures transportation of all Lamoine resident students for purposes of attendance at the Lamoine Consolidated School, at Ellsworth High School, Sumner Memorial High School, and the Hancock County Technical Center, and on all co-curricular, extra-curricular, and after-school activities (with certain exceptions noted in the contract between the District and First Student, Inc.).

RSU 24 will terminate its agreement with First Student, Inc. upon ninety days notice. The New Lamoine SAU will enter into a successor agreement per 20A MRS §5401(2) beginning July 1, 2014.

6. Administration of the New Administrative Unit.

The New Lamoine SAU will contract for the services of a superintendent and appropriate other system administration and clerical support. Following withdrawal, the New Lamoine SAU will also pursue cooperative agreements and an alternative district arrangement with neighboring communities and existing SAUs, including RSU 24, to provide efficient and effective management, instructional coordination and improvement, special education, adult education, and other leadership and administrative capacity deemed valuable to the education of its resident students.

7. Distribution of Financial Commitments from Outstanding Bonds, Notes, Lease Purchase Agreements and Other Contractual Obligations.

The obligations of RSU 24 for outstanding bonds or notes and lease purchase obligations will be handled as follows:

A. Debt That Existed When RSU 24 was formed. Under Paragraph 6.A of the RSU 24 reorganization plan (the "Reorganization Plan"), RSU 24 assumed liability to pay the local only bonds and notes listed in paragraph 6.A of the Reorganization Plan. Under 20-A MRS §1466(16)(A) whenever a municipality withdraws from a regional school unit having outstanding indebtedness, the regional school unit remains intact for the purpose of securing and retiring the indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. In accordance with 20-A MRS §1466(16)(A), as an alternate means for retiring the local only outstanding indebtedness on the Lamoine K-8 school assumed by RSU 24 under paragraph 6.A of the Reorganization Plan, after the date of withdrawal, the New Lamoine SAU agrees to assume and be solely liable for and at its own expense to pay on or before the due date, the remaining debt service on the bonds and notes issued for the Lamoine K-8 School assumed by RSU 24 under paragraph 6.A of the Reorganization Plan. At the time the Town of Lamoine issued the bonds referred to above, it executed Arbitrage and Use of Proceeds Certificates, in which it made certifications and representations with respect to compliance with provisions of the Internal Revenue Code of 1986, as amended, (the "Code"). These certifications and representations, in part, ensured to bondholders that the bonds would retain their tax exempt status. Upon the effective date of withdrawal, the New Lamoine SAU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New Lamoine SAU agrees to be fully bound by the terms of any representations and certifications made on behalf of the Town of Lamoine in connection with such indebtedness. In accordance with 20-A MRS §1466(16)(A) as an alternate means for retiring the local only indebtedness on the Peninsula CSD School, RSU 24 exclusive of Lamoine, will assume and be solely liable at its own expense to pay on or before the due date the local only indebtedness on the Peninsula CSD School assumed by RSU 24 under paragraph 6.A of the Reorganization Plan.

B. Lease Purchase Agreements and Contracts Issued by RSU 24 After its Formation.

(1) Contracts and Agreements. The New Lamoine SAU agrees to assume and be solely liable for and at its own expense to pay any amounts due under any contracts and agreements related to assets at Lamoine's school facilities; and

(2) The New Lamoine SAU agrees to assume copier and other office equipment leases, lease purchase agreements, and service contracts and payments which come due after June 30, 2014 related to the machines located at the New Lamoine SAU premises, including without limitation that portion of the printing and photocopying equipment that RSU 24 lease purchased on or about August 19, 2011 in the amount of $370,842.93 that is located at the New Lamoine SAU premises. At the time RSU 24 issued any tax exempt lease purchase agreements assumed in whole or part by the New Lamoine SAU under this paragraph, it made 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, ensured to the Lessor of the lease purchase agreements that the lease purchase agreements would retain their tax-exempt status. Following Lamoine's withdrawal, the New Lamoine SAU shall be responsible for continued compliance with these certifications and representations with respect to lease purchased equipment located at the New Lamoine SAU premises. By this Agreement, the New Lamoine SAU shall be fully bound by all of the terms and representations made by RSU 24 in connection with such equipment. Without limitation of the foregoing, the New Lamoine SAU shall not take any action, and shall refrain from taking any action that would cause the lease purchase agreements to be "arbitrage bonds" or "private activity bonds" within the meaning of the Code.

(3) Energy Conservation Improvements at other RSU 24 Schools. On or about December 21, 2012, RSU 24 entered into a qualified school construction bond ("QSCB") lease purchase agreement in the principal amount of $1,449,345 to finance energy conservation/air quality improvements at Ella Lewis School in Steuben, Peninsula School in Gouldsboro, Cave Hill School in Eastbrook, and Mountain View School and Sumner Memorial High School in Sullivan. Under 20-A MRS §1466(16)(A) whenever a municipality withdraws from a regional school unit having outstanding indebtedness, the regional school unit remains intact for the purpose of securing and retiring the indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness. In accordance with 20-A MRS §1466(16)(A) as an alternate means of retiring the indebtedness pursuant to the $1,449,345 QSCB lease purchase agreement for energy conservation/air quality improvements at these schools, RSU 24, exclusive of Lamoine, will assume and be solely liable at its own expense to pay any amounts due after June 30, 2014 on that indebtedness.

(4) Non-collective Bargaining Employment Contracts. The New Lamoine SAU will honor the contracts of the individuals who currently hold the following positions at Lamoine Consolidated School:

Lamoine Consolidated School Principal
Support Staff in Lamoine Consolidated School not otherwise covered by a Collective Bargaining Agreement

C. Contractual Obligations for Administrative Staff. The New Lamoine SAU recognizes its responsibility to contribute to the following existing district administrative staff contracts entered into by the RSU Board while Lamoine was a part of RSU 24: Assistant Superintendent, Business Manager, Accounting Manager, Human Resources Manager, Director of Special Education, Assistant Director of Special Education, Curriculum Coordinator, Food Service Manager, Director of Technology, Director of Facilities, and Director of Adult Education. The New Lamoine SAU agrees to pay 8.12% of the salary and benefits for contracts listed in **Exhibit 1** through their June 30, 2015 date of expiration. The Lamoine SAU and RSU 24 will verify on June 30, 2014 those of the above contracts that have been extended to current personnel for the 2014-2015 fiscal year. A similar verification will occur by January 15, 2015, followed by the town remitting the balance due for the remainder of the fiscal year. A final reconciliation of these accounts will occur at the time of the final audit for the 2014-2015 fiscal year.

In the event that the New Lamoine SAU contracts with RSU 24 for a particular service during the 2014-2015 fiscal year, then Lamoine's proportionate share of the administrative salary and benefits related to that service shall be nullified. In addition, if there is personnel change, the employee contract is eliminated or if the contracted employee is transferred to another position, Lamoine's obligation to pay a portion of the salary and benefits for that position shall be nullified. This obligation extends only to contracted personnel as of the date of the withdrawal vote and only for the 2014-2015 fiscal year or that portion of that year such personnel remain under such contracts.

D. Legal Expenses and Costs. Notwithstanding the provisions of paragraph 14 (B), Dispute Resolution, the substantially prevailing party in any action involving a claim that either party has breached its obligations under this Paragraph 7 shall be entitled to recover its costs and legal expenses, including reasonable attorney's fees.

E. The Parties acknowledge that RSU 24 may be liable for future legal claims based on incidents arising prior to July 1, 2014, when Lamoine was a member of RSU 24. The New Lamoine SAU shall be responsible for and agrees to pay 8.12% of RSU 24's costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that RSU 24's costs, expenses, damages, and other losses are not covered by insurance or other sources. RSU 24 shall give written notice of such claims to the New Lamoine SAU within 30 days after RSU 24 receives notice of a claim. RSU 24 shall regularly update the New Lamoine SAU regarding the status of such claims, and shall consult with the Superintendent of the New Lamoine SAU before entering into a settlement of such claims.

F. In the event that RSU 24 becomes the subject of a federal or state audit for a period when Lamoine was a member of RSU 24 and if as a result of such audit RSU 24 is subject to any payment obligation or withholding by federal or state authority, then the New Lamoine SAU shall reimburse RSU 24 for 8.12% of the amount of such payment obligation or withholding including without limitation, any interest and penalties thereon, within thirty (30) days of any such payment by RSU 24 or any such withholding from RSU 24. If as a result of such audit RSU 24 receives any rebate, refund, credit or overpayment from any federal or state authority, then RSU 24 shall reimburse the New Lamoine SAU for 8.12% of such rebate, refund, credit or overpayment within thirty (30) days of any such payment or credit to RSU 24.

8. **Financial Commitments for Bonds, Notes or Lease Purchase Agreements Issued Prior to Effective Date of Withdrawal.**

a. Financial Commitments Requiring Voter Approval.

1. Voter Approval on or Before the Date of the Vote on Withdrawal. On or before to the date that Lamoine votes on this Agreement, the RSU 24 Board may conduct a referendum on the issuance of a financial obligation for capital improvements or capital equipment, including the upgrade of RSU 24 facilities (including capital improvements or equipment for Lamoine school facilities). Any referendum conducted on or before the date of Lamoine's vote on withdrawal will be held in all of the member municipalities of RSU 24 in accordance with the general laws. If the RSU 24 voters approve the issuance of the financial obligations, and if Lamoine votes to approve this Agreement, the RSU 24 board shall be authorized to issue the financial obligations, but if the financial obligations relate to real or personal property located at or serving school facilities in Lamoine, the RSU board shall be authorized to issue the financial obligations only prior to the effective date of withdrawal.

If the financial obligations requiring voter approval relate to real or personal property located at or serving Lamoine schools, the RSU board shall be authorized to issue the financial obligations in the name of the RSU prior to the effective date of withdrawal, and the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal the New Lamoine SAU shall be responsible for reimbursing RSU 24 for 91.88% of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, the New Lamoine SAU shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by RSU 24. To issue such debt on a tax advantaged (tax exempt or tax credit) basis, RSU 24 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 bondholder that the financial obligations retain their tax advantaged status. Following Lamoine's withdrawal, the New Lamoine SAU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New Lamoine SAU shall be fully bound by all of the terms and representations made by RSU 24 in connection with the issuance of the financial obligations. The authority of the RSU board to issue the financial obligations shall terminate if the RSU board has not issued the financial obligations prior to the effective date of withdrawal.

If the financial obligations requiring voter approval relate to real or personal property located at or serving schools other than Lamoine schools, the RSU board shall be authorized to issue the financial obligations in the name of the RSU. If the RSU board issues the financial obligations prior to the effective date of withdrawal, the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal RSU 24 shall be responsible for reimbursing the New Lamoine SAU for 8.12 % of any

such debt service paid by RSU 24 in accordance with Sections 12.A (2) and 12.C.6 of this Agreement. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, RSU 24 shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by the New Lamoine SAU. The authority of the RSU board to issue the financial obligations shall continue after the Effective Date of withdrawal, in which case the New Lamoine SAU shall have no contribution or participation in the payment of the financial obligations.

2. Voter Approval After the Date of the Vote on Withdrawal and Prior to the Effective Date of Withdrawal. If Lamoine votes to approve this Agreement, after the date of that vote, and prior to the effective date of withdrawal, the RSU 24 Board may conduct a referendum on the issuance of a financial obligation for capital improvements or capital equipment, including the upgrade of RSU 24 facilities (including capital improvements or equipment for Lamoine school facilities).

If the financial obligations requiring voter approval relate to real or personal property located at or serving Lamoine schools, the RSU school board shall provide for the debt to be approved at an RSU 24 referendum vote conducted in accordance with the general laws but only in Lamoine and not in the other RSU 24 member municipalities. If the Lamoine voters approve the issuance of the financial obligations, the RSU board shall be authorized to issue the financial obligations in the name of the RSU prior to the effective date of withdrawal, and the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal the New Lamoine SAU shall be responsible for reimbursing RSU 24 for 91.88% of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, the New Lamoine SAU shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by RSU 24. To issue such debt on a tax advantaged (tax exempt or tax credit) basis, RSU 24 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 bondholder that the financial obligations retain their tax advantaged status. Following Lamoine's withdrawal, the New Lamoine SAU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New Lamoine SAU shall be fully bound by all of the terms and representations made by RSU 24 in connection with the issuance of the financial obligations. The authority of the RSU board to issue the financial obligations shall terminate if the RSU board has not issued the financial obligations prior to the Effective Date of withdrawal.

If the financial obligations requiring voter approval relate to real or personal property located at or serving schools other than Lamoine schools, the RSU school board shall provide for the debt to be approved at an RSU 24 referendum vote conducted in accordance with the general laws but only in the other RSU 24 member municipalities, excluding Lamoine, and any other municipalities that

have voted to withdraw from RSU 24. If the voters of the RSU (excluding Lamoine) approve the issuance of the financial obligations, the RSU board shall be authorized to issue the financial obligations in the name of the RSU. If the RSU board issues the financial obligations prior to the effective date of withdrawal, the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal RSU 24 shall be responsible for reimbursing the New Lamoine SAU for 8.12 % of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, RSU 24 shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by the New Lamoine SAU. The authority of the RSU board to issue the financial obligations shall continue after the effective date of withdrawal, in which case the New Lamoine SAU shall have no contribution or participation in the payment of the financial obligations.

b. Financial Commitments Not Requiring Voter Approval.

1. Board Approval on or Before the Date of the Vote on Withdrawal. On or before the date that Lamoine votes on this Agreement, the RSU 24 Board may approve the issuance of a financial obligation, not requiring voter approval under applicable law, for such purposes as are permitted by the general laws, including energy conservation and air quality project lease purchase financing pursuant to section 15695 of Title 20-A, equipment lease purchasing and cash flow borrowing ("TRANs"). If the financial obligations relate to real or personal property located at or serving school facilities in Lamoine, the RSU board shall be authorized to issue the financial obligations only prior to the effective date of withdrawal; provided that this limitation shall not be construed to apply to TRANs.

If the financial obligations not requiring voter approval relate to real or personal property located at or serving Lamoine schools, the RSU board shall be authorized to issue the financial obligations in the name of the RSU prior to the effective date of withdrawal, and the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal the New Lamoine SAU shall be responsible for reimbursing RSU 24 for 91.88% of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. The reimbursement provided by the preceding sentence shall not apply to RSU 24's payment of a TRAN obligation due prior to the effective date of withdrawal. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, the New Lamoine SAU shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by RSU 24. To issue such debt on a tax advantaged (tax exempt or tax credit) basis, RSU 24 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 Lamoine's withdrawal, the New Lamoine SAU shall be responsible for continued compliance with

any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New Lamoine SAU shall be fully bound by all of the terms and representations made by RSU 24 in connection with the issuance of the financial obligations. The authority of the RSU board to issue the financial obligations shall terminate if the RSU board has not issued the financial obligations prior to the effective date of withdrawal.

If the financial obligations not requiring voter approval relate to real or personal property located at or serving schools other than Lamoine schools, including energy conservation and air quality lease purchase projects pursuant to section 15695 of Title 20-A, and capital equipment lease purchases, or if said financial obligations are TRANs, the RSU board shall be authorized to issue the financial obligations in the name of the RSU. If the RSU board issues the financial obligations prior to the effective date of withdrawal, the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal RSU 24 shall be responsible for reimbursing the New Lamoine SAU for 8.12 % of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. . The reimbursement provided by the preceding sentence shall not apply to RSU 24's payment of a TRAN obligation due prior to the effective date of withdrawal. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, RSU 24 shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by the New Lamoine SAU. The authority of the RSU board to issue the financial obligations shall continue after the effective date of withdrawal, in which case the New Lamoine SAU shall have no contribution or participation in the payment of the financial obligations.

2. Board Approval after the Date of the Vote on Withdrawal and Prior to the Effective Date of Withdrawal. If Lamoine votes to approve this Agreement, after the date of that vote, and prior to the effective date of withdrawal, the RSU 24 Board may approve the issuance of a financial obligation, not requiring voter approval under applicable law, for such purposes as are permitted by the general laws, including energy conservation and air quality project lease purchase financing pursuant to section 15695 of Title 20-A, equipment lease purchasing, and cash flow borrowing ("TRANs"). If the financial obligations relate to real or personal property located at or serving school facilities in Lamoine, the RSU board shall be authorized to issue the financial obligations only prior to the effective date of withdrawal; provided that this limitation shall not be construed to apply to TRANs.

If the financial obligations not requiring voter approval relate to real or personal property located at or serving Lamoine schools, the RSU board shall be authorized to issue the financial obligations in the name of the RSU prior to the effective date of withdrawal, and the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal the New Lamoine SAU shall be responsible for reimbursing RSU 24 for 91.88% of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. The reimbursement provided by the preceding sentence shall not apply to RSU 24's payment of a TRAN obligation due prior to the effective date of withdrawal. As of the effective date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes

of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, the New Lamoine SAU shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by RSU 24. To issue such debt on a tax advantaged (tax exempt or tax credit) basis, RSU 24 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 bondholder that the financial obligations retain their tax advantaged status. Following Lamoine's withdrawal, the New Lamoine SAU shall be responsible for continued compliance with any such certifications and representations with respect to the financial obligations, the proceeds of the financial obligations, and the financed property. By this Agreement, the New Lamoine SAU shall be fully bound by all of the terms and representations made by RSU 24 in connection with the issuance of the financial obligations. The authority of the RSU board to issue the financial obligations shall terminate if the RSU board has not issued the financial obligations prior to the effective date of withdrawal.

If the financial obligations not requiring voter approval relate to real or personal property located at or serving schools other than Lamoine schools, including energy conservation and air quality lease purchase projects pursuant to section 15695 of Title 20-A, and capital equipment lease purchases, or if said financial obligations are TRANs, the RSU board shall be authorized to issue the financial obligations in the name of the RSU. If the RSU board issues the financial obligations prior to the effective date of withdrawal, the RSU shall be responsible for debt service payments due on or before the effective date of withdrawal, provided however, that following the date of withdrawal RSU 24 shall be responsible for reimbursing the New Lamoine SAU for 8.12 % of any such debt service paid by RSU 24 in accordance with Sections 12.A(2) and 12.C.6 of this Agreement. . The reimbursement provided by the preceding sentence shall not apply to RSU 24's payment of a TRAN obligation due prior to the effective date of withdrawal. As of the Effective Date of withdrawal, under 20-A MRS §1466(16) the RSU will remain intact for purposes of retiring and securing that indebtedness, but the withdrawal agreement may provide an alternate means for retiring that indebtedness. As an alternate means of retiring that indebtedness, RSU 24 shall assume and shall pay all of the remaining debt service on these financial obligations on or before the applicable due dates with no contribution or participation by the New Lamoine SAU. The authority of the RSU board to issue the financial obligations shall continue after the effective date of withdrawal, in which case the New Lamoine SAU shall have no contribution or participation in the payment of the financial obligations.

9. Financial Commitment for RSU Superintendent.

Section 9. Superintendent Contract. The current contract of the RSU 24 Superintendent of Schools terminates on June 30, 2014. In the event that the RSU 24 Board has extended the current Superintendent's contract through June 30, 2015, the New Lamoine SAU agrees to pay RSU 24 8.12% of the Superintendent's salary and benefits for FY 2014-2015. This obligation extends only to the Superintendent under contract on the date of the withdrawal vote and only for the 2014-2015 fiscal year or the portion of that year the current Superintendent remains under said contract.

10. Continuation of Collective Bargaining Agreements.

Three collective bargaining agreements (CBAs) currently pertain to RSU 24 employees that will be employed by the New Lamoine SAU following Lamoine's withdrawal as follows:

Employee Unit	Term	Applies to	Notes
Down East Education Association (D.E.E.A.)	9/1/2011 to 8/31/2013	All RSU 24 certified teachers, librarians, speech therapist/pathologist, guidance counselor, certified CTE teacher, technology integrator and teacher coach.	1. Does not cover all provisions; 2. Provisions of URVTA contract (below) "remain in full force" for Lamoine except when superseded by this D.E.E.A. contract
Union River Valley Teachers Association (URVTA)	9/1/2008 to 8/31/2011	All certified teachers of the Lamoine school.	
AFSCME Council #93 AFL-CIO for RSU #24 Custodians Local 2178-05	7/1/2011 to 6/30/2013	Custodians, custodian/groundskeeper and maintenance workers who have been employed more than six (6) months	Covers: wages, hours of work, working conditions and contract grievance arbitration (Article I)

The RSU is required to bargain in good faith and successor agreements to these collective bargaining agreements may be negotiated prior to the date of Lamoine's vote on withdrawal. In addition, there are two additional bargaining units that have formed and will be entering into negotiations with RSU 24 during the 2012-2013 school year: AFSCME School Secretaries Unit and MEA Educational Technicians Unit. If, during the period between a vote by Lamoine to withdraw, and the proposed date of withdrawal, June 30, 2014, RSU 24 is engaged in negotiations with any of the above bargaining units, RSU 24 agrees that, it shall have no authority to negotiate with respect to employees to be assigned to the New Lamoine SAU for any period after the date of Lamoine's withdrawal.

Following Lamoine's withdrawal, the New Lamoine SAU shall assume the RSU's existing collective bargaining agreements to the extent that they cover employees of RSU 24 assigned to Lamoine Consolidated School at the end of the 2013-2014 school year and who have a right to continued employment as of July 1, 2014. A list of employees and positions assigned to Lamoine Consolidated School is attached to this Agreement as **Exhibit 2**. This list shall be updated to June 30, 2014 by RSU 24 and the updated list shall be attached to this Agreement as **Replacement Exhibit 2**.

Following Lamoine's withdrawal, the Lamoine School Board will extend representational rights to all of the five bargaining units listed above for the purpose of negotiating future collective bargaining contracts. If no new collective bargaining agreement has been reached between RSU 24 and any of the bargaining units above on the date of Lamoine's vote on withdrawal, the New

Lamoine SAU school board will honor the terms of any existing collective bargaining agreements applicable to employees to be assigned to the New Lamoine SAU that remain in effect past their termination date and will honor the static status quo as defined by the Maine Labor Relations Board and applicable law with respect to employees assigned to the New Lamoine SAU.

11. Continuing Contract Rights under Section 13201.

The withdrawal of Lamoine will not affect the continuation of continuing contract rights under Section 13201. On June 30, 2014, the effective date of withdrawal, all continuing contact teachers assigned to the Lamoine Consolidated School shall become continuing contract teachers of the New Lamoine SAU. On June 30, 2014, the effective date of withdrawal, all probationary teachers assigned to the Lamoine Consolidated School who become employees of the New Lamoine SAU and who have earned years of service with RSU 24 toward continuing contract status shall retain those years of service for purposes of attaining continuing contract status with the New Lamoine SAU. A list of continuing contract teachers and probationary teachers with their number of years of service toward continuing contract status, assigned to the Lamoine Consolidated School is attached as **Exhibit 3**. This list shall be updated to June 30, 2014 by RSU 24 and the updated list shall be attached to this Agreement as **Replacement Exhibit 3**.

12. Disposition of Real and Personal Property and Other Monetary Assets.

A. Real Property and Fixtures.

The Town is vested in title to the real property upon which the Lamoine Consolidated School is located by virtue of deeds recorded in the Hancock County Registry of Deeds. If RSU 24 has acquired title to said real property and the fixtures thereon pursuant to Section 5.A of the Reorganization Plan and 20-A M.R.S. §1462 prior to June 30, 2014, and, if the vote of the Town is in favor of withdrawal, upon the withdrawal of the Town from RSU 24, RSU 24 shall convey said property and fixtures to the New Lamoine SAU.

(1) Major Capital Projects. A list of major capital projects undertaken in RSU 24 schools during the period from July 1, 2009 through June 30, 2012 is attached hereto as **Exhibit 4**. Adjustments will be made to take into account major capital expenditures in RSU 24 schools during July 1, 2012 through June 30, 2014. Compensation shall be made by the New Lamoine SAU to RSU 24 for 91.88% of the capital projects in Lamoine's school and the New Lamoine SAU will be compensated by RSU 24 for 8.12% of the major capital expenditures made at RSU 24 facilities outside of the Town of Lamoine.

(2) Local Only Debt Service. During the period from July 1, 2009 through June 30, 2014 RSU 24 will have paid local only debt service on the Ellsworth K-8 school, the Peninsula CSD School, and the renovation of the Lamoine Consolidated School. The Lamoine SAU shall reimburse RSU 24 for 91.88% of the local only debt service paid by RSU 24 for Lamoine Consolidated School from July 1, 2009 through June 30, 2014, and RSU 24 shall reimburse the New Lamoine SAU for the 8.12% of the local debt service paid by RSU 24 for local only debt service on the Peninsula CSD School and the Ellsworth K-8 school during this period. See **Exhibit 5.**

B. Personal Property. Any and all personal property located at the Lamoine Consolidated School, or used exclusively for Lamoine school programs, including movable equipment, furnishings, textbooks and other curriculum materials, supplies and inventories shall become property of the New Lamoine SAU on the date of withdrawal. Based on RSU 24's cost sharing formula, the RSU shall transfer to the New Lamoine SAU its proportionate share of the vehicles listed on **Exhibit 6** following withdrawal, or cash equivalent at the option of the RSU. Adjustments will be made to take into account vehicle purchases in RSU 24 schools during July 1, 2012 through June 30, 2014. The New Lamoine SAU may require such assignments, bills of sale or other instruments of transfer as in its judgment is necessary to establish the New Lamoine SAU's right, title and interest in such personal property.

(1) Major Technology Expenditures. A list of major technology expenditures undertaken in RSU 24 schools during the period from July 1, 2009 through June 30, 2012 is attached hereto as **Exhibit 7**. Adjustments will be made to take into account major technology expenditures in RSU 24 schools during July 1, 2012 through June 30, 2014. Compensation shall be made by the New Lamoine SAU to RSU 24 for 91.88% of the major technology expenditures in Lamoine's school and the New Lamoine SAU will be compensated by RSU 24 for 8.12% of the major technology expenditures made at RSU 24 facilities outside of the Town of Lamoine.

(2) Major Equipment Expenditures. A list of major equipment expenditures undertaken in RSU 24 schools during the period from July 1, 2009 through June 30, 2012 is attached hereto as **Exhibit 8**. Adjustments will be made to take into account major equipment expenditures in RSU 24 schools during July 1, 2012 through June 30, 2014. Compensation shall be made by the New Lamoine SAU to RSU 24 for 91.88% of the major equipment expenditures in Lamoine's school and the New Lamoine SAU will be compensated by RSU 24 for 8.12% of the major equipment expenditures made at RSU 24 facilities outside of the Town of Lamoine.

C. Net Monetary Assets. The guiding principle for the disposition of net monetary assets is that such assets existing as of the date of withdrawal of Town of Lamoine should be assigned to the New Lamoine SAU according to the RSU's cost-sharing formula then in existence. The exceptions to this guiding principle include any reserve funds or other funds specifically dedicated wholly to the education of Lamoine students or to the education of the students of any other municipalities in the RSU which were transferred to the RSU as of July 1, 2009 or have come into the possession of the RSU since that date and funds required to pay summer payroll and benefits by employees at the Lamoine Consolidated School that were earned prior to July 1, 2014.

1. Fund Balances. RSU 24 will pay the New Lamoine SAU 8.12% of its unassigned (undesignated) fund balance calculated on a "budgetary basis" as of June 30, 2014 as determined by RSU 24's final audit for FY 2013-14. Stated differently, but without changing the meaning or intent, RSU 24 will pay the New Lamoine SAU 8.12% of the unassigned (undesignated) fund balance per Exhibit A-1, "Budgetary Comparison Schedule – General Fund," of the RSU's audited financial statements for the fiscal year ending June 30, 2014; Summer salaries will not be deducted from the unassigned (undesignated) fund balance total as New Lamoine SAU will be paying RSU 24 for its portion of the summer salaries during the months of July and August of 2014 under subparagraph 5 below.

Any designation of unassigned (undesignated) fund balance for any purpose other than to support the RSU 24 operating budgets for 2012-2013 or 2013-2014 shall be added back to the unassigned (undesignated) fund balance as of June 30, 2014 for the purposes of calculating the New Lamoine SAU 's share of the unassigned (undesignated) fund balance as of June 30, 2014.

RSU 24 shall pay the New Lamoine SAU its 8.12% share of the unassigned (undesignated) fund balance as of June 30, 2014 by January 31, 2015.

RSU 24 shall pay the New Lamoine SAU 8.12% of the June 30, 2014 food service audited balance. Conversely, the New Lamoine SAU shall assume 8.12% of any food service audited deficit per Exhibit B1 of the RSU's audited financial statements for the fiscal year ending June 30, 2014. RSU 24 shall transfer all prepayments for school lunch related to students residing in Lamoine, and responsibility for all delinquent payments for school lunch related to students residing in Lamoine, over to the New Lamoine SAU on or before August 15, 2014.

2. Reserve Funds. Any reserve fund transferred to RSU 24 on the date of its formation from the Town of Lamoine shall be transferred back to the New Lamoine RSU upon withdrawal with a full accounting, verified by audit, net of fund transactions while the RSU has been responsible for it. Any audit costs, in addition to those normally incurred by RSU 24 as part of its year-end audit, shall be the responsibility of the New Lamoine SAU.

3. Scholarship Funds. RSU 24 shall transfer to the New Lamoine SAU any remaining balances of scholarship funds wholly dedicated to the education of Lamoine resident students. These funds are to be used consistent with the donor's intent.

4. Trust Funds. RSU 24 shall transfer to the New Lamoine SAU any trust funds it has acquired since formation that are wholly dedicated to the support of Lamoine resident students' education. The funds shall be used in accordance with the intent of the trust.

5. Summer Payroll and Benefits. The New Lamoine SAU shall pay to RSU 24 the amount of any RSU 24 liabilities for summer payroll and benefits for employees at the Lamoine Consolidated School, as listed on **Exhibit 9**, as updated to June 30, 2014 that were earned prior to July 1, 2014 and would normally be paid by RSU 24 in July and August 2014. The New Lamoine SAU shall pay the full amount due to RSU 24 for such summer payroll and benefits in five (5) installments during July and August of 2014 with each installment being in the amount of each RSU 24 payroll for those employees, with such installments to be paid to RSU 24 at least seven days prior to the applicable RSU 24 payroll dates. A final reconciliation of actual salaries, payroll costs and benefits will be completed by September 30, 2014.

6. Schedule of Payments

a. Summer Payroll and Benefits: The New Lamoine SAU shall pay the RSU 24 Summer payroll and benefits in five (5) payments during the months of July and August at least 7 days before they are due to be paid by RSU 24.

b. October 1, 2014 Reconciliation: Fifty percent (50%) of all debt and obligations specified in this Agreement, with the exception of unassigned (undesignated) Fund Balance (Section 12C), shall be paid to the party to which the obligation is due.

c. January 31, 2015: The remainder of all debts and obligations specified in this Agreement, including the unassigned (undesignated) fund balance (Section 12C), shall be paid to the party to which the obligation is due.

13. Transition of Administration and Governance.

If this Agreement is approved by the Commissioner of Education and the voters of Lamoine, the administration and governance of education for Lamoine students will be transferred directly from RSU 24 to the New Lamoine SAU as of July 1, 2014, except as provided herein with respect to Lamoine students attending RSU 24 schools as tuition students. The Town of Lamoine will become a municipal school unit.

In the event of a positive vote to withdraw from RSU 24 by the Town of Lamoine, the Lamoine Board of Selectmen will, as soon as possible, hold an election to form the Lamoine School Committee.

The Lamoine School Committee will contract for administrative services to put in place policies and practices necessary to support educational services to Lamoine resident students, including the development of a budget, the transfer of employment contracts, and the continuous provision of necessary services. Where possible and reasonable, cooperative agreements and other forms of collaboration with neighboring SAUs may be considered.

If this withdrawal agreement is approved by the Commissioner of Education and the withdrawal of Lamoine as of June 30, 2014 is approved by the voters of Lamoine, the voters of Lamoine shall not participate in the approval of the RSU 24 budget for the fiscal year 2014-2015 at either the budget meeting or the budget validation referendum, and shall not vote on whether to continue the budget validation process in RSU 24.

14. Procedural Elements

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

B. Dispute Resolution. Any dispute between Lamoine, the New Lamoine SAU and RSU 24 (hereinafter individually a "Party" or collectively, the "Parties") arising out of or relating to this Agreement shall be resolved in accordance with this paragraph. Any Party may give written notice of a dispute arising out of or related to this Agreement to another Party or Parties in person or by certified mail, return receipt requested. The Parties to the dispute (hereinafter the "Affected Parties") shall attempt to resolve the matter through informal communication or negotiation for a period of thirty (30) days from the date of receipt of notice by the last Party to receive notice. If the dispute has not been resolved within thirty (30) days, any Party may serve written notice 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 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.

C. Applicability to Successor School Administrative Units. Upon approval by the Maine Commissioner of Education and approval by a majority vote of the Town of Lamoine, this Agreement shall be binding upon the Town of Lamoine, the New Lamoine SAU, and any successor school administrative units that Lamoine may join, merge with or otherwise be included in as a member during the term of this agreement, and on RSU 24 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which Lamoine, the New Lamoine SAU, or RSU 24, or their respective successor school administrative units, is or becomes a party.

D. Amendment. This Agreement may be amended by mutual written agreement of the governing bodies of RSU 24 and the New Lamoine SAU with the written approval of the Commissioner of the Maine Department of Education.

E. Term. The term of this Agreement shall run from the date it is approved by the voters of Lamoine through June 30, 2024.

F. State and Local Approval. This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A MRS § 1466(4)(B) and approval by a majority vote at a referendum conducted in Lamoine as required by 20-A MRS § 1466(9).

Signed at Lamoine, this 6th day of June, 2013.

The Withdrawal Committee of the Town of Lamoine:

Member from the RSU 24 Board of Directors

Member and representative from Municipal Officers (Town Councilor)

Member at Large

Member of Petitioning Group

Signed at Lamoine, this 6th day June, 2013.

Chair, RSU 24 Board of Directors

Signed at Augusta, this_____ day _____, 2013.

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

Stephen L. Bowen
Maine Commissioner of Education

STATE OF MAINE
DEPARTMENT OF EDUCATION
23 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0023

Paul R. LePage
GOVERNOR

Stephen L. Bowen
COMMISSIONER

June 12, 2013

Jennifer Kovacs, Town Clerk
Town of Lamoine
606 Douglas Highway
Lamoine, Maine 04605

Dear Ms. Kovacs:

In accordance with 20-A MRSA Section 1466(5), I am notifying you that the vote on the enclosed final agreement for the "Withdrawal Agreement between RSU 24 and the Town of Lamoine Withdrawal Committee" must be held on Tuesday, November 5, 2013. Please proceed in accordance with statutory requirements for this vote pursuant to 20-A MRSA Section 1466.

If you have any questions, please feel free to contact me.

Sincerely,

Stephen L. Bowen
Commissioner of Education

cc: Board of Selectmen, Town of Lamoine
Suzanne Lukas, Superintendent, RSU 24
Board of Directors, RSU 24

SLB/pbg