

WITHDRAWAL AGREEMENT

By and Between

Maine Regional School Unit No. 5
and the Town of Freeport Withdrawal Committee

This Agreement dated as of _____, 2014 by and between Regional School Unit No. 5, a Maine regional school unit comprised of the municipalities of Freeport, Durham and Pownal (hereinafter “RSU 5”, or the “RSU”) and the Town of Freeport Withdrawal Committee, a duly appointed municipal withdrawal committee representing the Town of Freeport (hereinafter “Freeport” or the “Town”) organized in accordance with 20-A M.R.S. § 1466(4)(A).

Author
Deleted: (MSAD No. 62)

1. **Purposes.** The purposes of this Agreement are:
 - A. To provide for the timely and orderly withdrawal of Freeport from RSU 5;
 - B. To provide educational continuity for all students residing in Freeport, Durham and Pownal;
 - C. To allocate RSU 5’s financial and contractual obligations, and its assets, between RSU 5 and the new administrative unit that includes, or consists solely of, Freeport, as of the effective date of Freeport’s withdrawal in a manner that fairly takes into account the continuing educational needs of students, the continuity of educational programs, and the costs of education; and
 - D. To allow for future collaboration between RSU 5 and the New Freeport SAU on administrative, instructional, and extra-curricular functions.

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For the purposes of this Agreement the term “New Freeport SAU” shall mean the Town of Freeport municipal school unit or any school administrative unit that includes Freeport as a member during the term of this Agreement.

2. **Withdrawal.** Pursuant to 20-A M.R.S. § 1466, the Town shall withdraw from RSU 5 in accordance with the terms of this Agreement as of June 30, 2015, and thereafter shall no longer be a member of the RSU 5 school administrative unit. As of July 1, 2015 (the “Effective Date”), the Town shall create the New Freeport SAU which will be a separate municipal school administrative unit that consists solely of Freeport, unless Freeport joins, merges with or otherwise is included in another school administrative unit.

3. **Continuity of Educational Services.**

A. Freeport students attending Freeport Schools

1. **Regular Education Students.**

Upon withdrawal from RSU 5, the New Freeport SAU will be responsible for providing educational services for pre-K to 12 students residing in Freeport who wish to attend the Freeport schools in accordance with Maine law.

2. **Special Education/504 Students.**

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

B. RSU 5 Students Attending Freeport Schools

1. Enrollment During First Year After Withdrawal.

During the 2015-2016 school year, Freeport agrees to educate RSU 5 students who were previously enrolled in Freeport schools and any RSU 5 students who would have attended a Freeport school during the 2015-2016 school year if RSU 5 had not withdrawn.

The tuition rate payable by RSU 5 to Freeport for RSU 5 students attending Freeport schools in the 2015-2016 school year pursuant to the terms of this subsection shall be as follows. The tuition for elementary students shall be determined under 20-A MRS §5804. The tuition rate for secondary students shall be determined under 20-A MRS §5805(1). These rates shall not include a debt service factor and shall not be subject to any per pupil average limitation.

Freeport will invoice RSU 5 for tuition on a bi-annual basis on or before October 15 and April 15, with a reconciliation after the Department of Education sets final tuition rates.

2. Enrollment Following First Year After Withdrawal.

In the 2016-2017 school year and for up to five years thereafter, the New Freeport SAU agrees to educate RSU 5 secondary students who were enrolled at Freeport Middle School or Freeport High School in the previous school year and who remain continuously enrolled in the Freeport schools.

To the extent that the Maine Department of Education permits the New Freeport SAU to educate RSU 5 students at Freeport Middle School on a tuition basis in the 2016-2017 and 2017-2018 school years, the New Freeport SAU Freeport agrees to educate

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RSU 5 middle school students who were enrolled at Freeport Middle School in the previous school year and who remain continuously enrolled in the Freeport schools.

An RSU 5 student's right to continue to be educated in the Freeport schools under this subsection 2 and subsection 1 above shall terminate if the student discontinues his or her enrollment in the Freeport schools for a continuous period of 90 calendar days between September 1 and June 15 of any school year(s), 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 Freeport schools 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 Freeport schools under this paragraph. In addition, in other appropriate circumstances, the Superintendents may agree that a student's failure to attend Freeport schools for a continuous period of 90 days shall not terminate the student's right to continue his or her education at Freeport schools under this paragraph.

The tuition rate payable by RSU 5 to Freeport for RSU 5 students attending Freeport schools in the 2016-2017 school year and thereafter pursuant to the terms of this subsection 2 shall be as follows. The tuition for elementary students shall be determined under 20-A MRS §5804. The tuition rate for secondary students shall be determined under 20-A MRS §5805(1). These rates shall not be subject to any per pupil average limitation. In addition to the secondary tuition rate, the parties agree that Freeport shall charge a debt service factor for secondary students ("Secondary Debt Service Factor") pursuant to 20-A MRS §5805(4) for any (i) newly incurred capital outlay and debt

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service for Freeport High School to the extent permitted by law; and (ii) newly incurred renovation project capital outlay and debt service costs for Freeport High School to the extent permitted by law. In addition to the elementary tuition rate, the parties agree that Freeport shall charge a debt service factor for middle school students (“Elementary Debt Service Factor”) pursuant to 20-A MRS §5804(3) for any (i) newly incurred capital outlay and debt service for Freeport Middle School to the extent permitted by law; and (ii) newly incurred renovation project capital outlay and debt service costs for Freeport Middle School to the extent permitted by law. The parties agree that the Secondary Debt Service Factor and Elementary Debt Service Factor shall not exceed 10% of the applicable legal tuition rate per student in any one year and must be limited to a period of time not to exceed Freeport’s repayment period for the capital outlay and debt service. The parties agree that the amount of the Secondary Debt Service Factor and the Elementary Debt Service Factor in any year is that dollar amount which is proportional to the cost of the project(s) and the number of tuition students, that is, a percentage of the amount for capital outlay and debt service equal to the percentage of Freeport High School or Freeport Middle School students that are resident RSU 5 students.

Freeport will invoice RSU 5 for tuition on a bi-annual basis on or before October 15 and April 15, with a reconciliation after the Department of Education sets final tuition rates.

[The Freeport Withdrawal Committee remains open to discussion of enrollment of additional students at Freeport High School and Freeport Middle School after receiving additional community input at the scheduled Community Visioning Forum.]

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3. Special Education/504 Students.

During the 2015-2016 school year and thereafter, for students residing in RSU 5 attending Freeport schools under this Agreement, Freeport 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 Freeport 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 school days, decisions about whether Freeport can implement the terms of the IEP, and whether Freeport has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by Freeport after a careful review of the IEP for the student. In no event shall Freeport refuse to provide needed special education services as provided in the IEP for students residing in RSU 5 who are permitted to attend Freeport schools under this Agreement, except for student removals of not more than 10 school days or when Freeport has determined that Freeport 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, RSU 5'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 5's representative on the IEP Team shall be the RSU 5 Special Education Director or other individual designated by the Superintendent of RSU 5. Freeport personnel will work cooperatively with the RSU 5's representative, and, upon request will provide RSU 5's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. RSU 5's

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representative shall provide input to Freeport's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of RSU 5 special education students attending Freeport schools or perceived deficiencies in IEP implementation. Freeport shall consider that input in good faith and Freeport shall respond in an appropriate manner consistent with the terms of this Agreement.

4. Special Education/504 Costs.

If any RSU 5 student attending Freeport schools under this Agreement qualifies for special education or 504 services, RSU 5 shall pay the costs of those services in addition to the tuition rates described in subsections 1 and 2 above. 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 5, in addition to the tuition payments required under subsections 1 and 2 above, shall be responsible for the actual costs of special education for Freeport enrolled 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 subsection 4, 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 Freeport in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual RSU 5 students. Freeport shall provide an

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itemized invoice to RSU 5 for such special education costs during the fiscal year in which the special education costs are incurred.

C. Freeport Students Attending RSU 5 Schools

1. Enrollment During First Year After Withdrawal.

During the 2015-2016 school year, RSU 5 agrees to educate Freeport students who were previously enrolled at RSU 5 schools and any Freeport students who would have attended an RSU 5 school during the 2015-2016 school year if Freeport had not withdrawn. Current procedures and policies pertaining to the education of Freeport students at RSU 5 schools governing placement, attendance, and other student matters will apply unless new procedures and policies are jointly agreed to by the two SAUs.

The tuition rate payable by Freeport to RSU 5 for Freeport students attending RSU 5 schools in the 2015-2016 school year pursuant to the terms of this subsection shall be as follows. The tuition for elementary students shall be determined under 20-A MRS §5804. The tuition rate for secondary students shall be determined under 20-A MRS §5805(1). These rates shall not include a debt service factor and shall not be subject to any per pupil average limitation.

RSU 5 will invoice the New Freeport SAU for tuition on a bi-annual basis on or before October 15 and April 15, with a reconciliation after the Department of Education sets final tuition rates.

2. Special Education/504 Students.

During the 2015-2016 school year, for students residing in Freeport attending RSU 5 schools, RSU 5 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

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5 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 school days, decisions about whether RSU 5 can implement the terms of the IEP, and whether RSU 5 has an appropriate program or placement for a student pursuant to the requirements of the IEP shall be made by RSU 5 after a careful review of the IEP for the student. In no event shall RSU 5 refuse to provide needed special education services as provided in the IEP for students residing in Freeport who are permitted to attend RSU 5 schools under this Agreement, except for student removals of not more than 10 school days or when RSU 5 has determined that RSU 5 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 New Freeport 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. The New Freeport SAU's representative on the IEP Team shall be the Freeport Special Education Director or other individual designated by the Superintendent of the New Freeport SAU. RSU 5 personnel will work cooperatively with the New Freeport SAU's representative, and, upon request will provide the New Freeport SAU's representative with all information regarding classroom observations, student performance, academic achievement testing and functional behavior assessment components of the student evaluation process. The New Freeport SAU's representative shall provide input to RSU 5's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of Freeport special education students attending RSU 5 schools or perceived deficiencies in IEP

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implementation. RSU 5 shall consider that input in good faith and RSU 5 shall respond in an appropriate manner consistent with the terms of this Agreement.

3. Special Education/504 Costs.

If any Freeport student attending RSU 5 schools during the first year after withdrawal qualifies for special education or 504 services, the New Freeport SAU shall pay the costs of those services in addition to the tuition rate described in subsection 1 above. 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 Freeport SAU, in addition to the tuition payments required under subsection 1 above, shall be responsible for the actual costs of special education for RSU 5 enrolled 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 subsection 3, 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 5 in connection with disputes over delivery of special education services and/or section 504/ADA plan services for individual Freeport students. The RSU shall provide an itemized invoice to the New Freeport SAU for such special education costs during the fiscal year in which the special education costs are incurred.

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4. **Transportation.** After the effective date of withdrawal, the New Freeport SAU shall be responsible for providing transportation for Freeport resident students to and from Freeport schools in accordance with Maine law. RSU 5 shall be responsible for providing transportation for RSU 5 resident students who attend Freeport schools.

5. **Need for School Construction.** Withdrawal of Freeport from RSU 5 will not create the need for state subsidized school construction in the New Freeport SAU within five years from the effective date of withdrawal.

6. **Financial Commitments from Outstanding Bonds or Notes.**

A. **Debt and Lease Purchase Obligations That Existed When RSU 5 Was Formed.**

Under Paragraph 6(A) of the RSU 5 reorganization plan (the "Reorganization Plan"), RSU 5 assumed liability to pay the bonds, notes and lease purchase agreements listed in Paragraph 6(A) of the Reorganization Plan. In accordance with 20-A MRS §1466(16)(A), as an alternate means for retiring the outstanding indebtedness assumed by RSU 5 under Paragraph 6(A) of the Reorganization Plan, after the date of withdrawal, (i) RSU 5, exclusive of the New Freeport SAU, will pay any remaining debt service on the outstanding bonds, notes, and lease purchase agreements assumed by RSU 5 under Paragraph 6(A) of the Reorganization Plan that are identified as having been issued originally by Durham; and (ii) the New Freeport SAU will pay any remaining debt service on the outstanding bonds, notes, and lease purchase agreements assumed by RSU 5 under Paragraph 6(A) of the Reorganization Plan that are identified as having been issued originally by Freeport.

B. **Debt and Lease Purchase Obligations Issued by RSU 5 after its Formation.** As of the date of this Agreement, RSU 5 has issued the following bonds, notes and lease

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purchase agreements since the RSU was formed: **[To be identified and addressed, if any, with RSU 5 assuming obligations that benefit RSU 5 schools, and the New Freeport SAU assuming obligations that benefit Freeport Schools.]**

7. Contractual Commitments and Liabilities.

- A. Superintendents Contract. The current RSU 5 Superintendent has announced her intention to retire at the conclusion of the 2013-2014 school year. Freeport shall have no responsibility for contributing to salary or benefits of an RSU 5 Superintendent after the effective date of withdrawal, June 30, 2015.
- B. Copier Lease and Maintenance Agreements. Effective upon the date of withdrawal, the New Freeport SAU will assume and be solely liable at its own expense for any copier lease and maintenance agreements related to copy machines or other equipment located at the Freeport Schools. These agreements are listed in **Exhibit 1** attached hereto. This exhibit shall be updated immediately prior to the Effective Date by mutual agreement between RSU 5 and Freeport and attached hereto as Replacement **Exhibit 1**.
- C. Other Contracts and Agreements. Effective upon the date of withdrawal, the New Freeport SAU will assume and be solely liable at its own expense for any other contracts or lease purchase agreements related to assets located at Freeport schools or to be owned by the New Freeport SAU under the terms of this Agreement, including school buses and other vehicles transferred to the New Freeport SAU. These agreements are listed in **Exhibit 2** attached hereto. This exhibit shall be updated immediately prior to the Effective Date by mutual agreement between RSU 5 and Freeport and attached hereto as Replacement **Exhibit 2**.

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- D. Audit. In the event that RSU 5 becomes the subject of a federal or state audit for the period from July 1, 2009 through June 30, 2015, when Freeport was a member of RSU 5, and as a result of such audit RSU 5 is subject to any payment obligation or withholding by federal or state authority, then the New Freeport SAU shall reimburse RSU 5 for 65.98% 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 5 or any such withholding from RSU 5. If as a result of such audit RSU 5 receives any rebate, refund, credit or overpayment from any federal or state authority, then RSU 5 shall reimburse the New Freeport SAU for 65.98% of such rebate, refund, credit or overpayment within thirty (30) days of any such payment or credit to RSU 5.
- E. Legal Claims. The Parties acknowledge that RSU 5 may be liable for future legal claims based on incidents arising between July 1, 2009 and June 30, 2015, when Freeport was a member of RSU 5. The New Freeport SAU shall be responsible for and agrees to pay 65.98% of RSU 5's costs, expenses, damages and other losses arising from such claims, including costs to defend any such claims, to the extent not paid by RSU 5's insurance or other sources. RSU 5 shall give written notice of such claims to the New Freeport SAU within 30 days of the date that RSU 5 receives notice of a claim. RSU 5 shall regularly update the New Freeport SAU regarding the status of such claims, and shall obtain advance written approval from the New Freeport SAU before entering into settlement of such claims.

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8. **Financial Commitments for Bonds or Notes Issued During FY 2013-2014 and FY 2014-2015.**

If Freeport votes to withdraw from RSU 5, during the period between the date of that vote and the Effective Date, the New Freeport SAU shall have the right to issue such bonds or notes or enter into lease purchase financing arrangements to make unexpected or emergency repairs or to make renovations or upgrades to Freeport school facilities to the extent it may be permitted under applicable provisions of law (including without limitation sections 5721, 5724(4) and 5772 of Title 30-A and section 1481-A of Title 20-A). If the New Freeport SAU issues a bond or note or enters into a lease purchase agreement for such repairs, renovations or upgrades, these obligations shall be issued in the name of the New Freeport SAU and shall be the sole responsibility of the New Freeport SAU with no contribution from RSU 5 (except for the Debt Service Factor under the tuition agreement as described above). Until the school is transferred to the New Freeport SAU, the parties shall reasonably cooperate to complete the financed repairs, renovations or upgrades to effect the same without unnecessarily interfering with the operation of the Freeport schools.

In addition, if Freeport votes to withdraw from RSU 5, during the period between the date of that vote and the Effective Date, RSU 5 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at RSU 5 schools that are not located in Freeport. Pursuant to 20-A M.R.S. §1466(16), RSU 5 will remain intact for purposes of retiring and securing that indebtedness. RSU 5, however, hereby agrees to assume, and at its own expense to pay, such obligations entirely from its own funds with no contribution or participation from the New Freeport SAU.

9. **Undesignated Fund Balance.** Within fifteen (15) days of the Effective Date, RSU 5 shall pay the New Freeport SAU eighty percent (80%) of Freeport's share of the estimated

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undesignated balance as of June 30, 2015, calculated based on the percentage of Freeport’s FY 2014-2015 share of RSU 5 expenses (65.98%). Within thirty (30) days of a finalized audit, but no later than January 1, 2016, RSU 5 shall pay the New Freeport SAU the remaining balance of Freeport’s share of the undesignated fund balance as of June 30, 2015, calculated based on the percentage of Freeport’s FY 2014-2015 share of RSU 5 expenses (65.98%). Funds required to pay 2015 summer salaries and benefits for work performed during FY 2014-2015 shall not be included in RSU 5’s undesignated fund balance as of June 30, 2015 but rather shall be treated as encumbered funds to be used to pay FY 2014-2015 salary and benefit obligations of RSU 5. In the event that the finalized audit for FY 2014-2015 shows a negative undesignated fund balance as of June 30, 2015, the New Freeport SAU shall pay RSU 5 within thirty (30) days of the finalized audit the total of Freeport’s share of the negative undesignated fund balance as calculated above.

10. Collective Bargaining Agreements. The collective bargaining agreements listed below currently pertain to RSU 5 employees that will be employed by the New Freeport SAU following Freeport’s withdrawal from RSU 5:

Employee Unit	Term	Applies to
Coastal Education Association	XXXX	Teachers and other certified professional educators
Educational Support Professional Unit	XXXX	Bus Drivers, Custodians, Educational Technicians, Secretaries, Health and Nutrition Services

Following Freeport’s withdrawal, the New Freeport SAU shall assume the RSU’s existing collective bargaining agreements to the extent that they cover employees of RSU 5 assigned to Freeport schools at the end of the 2014-2015 school year on a full or part-time basis and who have a right to continued employment as of July 1, 2015. A list of employees and

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positions to be assigned to Freeport schools is attached to this Agreement as **Exhibit 3**. This list shall be updated to June 30, 2015 by mutual agreement between RSU 5 and Freeport and the updated list shall be attached to this Agreement as Replacement **Exhibit 3**.

Following Freeport's withdrawal, the Freeport School Committee 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 Freeport to withdraw, RSU 5 is engaged in negotiations with any of the above bargaining units, the New Freeport SAU school board will assume responsibilities for those negotiations insofar as they pertain to employees of the New Freeport SAU for time periods after the effective date of withdrawal. If no new collective bargaining agreement has been reached between RSU 5 and any of the bargaining units above on the date of a vote by Freeport to withdraw, the New Freeport SAU 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 Freeport SAU until a successor agreement has been agreed upon.

11. Continuing Contract Rights under Section 13201. Freeport's withdrawal from RSU 5 will not affect the continuing contract rights of teachers under 20-A MRS §13201. On July 1, 2015, the effective date of withdrawal, all continuing contract teachers assigned to the Freeport Schools, and having a right to continued employment as of July 1, 2015, shall become continuing contract teachers of the New Freeport SAU. On July 1, 2015, the effective date of withdrawal, all probationary teachers assigned to the Freeport schools who become employees of the New Freeport SAU and who have earned years of service with RSU 5 toward continuing contract status shall retain those years of service for purposes of attaining continuing contract status with

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the New Freeport SAU. A list of continuing contract teachers and probationary teachers with their number of years of service toward continuing contract status, assigned to the Freeport schools is attached as **Exhibit 4**. This list shall be updated to June 30, 2015 by mutual agreement between RSU 5 and Freeport and the updated list shall be attached to this Agreement as Replacement **Exhibit 4**.

12. Disposition of Real and Personal Property.

A. Real Property. All real property and fixtures that the Town of Freeport deeded to RSU 5 upon creation of the RSU will be deeded back to the New Freeport SAU. The New Freeport SAU may require such deeds, assignments or other instruments of transfer as in its judgment are necessary to establish the New Freeport SAU's right, title and interest in such real property and fixtures.

B. Personal Property. RSU 5 agrees that any and all personal property transferred by Freeport to the RSU upon creation of the RSU and currently in use, and all personal property located in or on the Freeport Schools, or used exclusively for Freeport school programs, 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 Freeport SAU upon withdrawal. The New Freeport SAU may require such assignments, bills of sale or other instruments of transfer as in its judgment are necessary to establish the New Freeport SAU's right, title and interest in such personal property.

C. School Buses and Vehicles. On the Effective Date, RSU 5 will transfer to the New Freeport SAU the school buses and vehicles listed on **Exhibit 5** to the New Freeport SAU. **[Pending receipt of additional information that has been requested regarding**

the RSU's school buses and vehicles, the Freeport Withdrawal Committee proposes that school buses and vehicles transferred by Freeport to the RSU upon creation of the RSU and school buses and vehicles currently used in Freeport will be transferred to the New Freeport SAU.]

D. Ownership of Funds and Accounts. RSU 5 shall transfer to the New Freeport SAU the remaining balances of all agency, scholarship and special revenue funds identified as Freeport School Department funds in Paragraph 8(B) of the Reorganization Plan. RSU 5 shall also transfer to the New Freeport SAU any other agency, scholarship or special revenue funds intended for Freeport schools or Freeport students. These funds and accounts are listed on **Exhibit 6.**

13. Transition of Administration and Governance. Prior to the Effective Date of withdrawal, Freeport shall elect a school committee. This school committee shall have the authority to take all actions necessary to prepare for the establishment of the New Freeport SAU, including but not limited to establishing a budget for the 2015-2016 school year.

Upon withdrawal, the administration and governance of education for students residing in Freeport will be transferred directly from RSU 5 to the New Freeport SAU. When the New Freeport SAU assumes control of Freeport's schools, the New Freeport SAU will hire or contract for a superintendent, business manager and all necessary central administrative office staff.

14. Dispute Resolution. Any dispute between Freeport and RSU 5 (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 by certified mail, return receipt requested. The Parties (hereinafter the "Affected Parties") to the dispute shall attempt to

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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 MRS §5927 et seq.

15. Superintendents' Agreements. Nothing in this Withdrawal Agreement shall limit the use of Superintendents' Agreements with respect to students who reside in RSU 5 and the New Freeport SAU.

16. Third Party SAU Secondary School Tuition Contract. To the extent required by the Department of Education for, or deemed by the RSU 5 school board to be in the best interests of, some or all RSU 5 secondary students, it is the responsibility of RSU 5 to secure a school of record through a tuition contract, and RSU 5 shall make reasonable efforts to do so pursuant to applicable laws governing tuition contracts.

17. Applicability to Successor School Administrative Units. Upon approval by the Maine Commissioner of Education and approval by the number of Freeport voters required for withdrawal pursuant to 20-A MRSA §1466, this agreement shall be binding upon the Town of Freeport, the New Freeport SAU and any successor school units that the New Freeport SAU or Freeport may join, merge with or otherwise be included in as a member, and on RSU 5 and its

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successor school units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which Freeport, the New Freeport SAU, or RSU 5, or their respective successor school administrative units, is or becomes a party.

18. 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 Freeport as required by 20-A MRS § 1466(9). By approval of this withdrawal agreement, the Maine Commissioner of Education agrees on behalf of the Maine Department of Education that the Essential Program and Services allocations under 20-A MRS Chapter 606-B for Freeport schools and Freeport resident students shall be assigned to the New Freeport SAU in accordance with the terms of this agreement.

19. 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 5 and the New Freeport SAU with the prior written approval of the Commissioner of the Maine Department of Education.

FREEPORT WITHDRAWAL COMMITTEE

By:
Its: Chair of the Withdrawal Committee

REGIONAL SCHOOL UNIT NO. 5

By:
Its: Chair of the Board of Directors