

NEWRY WITHDRAWAL COMMITTEE DRAFT

January 7, 2015

SAD 44 Draft – February 25, 2015

WITHDRAWAL AGREEMENT

By and Between

SAD 44 and the Town of Newry Withdrawal Committee

(Subject to further negotiation and agreement on all terms and conditions, and subject to final approval by the SAD 44 School Board.)

This Withdrawal Agreement, dated as of _____, 2015 (“**Agreement**”), is entered into by and between School Administrative District No. 44, a Maine regional school unit currently comprising the municipalities of Newry, Bethel, Greenwood, and Woodstock (“**SAD 44**”) and the Town of Newry Withdrawal Committee, a duly appointed municipal withdrawal committee representing the Town of Newry (“**Newry**” or the “**Town**”) organized in accordance with 20-A M.R.S. § 1466(4)(A), and provides for withdrawal of Newry from SAD 44.

The parties agree as follows.

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

- A. To provide for the timely and orderly withdrawal of Newry from SAD 44 as required by 20-A M.R.S. § 1466;
- B. To provide educational continuity for all students residing in Newry; and
- C. To fairly allocate responsibility for SAD 44’s financial and contractual obligations, and to fairly allocate SAD 44’s assets.

D. To minimize the disruption to SAD 44’s regional educational programming and services, and to provide stability to the tax base for regional education.

2. **Effective Date of Withdrawal.** Newry shall withdraw from SAD 44 in accordance with the terms of this Agreement as of July 1, 2016 (the “Effective Date”). As of the Effective Date, Newry shall no longer be a member of the SAD 44 school administrative unit. As of the Effective Date, Newry shall be a separate municipal school administrative unit comprised solely

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of Newry. Thereafter, if Newry joins, merges or otherwise combines with one or more other school administrative units into a new school administrative unit, Newry's obligations under this Agreement shall be binding on that successor school administrative unit. For the purposes of this Agreement the term "New Newry SAU" shall mean the municipal school administrative unit comprised solely of Newry, or any school administrative unit that Newry may join, merge with or otherwise be included in as a member.

3. Continuity of Educational Services. The New Newry SAU will provide continuity of educational services to its students, as follows:

A. Newry Students Attending Schools Outside SAD 44.

The New Newry SAU will be responsible to provide education to Newry students attending schools outside SAD 44. Newry students will have school choice as determined by the school committee of the New Newry SAU.

B. Statutory Right of Newry Students to Continued Enrollment in SAD 44 Schools in First Year Following Withdrawal.

In accordance with Section 1466(4)(A)(1) of Title 20-A, any student residing in Newry who attends an SAD 44 school and is enrolled in that school at the close of the school year prior to the Effective Date, or any student residing in Newry who would have attended an SAD 44 school during the school year following withdrawal if Newry had not withdrawn from SAD 44, may attend that SAD 44 school during the first year after withdrawal, and Newry shall pay tuition and costs as described below.

~~A student's right to continue to be educated at an SAD 44 school for the first school year after the Effective Date shall terminate if the student discontinues his or her enrollment at that school for a continuous period of 90 calendar days between September 1 and June 15 of the school year following the Effective Date, 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 SAD 44 school for a continuous period of 90 days due to health reasons, out of district special education placement, approved~~

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~~travel or study abroad, or change in residency shall not terminate a student's right to continue to attend SAD 44 schools under this Agreement. In addition, in other appropriate circumstances, the Superintendents of SAD 44 and the New Newry SAU may agree that a student's failure to attend SAD 44 schools for a continuous period of 90 days shall not terminate the student's right to continue his or her education at SAD 44 schools under this Agreement.~~

A student's right to continue to be educated at schools as set forth in this Subsection B may be discontinued to the extent provided by law, including without limitation for reasons of suspension, expulsion, out-of-district placement, or enrollment in another public or private school.

The tuition rate payable by Newry to SAD 44 for Newry students attending SAD 44 schools in the year following the Effective Date pursuant to the terms of this Agreement shall be as follows. The tuition rate for elementary students, exclusive of students receiving special education services, shall be the rate calculated for SAD 44 under Section 5804(1) of Title 20-A; the tuition rate for secondary students, exclusive of students receiving special education services, shall be the rate calculated pursuant to Section 1466(4)(A)(1) of Title 20-A. These rates shall not include a debt service factor. Pursuant to Section 1466(4)(A)(1) of Title 20-A, as applicable, these rates are not subject to any state per pupil average limitation. To the extent required by law, the tuition payable by Newry to SAD 44 for a Newry secondary student placed with SAD 44 who is attending a career and technical region or center program outside SAD 44 shall be prorated.

SAD 44 will invoice the New Newry SAU for tuition on a semi-annual basis payable by the New Newry SAU on or before December 15 and May 15, with a reconciliation after the Department of Education sets final tuition rates and during the fiscal year in which the tuition costs are incurred.

C. Newry Students Attending SAD 44 Schools – 10 Year Non-Exclusive Tuition and Enrollment Agreement.

For a term of ten (10) years commencing on the Effective Date, SAD 44 shall accept enrollment of any Newry resident students for whom the New Newry SAU does not maintain grades.

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The tuition rate payable by the New Newry SAU to SAD 44 for Newry resident students attending SAD 44 schools in the nine (9) year period following the year after the Effective Date pursuant to the terms of this Agreement shall be as follows. The tuition rate for elementary students, exclusive of students receiving special education services, shall be the ~~maximum allowable~~ tuition payment provided under Section 5804(1) of Title 20-A (for purposes of illustration only, this rate was calculated by DOE as ~~\$7,811.828,663.92~~ per student for FY ~~2014~~2015); the tuition rate for secondary students, exclusive of students receiving special education services, shall be the ~~maximum allowable tuition rate computed as provided under Section 5805(2) of Title 20-A (for purposes of illustration only, that rate was calculated by DOE as \$9,209.92 per student for fiscal year 2014). In addition to these elementary and secondary tuition rates, pursuant to sections 5804(1), 5804(3), 5805(2), and 5805(4) of Title 20-A, the parties agree that SAD 44 shall charge a debt service factor (“Debt Service Factor”) during the ten year term of the tuition agreement under this section (subject, however, to the 5 year waiver period described below) for any (i) newly incurred capital outlay and debt service for Telstar Middle/High School to the extent permitted by law; and (ii) newly incurred renovation project capital outlay and debt service costs for Telstar Middle/High School to the extent permitted by law. The parties agree that the Debt Service Factor shall not exceed 10% of the legal tuition rate per student in any one year and must be limited to a period of time not to exceed SAD 44’s repayment period for the capital outlay and debt service. The parties agree that the amount of the 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 Telstar Middle/High School students that are resident Newry students. Notwithstanding the foregoing, SAD 44 waives payment by the New Newry SAU of the Debt Service Factor, if any, otherwise payable during each year of the five (5) year period that commences on the effective date of withdrawal of the New Newry SAU, tuition rate computed as provided under Section 5805(1) of Title 20-A without regard to Section 5805(2) (for purposes of illustration only, that rate was calculated by DOE as \$10,556.40 per student for fiscal year 2015). These tuition rates shall not include a debt service factor as described in Sections 5804(3) and 5805(4).~~

SAD 44 will invoice the New Newry SAU for tuition on a semi-annual basis payable by the New Newry SAU on or before December 15 and May 15, with a reconciliation after the Department

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of Education sets final tuition rates and during the fiscal year in which the tuition costs are incurred.

During the ten-year period of the tuition agreement of this section 3(C), Newry students for whom the New Newry SAU does not maintain grades shall be afforded an unrestricted opportunity to attend SAD 44 schools. The New Newry SAU shall assist in fostering a “sister school”regional relationship with SAD 44 schools, including permitting SAD 44 to invite and hold an orientation/visitation day for Newry matriculating students at Crescent Park Elementary School and Telstar Middle/High School, permitting SAD 44 to invite and hold ~~an~~ open househouses for Newry parents at Crescent Park and Telstar ~~about the transition~~, and coordinating the transfer of Newry students and student records to SAD 44 schools unless a parent has initiated a request to attend a different school of the parent’s choice.

The New Newry SAU shall not enter into an exclusive contract for school privileges for Newry resident students in grades that it does not maintain. Nothing in this Agreement shall prevent the New Newry SAU from at any time maintaining grades that it does not maintain on the Effective Date of this Agreement.

D. Newry Special Education Students Attending Out of District Placements.

The New Newry SAU at its sole expense will provide for continuity of programming for all special education students residing within the Town of Newry attending schools outside of SAD 44 (including high cost special education students). The New Newry SAU assumes all responsibilities for decisions, and all costs, related to special education for these students.

E. Newry Special Education Students Attending SAD 44 Schools.

For students residing in Newry attending SAD 44 schools pursuant to this Agreement, SAD 44 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 SAD 44 has an appropriate program to meet the terms of the IEP and applicable requirements of Maine law and regulations. Decisions about whether SAD 44 can implement the terms of the IEP, and whether SAD 44 has an

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appropriate program or placement for a student pursuant to the requirements of the IEP, shall be made by SAD 44 after a careful review of the IEP for the student. In no event shall SAD 44 refuse to provide needed special education services as provided in the IEP for students residing in Newry who are permitted to attend SAD 44 schools under this Agreement, except for student removals of not more than 10 cumulative school days in the school year, when the student has been properly expelled from SAD 44 or when SAD 44 has determined that SAD 44 cannot provide an appropriate program or placement for that student. The New Newry SAU's Director of Special Education Services or designee shall represent the New Newry SAU for special education programming, supervision of the IEP Team process, and supervision of the student evaluation process for Newry students attending SAD 44 schools. In the event that the IEP Team is unable to reach consensus on issues that are the responsibility of the Team, the Newry 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. SAD 44 personnel will work cooperatively with the Newry SAU's representative, and, upon request will provide the Newry 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 Newry SAU's representative shall provide input to SAD 44's Special Education Director (or other administrative designee) on the proper implementation of the IEPs of Newry special education students attending SAD 44 schools or perceived deficiencies in IEP implementation. SAD 44 shall consider that input in good faith and SAD 44 shall respond in an appropriate manner consistent with the terms of this Agreement.

A special education or non-special education 504/ADA student residing in Newry and attending an SAD 44 school pursuant to this Agreement shall be permitted to continue his or her education at that SAD 44 school after the first year following the Effective Date to the extent that the student's IEP or 504 team determines that such continued attendance is required for the student to receive an appropriate education.

The New Newry SAU shall be responsible for all the costs of special education, whether or not those costs qualify for state subsidy, for special education students residing in Newry attending SAD 44 schools following the Effective Date pursuant to the terms of this Agreement. The New Newry SAU shall pay SAD 44 for the special education costs of any such student as follows:

The tuition rate calculations under sections 5804 and 5805 of Title 20-A 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 Newry SAU, in addition to the maximum allowable tuition for those students as calculated under sections 5804 or, as applicable, 5805, of Title 20-A, ~~and the Debt Service Factor calculated as described above for regular education students (but subject to the five year waiver period)~~, shall be responsible for the actual costs of special education for those students, including special education transportation costs and costs for facilities modifications required to accommodate the students. For purposes of this subsection, 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 SAD 44 in connection with disputes with third parties over delivery of special education services and/or section 504/ADA plan services for individual Newry students. SAD 44 shall provide an itemized invoice to the New Newry SAU for such special education costs during the fiscal year in which the special education costs are incurred.

F. The New Newry SAU to Become a Member of Region 9 School of Applied Technology.

Upon withdrawal, the New Newry SAU shall, in concert with the Department of Education and the Region 9 Cooperative Board, take necessary steps to become a member of Region 9 through legislative amendment of 20-A M.R.S. § 8451(2)(H).

Pursuant to section 5805(1), the costs of career and technical education are not included in the statutory tuition rate. Accordingly, until such time that the New Newry SAU becomes a member of Region 9, (1) SAD 44 and the New Newry SAU shall pay costs for Region 9 secondary school programs in accordance with the Cost Sharing formula described in Article 12(1)(A) of the Region 9 Cooperative Agreement as if the New Newry SAU were a Region 9 member; and (2) SAD 44 will pay the Region 9 adult education program fee pursuant to the Cooperative Agreement.

4. **Need for School Construction.** The Parties agree that the withdrawal will not cause a need within 5 years from the Effective Date for school construction projects that would be eligible for state funds. This does not include a need for a school construction project that existed prior to the Effective Date or a need that would have arisen even if Newry had not withdrawn.

5. **Transportation.** As of the Effective Date, the New Newry SAU shall be responsible to provide transportation services at its own expense for all Newry students attending schools outside of SAD 44. SAD 44 shall provide transportation to and from school for all Newry students attending SAD 44 schools during the 10-year term of the tuition agreement provision in Section 3(C). SAD 44 shall retain all school buses and other vehicles owned by SAD 44 as of the Effective Date.

For Newry students enrolled in SAD 44 schools and attending the Region 9 School of Applied Technology program (or other program, if applicable), SAD 44 at its sole cost shall provide transportation between SAD 44 schools and the program(s) during the 10-year term of the tuition agreement provision in Section 3(C).

6. **Allocation and Distribution of Financial Commitments and Services under Long term Contracts.**

By way of clarification, this section includes the allocation of certain long term financial commitments, including long term employment commitments to individual employees. Collective bargaining agreements and rights of continuing contract employees are addressed elsewhere in this Agreement.

SAD 44 employs administrative and central office individuals on a long-term basis for the following positions: superintendent, transportation supervisor, business office position for accounts, human resources position, and SAD 44 building administrators. The special education

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administrator is a contracted position with no long term contract. The parties agree that as of the Effective Date, SAD 44 shall be fully responsible for the costs of these employees. ~~†~~

7. Financial Commitments from Outstanding Bonds, Notes, and Lease Purchase Agreements; Contingent Liabilities.

A. Debt and Lease Purchase Obligations Generally. Pursuant to 20-A M.R.S. § 1466(16)(A), whenever a municipality withdraws from a regional school unit having outstanding indebtedness, the regional school unit remains intact for the purpose of securing and retiring the indebtedness, provided that the withdrawal agreement may provide for alternate means for retiring outstanding indebtedness.

B. Debt and Lease Purchase Obligations, Specifically as Issued by SAD 44. As of the date of this Agreement, SAD 44 has issued the following bonds, notes and lease purchase agreements that ~~were remain~~ outstanding ~~as of May 1, 2014~~:

<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Type/Purpose</u>	<u>Outstanding Principal Balance as of June 30, 2015[†] 2016</u>
<u>July 14, 2014</u>	<u>September 1, 2029</u>	<u>\$981,910</u>	<u>Telstar Boiler (local debt)</u>	<u>\$933,100.63</u>
<u>December 27, 2012</u>	<u>December 27, 2032</u>	<u>\$1,300,000</u>	<u>Telstar ESCO (local debt)</u>	<u>-\$1,105,000.00</u>
<u>May 27, 2004</u>	<u>November 1, 2024</u>	<u>\$986,400</u>	<u>Telstar Track/Auditorium (local debt)</u>	<u>\$493,200</u>
<u>May 22, 2003</u>	<u>November 1, 2018</u>	<u>\$752,593</u>	<u>Telstar Water/Sewer (local debt)</u>	<u>\$150,519.00</u>

The parties recognize that all of its students, including those from Newry that are enrolled at ~~Telstar~~ SAD 44 schools, benefit from the issuance of capital debt for facilities: ~~and that the~~

[†] ~~To be updated to June 30, 2016.~~

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calculation of tuition charges under this Agreement do not include these debt service costs. The parties further recognize that the voters of SAD 44 approved the debt with the understanding that all member municipalities would contribute, and that a decision by Newry to withdraw will leave the other members of SAD 44 with increased debt responsibility unless Newry fulfills its share of those obligations. The parties also recognize that the ~~calculation of tuition charges under this Agreement do not include these debt service costs.~~ Stabilization Fund described in Section 8 below will compensate SAD 44 for debt service payments on the debt for the duration of the ten-year tuition agreement. Accordingly, in accordance with 20-A M.R.S.A. §1466(16)(A), as an alternate means of retiring indebtedness, the New Newry SAU shall pay SAD 44 a sum on the Effective Date, representing ~~4.44~~37.5% of the ~~remaining~~ principal balance ~~plus 4.44% of accrued interest as of the Effective Date on the three local debts identified in the above chart, namely, the of the Telstar Boiler debt and~~ Telstar ESCO debt, ~~the Telstar Track/Auditorium and the Telstar Water/Sewer debt.~~ remaining after the end of the ten-year tuition agreement (June 30, 2026). By way of illustration, if the Effective Date under this Agreement ~~was~~is July 1, ~~2015~~2016, the ~~payment~~payments for ~~debt service~~principal remaining after June 30, 2026, would be ~~\$79,151.25 plus 4.44% of accrued interest~~88,006.55 (\$234,684.13 x 37.5%) for the Telstar Boiler debt and \$170,625.00 (\$455,000.00 x 37.5%) for the Telstar ESCO debt.

To the extent requested by the Maine Municipal Bond Bank (the “Bond Bank”) with respect to outstanding bonds issued by SAD 44 and held by the Bond Bank, SAD 44 shall have its bond counsel prepare and submit an opinion to the Bond Bank that this Agreement does not affect the Bond Bank’s substantive rights to enforce the terms of such outstanding bonds. The New Newry SAU shall pay the costs of any opinions required by the Maine Municipal Bond Bank as a result of Newry’s withdrawal from SAD 44.

C. Contingent Liabilities.

- i. The Parties acknowledge that SAD 44 may be liable for future legal claims based on incidents arising prior to the Effective Date, when Newry was a member of SAD 44. The New Newry SAU shall be responsible for and agrees to pay ~~4.44~~37.5% of SAD 44’s costs, expenses, damages, and other losses arising from such claims, including costs to defend such claims, to the extent that SAD 44’s costs, expenses, damages,

and other losses are not covered by insurance or other sources. SAD 44 shall give written notice of such claims to the New Newry SAU within 30 days after SAD 44 receives notice of a claim. SAD 44 shall regularly update the New Newry SAU regarding the status of such claims, and shall consult with the school board or as applicable the superintendent of the New Newry SAU before entering into a settlement of such claims.

- ii. In the event that SAD 44 becomes the subject of a federal or state audit for a period when Newry was a member of SAD 44 and as a result of such audit, SAD 44 becomes subject to any payment obligation or withholding by federal or state authority, then the New Newry SAU shall reimburse SAD 44 for 4.4437.5% of the amount of such payment obligation or withholding relating to the period when Newry was a member of SAD 44 including without limitation, any interest and penalties thereon, within thirty (30) days of any such payment by SAD 44 or any such withholding from SAD 44. If as a result of such audit SAD 44 receives any rebate, refund, credit or overpayment from any federal or state authority, then SAD 44 shall reimburse the New Newry SAU for 4.4437.5% of such rebate, refund, credit or overpayment within thirty (30) days of receipt of any such payment or credit to SAD 44.

8. Funds to Promote Fairness in School Funding and Quality in Education

Newry's contributions to the SAD 44 budget since 2004 have been calculated based on Newry's valuation rather than its pupil count, because of a special exception in the State of Maine's school funding law that applies exclusively to Newry and one other municipality. As a result of this special exception, ~~Newry raises more than \$100,000 in taxes for each Newry student that attends SAD 44 schools, many times the per student amount raised by the other municipalities in SAD 44 and other municipalities across the State~~ the withdrawal by Newry from SAD 44 will create a significant loss of funding for regional education.

~~Withdrawal of Newry from SAD 44 will help to address the inequity in school funding created by the exception in the State's school funding law.~~ Recognizing that Newry shares with

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other towns in SAD 44 a common interest in promoting high quality regional education for all students, Newry will create a Stabilization Fund to ease the ~~transition to more equitable loss of regional education~~ funding and a Targeted Education Fund to enhance education in SAD 44.

A. Stabilization Fund.

~~The~~ For the duration of the tuition agreement in Section 3.C above, the New Newry SAU shall annually contribute ~~to~~ a Stabilization Fund to SAD 44 for the benefit of ~~SAD 44 from FY 2016-2017 through FY 2019-2020~~ regional education.

~~In the first~~ For each fiscal year after withdrawal, ~~FY 2016-2017~~, Newry's contribution to ~~of the tuition agreement,~~ the Stabilization Fund shall be ~~80~~100% of the amount ~~that equal to~~ (Property Fiscal Capacity of Newry ~~contributed to the~~ divided by (Property Fiscal Capacity of SAD 44 + Property Fiscal Capacity of Newry)) multiplied by (the amount of the total SAD 44 school budget ~~in the year prior to the Effective Date, less any~~ that must be raised by local taxes ~~minus~~ amounts ~~that Newry incurs for operation of~~ paid by the New Newry SAU:

~~In the second year after withdrawal, FY 2017-2018~~, Newry's contribution to the ~~Stabilization Fund shall be 60% of~~ for (i) tuition paid to SAD 44 under the amount that tuition agreement in Section 3 above, (ii) costs of special education for ~~Newry contributed to~~ students at SAD 44 schools under the ~~SAD 44 budget in the year prior to the Effective Date, less any~~ amounts that ~~tuition agreement in Section 3 above, and (iii) other costs paid by Newry incur to~~ SAD 44 for ~~operation of the New~~ educating Newry SAU:

~~In the third year after withdrawal, FY 2018-2019~~, Newry's contribution to the ~~Stabilization Fund shall be 40% of the amount that Newry contributed to the SAD 44 budget in the year prior to the Effective Date, less any amounts that Newry incurs for operation of the New~~ Newry SAU:

~~In the fourth year after withdrawal, FY 2019-2020~~, Newry's contribution to the ~~Stabilization Fund shall be 20% of the amount that Newry contributed to the SAD 44~~ budget ~~students at SAD 44 schools under the tuition agreement in the year prior to the Effective~~

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~~Date, less any amounts that Newry incurs for operation of the New Newry SAU, Section 3 above).~~

B. Targeted Grants Fund.

During the first 4 years following the Effective Date, Newry will annually contribute to a Targeted Education Fund to enhance the quality of education in SAD 44, the amount of the contribution to be recommended by the New Newry SAU School Committee and approved at the annual town meeting. Distributions from the Targeted Education Fund will be determined by the New Newry SAU School Committee, after considering recommendations from a committee that includes 3 representatives appointed by the New Newry SAU School Committee and 2 representatives appointed by the SAD 44 School Board. Expenditures of any Targeted Education Funds shall be subject to the discretion of the SAD 44 School Board.

9. New Financial Commitments Issued Prior to the Effective Date.

If Newry votes to withdraw from SAD 44, during the period between the date of certification of that vote and the Effective Date, SAD 44 may issue bonds or notes or enter into lease purchase financing arrangements to upgrade facilities at SAD 44 schools and for other purposes. Pursuant to 20-A M.R.S. § 1466(16), SAD 44 will remain intact for purposes of retiring and securing that indebtedness. SAD 44, 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 Newry SAU ~~(except for the Debt Service Factor under the tuition agreement as described above, but subject to the five year waiver period).~~

~~**10. Undesignated Fund Balance and All Other SAD 44 Funds. Within thirty (30) days of a finalized audit, SAD 44 shall pay to the New Newry SAU 4.44% of the undesignated fund balance as of June 30, 2016. Funds for 2016 summer salaries and benefits obligations shall not be included in SAD 44's undesignated fund balance as of June 30, 2016, but rather shall be treated as encumbered funds to be used to pay FY2015-2016 salary and benefit obligations of SAD 44. The audit relied upon by SAD 44 to determine the amount of the year end undesignated fund balance shall be based upon, and shall take into account accrued expenses**~~

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~~pursuant to, generally accepted accounting principles. Additionally, Newry students will benefit from expenditures at Telstar and Crescent Park School from the capital reserve fund, but not from expenditures at Woodstock School from the capital reserve fund. Accordingly, SAD 44's withdrawals from the capital reserve fund following the Effective Date are subject to this Agreement. As of the Effective Date, the amount in the capital reserve fund shall be determined by finalized audit, net of encumbered funds in that account, if any. Following the Effective Date, SAD 44 may withdraw all or any portion of that balance from the capital reserve fund for capital equipment or capital improvements for Telstar and Crescent Park School. Following the Effective Date, SAD 44 may withdraw all or any portion of that balance for other purposes, including capital improvements or capital equipment at Woodstock School, but shall determine and pay the New Newry SAU 4.44% of such withdrawn amount. For purposes of this determination, amounts that SAD 44 pays from the capital reserve fund for any purpose shall be deemed first to be drawn from the amount audited as of the Effective Date.~~

~~The parties recognize SAD 44 currently has no transfers planned to occur prior to the Effective Date from undesignated fund balances to the capital reserve fund. Should such transfers occur prior to the Effective Date, the amounts so transferred shall be shared in accordance with the provision for sharing 4.44% of net undesignated fund balances.~~

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~~10. Undesignated Fund Balance and All Other SAD 44 Funds. Within thirty (30) days of a finalized audit, SAD 44 shall pay to the New Newry SAU 0.0% of the undesignated fund balance as of June 30, 2016.~~

~~11. Disposition of Real and Personal Property~~

~~There will be no transfer of real or personal property between SAD 44 and the New Newry SAU under this Agreement.~~

~~12. Collective Bargaining Agreements.~~

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The withdrawal of Newry from SAD 44 will not directly affect any of SAD 44's collective bargaining agreements because the New Newry SAU will not operate a school or employ former employees of SAD 44. ~~The~~ Except as provided in Section 7.C, the New Newry SAU shall have no liability to SAD 44 or to any person with respect to any collective bargaining agreement.

1213. Continuing Contract Rights under Section 13201.

The withdrawal of Newry from SAD 44 will not directly affect continuing contract rights of teachers because the New Newry SAU will not operate a school or employ former employees of SAD 44. ~~The~~ Except as provided in Section 7.C, the New Newry SAU shall have no liability to SAD 44 or to any person with respect to continuing contract rights.

1314. Transition of Administration and Governance. If this Agreement is approved by the Commissioner of Education and the voters of Newry, the administration and governance of education for Newry students will be transferred from SAD 44 to the New Newry SAU as of the Effective Date, except as provided herein with respect to the Newry students attending SAD 44 schools as tuition students. Prior to the Effective Date, Newry shall elect a school committee ("*School Committee*"). The School Committee shall have authority to take all actions necessary to prepare for the establishment of the New Newry SAU, including but not limited to establishing a budget for the fiscal year that commences on the Effective Date, and shall constitute the governing committee of the New Newry SAU.

If this ~~withdrawal agreement~~ Agreement is approved by the Commissioner of Education and the withdrawal of Newry as of the Effective Date is approved by the voters of Newry, the voters of Newry shall not participate in the approval of the SAD 44 budget or other SAD 44 budget or other matters for the fiscal year commencing on the Effective Date at either the budget meeting or the budget validation referendum.

1415. Dispute Resolution. Any dispute between the New Newry SAU and SAD 44 (each a "*Party*" and collectively the "*Parties*") arising out of or relating to this Agreement shall be resolved in accordance with this section 14. Either Party may give written notice of a dispute arising out of or related to this Agreement to the other Party by certified mail, return receipt

requested. The 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 notified Party. If the dispute has not been resolved within said thirty (30) days, either Party may serve written notice by certified mail, return receipt requested, on the other Party of a request for mediation, which request shall trigger required mediation between the Parties. The mediation shall be conducted in Maine by a mediator mutually agreeable to the 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 the request for mediation. The Parties shall share the cost of the mediator, but each shall bear its own costs related to mediation. If the Parties are not able to reach agreement with the assistance of the mediator, then each retains all rights and remedies provided by law, including the right to initiate and pursue litigation.

1516. State and Local Approval. This Agreement is subject to approval by the Maine Commissioner of Education as required by 20-A M.R.S. § 1466(4)(B) and approval by two-thirds of the voters of the Town of Newry at a referendum conducted in Newry as required by 20-A M.R.S. § 1466(9-A). Subject to the discretion of the Commissioner, the Parties agree and intend that such referendum shall be held on a statewide election date.

1617. Applicability to Successor School Administrative Units. Upon approval by the Maine Commissioner of Education and, pursuant to 20-A M.R.S. § 1466(9-A), approval by a two-thirds majority vote of the Town of Newry, this Agreement shall be binding upon the Town of Newry, the New Newry SAU, and any successor school administrative units that the New Newry SAU may join, merge with or otherwise be included in as a member, and on SAD 44 and its successor school administrative units. Accordingly, the terms of this Agreement shall be incorporated by reference into any Reorganization Plan to which Newry, the New Newry SAU, or SAD 44, or their respective successor school administrative units, is or becomes a party.

1718. Amendment. This Agreement may be amended by vote of the SAD 44 school board and the elected ~~school board~~School Committee of the New Newry SAU, either before or after the Effective Date. Any such amendment shall be effective only if in writing, signed by duly authorized representatives of the parties to the amendment. No such amendment shall be effective unless approved by the Commissioner of the Maine Department of Education.

1819. Miscellaneous. This Agreement may not be assigned and shall be interpreted, governed, construed, and enforced in accordance with the laws of State of Maine, without regard to any of its conflict of laws principles. This Agreement contains the entire agreement between the Parties in relation to its subject matter, and there are no other agreements or understandings, oral or otherwise, between the Parties at the time of execution of this Agreement. Each Party represents that its signatory to this Agreement is duly authorized by that Party to execute this Agreement and in so doing to bind that Party to its terms. The headings and subheadings of the sections and paragraphs of this Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the agreements, terms, covenants and conditions of this Agreement in any manner. If any provision(s) of this Agreement is determined to be invalid or unenforceable in whole or in part for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the full extent permitted by law. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same Agreement.

[Signature Page Follows]

NEWRY WITHDRAWAL COMMITTEE DRAFT

January 7, 2015

SAD 44 Draft – February 25, 2015

Signed at Newry, this _____ day of _____, 20142015

The Withdrawal Committee of the Town of Newry:

Member from the SAD 44 School Board

Member and representative from Municipal Officers

Member at Large

Member of Petitioning Group

Signed at Bethel, this _____ day of _____, 20142015.

Chair, SAD 44 School Board

Signed at Augusta, this _____ day of _____, 20142015.

Approved as a Final Withdrawal Agreement under 20-A M.R.S. §1466(5)

James E. Rier, Jr.
Thomas A. Desjardins
Maine Commissioner of Education