

The School Administrative Units coming together in this Regional School Unit agree to share those costs that are above the 100% EPS allocation (also known as "Additional Local Funds") in the following manner:

Year 1: Using the current amount of Additional Local Funds raised in each SAU in the school year immediately preceding the year the RSU is formed, a percentage for each SAU of the total amount of Additional Local Funds will be established. This percentage will be applied to the total amount of Additional Local Funds that are raised in the budget for the RSU in the first year of operation. This percentage as applied in the first year of operation shall become the "Standard Additional Local" amount to be utilized in making certain cost-sharing calculations in Year 2 and beyond.

NOTE: If the RSU is formed effective July 1, 2009, the percentages would be as follows:

SAU	Amount over EPS for 2008-2009	Percentage of Allocation
Alton	\$131,342	4.29%
Bradley	\$294,550	14.05%
Greenbush	\$284,542	13.57%
Milford	\$472,602	22.54%
Old Town	\$913,225	

TOTAL Additional Local Funds for 2008-09: \$2,096,261

Year 2 and beyond: The Additional Local Funds to be raised each year by the RSU will be shared in accordance with a formula that is based 50% on valuation and 50% on the number of pupils in each SAU (the "50%-50% Formula").

The cost-sharing plan for Penobscot Regional Schools will also include debt service (principal and interest) for the following obligations that are to be assumed by Penobscot Regional Schools, effective July 1, 2010:

Debt service to be assumed by Penobscot Regional Schools includes:

- Old Town High School Repair/Renovations, \$180,000 (as of 7/1/09).
- Old Town High School, Leonard Middle School Repair/Renovations, \$900,000 (as of 7/1/09).
- Old Town High School, Leonard Middle School, HVAC Upgrades, \$587,806 (as of 7/1/09).
- Old Town High School, Leonard Middle School, Health/Safety (Revolving Renovation Fund), \$678,200 (as of 7/1/09).
- Alton Elementary School, Roof Repair, approximately \$20,836.60 (as of 7/1/09).

The above debt service items are included in the cost sharing plan for two reasons. First, it makes sense to have Penobscot Regional Schools assume debt service on building maintenance projects that add value to the buildings and reduce future maintenance liabilities for the RSU. Second, the assumption of debt helps alleviate the cost-shifting impact of the 50%/50% Formula, which would have placed an undue burden on Old Town.

The Debt Service costs will also be shared based on the 50%/50% Formula. However, the following adjustment will apply to ensure that sharing debt service costs does not result in an unfavorable cost-shift to Alton, Bradley, Greenbush, and/or Milford: If the total share of Additional Local and Debt Service costs for Alton, Bradley, Greenbush, and/or Milford exceeds the "Standard Additional Local" amount that town paid in Year 1, the excess amount shall be apportioned among the other three towns on the basis of a 50%/50% Formula applied to those three towns alone. If that additional apportionment causes one of the remaining three towns to exceed the Standard Additional Local amount it paid in Year 1, the excess amount shall be apportioned among the other two towns in the same manner. (When determining whether the total share of Additional Local and Debt Service costs for Alton exceeds the Standard Local amount it paid in Year 1, the debt service payments for the Alton Elementary School roof repair loan will be added to the Standard Local amount.)