

AGREEMENT ESTABLISHING

**THE EAST LYME AND SALEM
HIGH SCHOOL COOPERATIVE**

By and Between

**THE BOARD OF EDUCATION OF EAST LYME
AND
THE BOARD OF EDUCATION OF SALEM**

March 17, 1997

Retyped 8/8/05

INTRODUCTION

This cooperative Agreement is the result of a joint effort by teams from the towns of East Lyme and Salem who made up the “Cooperative Agreement Committee.” The list of members below reflects broad representation from each community. The boards of education of each town established the joint committee and charged it with the following mission:

To develop a cooperative Agreement between East Lyme and Salem for the purpose of building and maintaining an expansion of East Lyme High School that is:

- a) educationally appropriate; and
- b) beneficial to both communities
- c) in compliance with State statutes (Section 10-158a);

The committee met weekly between October 17 and December 3, 1996 to develop this Agreement. In order to assure equity, each town had one vote on any given issue. Therefore, each item in this Agreement was approved by representatives from both Salem and East Lyme.

This initial committee is dissolved with the final approval of this Agreement by both towns’ boards of education.

Members (and representation) of the Committee:

	<u>East Lyme</u>	<u>Salem</u>
Board of Education	Mary Broderick*# Ted Jablkowski* Susan Reardon# Glenn Shapiro*	Chris Constantine* Janet Griggs Mary Quatroche#
Board of Selectmen	Kent Sistare	Frank Sroka
Board of Finance	Allan Taylor	Hugh Teel
Town Building Comm.	Jerry Burkhardt	Jim Krodel
Attorney/Parent	Anne Best	John Butts
Community rep.	Wayne Fraser# Mark Powers Deborah Walsh	Jim Fogarty Paula Miller
Superintendents	Jack Reynolds	Holden Waterman
ELHS principal	Jerry Mistretta	
Consultant	David Funke (East Lyme Town Finance Director)	

*co-chairs

#alternates

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AGREEMENT

**AGREEMENT ESTABLISHING THE EAST LYME AND SALEM
HIGH SCHOOL COOPERATIVE**

THIS AGREEMENT is entered into on March 17, 1997, by and between the undersigned boards of education of East Lyme and Salem, each acting by its respective Chairperson.

WHEREAS, the Town of East Lyme maintains a high school approved by the State Board of Education; and

WHEREAS, the Town of Salem does not maintain a high school and is required by law to designate a high school which any child who has completed middle school courses may attend; and

WHEREAS, Salem high school students have been attending East Lyme High School almost continuously since the high school was built in 1967, and the Salem Board of Education designated East Lyme High School its high school of record in 1979; and

WHEREAS, it is in the best interest of East Lyme and Salem to continue the long-standing arrangement whereby Salem students attend East Lyme High School for grades 9 through 12; and

WHEREAS, East Lyme High School has reached enrollment capacity, and projections indicate greater growth, creating the need for increased capacity; and

WHEREAS, the boards of education of East Lyme and Salem agree that a cooperative agreement to expand East Lyme High School to accommodate increased enrollment from both towns is a mutually beneficial method to ensure continued availability of a high quality, cost effective, secondary education for the students of both towns, and desire to:

- obtain maximum available State funding to assist in the construction costs, and
- be in compliance with Connecticut General Statutes Section 10-158a, which authorizes any two or more boards of education to agree, in writing, to establish cooperative arrangements to provide special services, programs, or activities to enable such boards to carry out the duties specified therein, and further authorizes such boards to establish a committee to supervise such services, programs, or activities; and

WHEREAS, East Lyme is willing to fund the expansion project costs not provided by the State for the purpose of expanding East Lyme High School and improving its educational programs and facilities; and

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WHEREAS, Salem is willing to subsidize part of such project costs;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Boards of Education of the towns of Salem and East Lyme do hereby enter this Cooperative Agreement for purposes of expanding East Lyme High School and improving its educational programs and facilities, and hereby agree as follows:

1. COOPERATIVE COMMITTEE

1.1 Establishment

As established under Connecticut General Statutes Section 10-158a, a Cooperative Committee is hereby appointed and empowered by both boards of education.

1.2 Membership

Membership shall consist of the full membership of each town's board of education.

1.3 Responsibilities

- 1) to oversee the administration of this Agreement;
- 2) to develop amendments to this Agreement if needed; and
- 3) if the number of external students (non Salem/non East Lyme) exceeds 75, the Cooperative Committee shall be responsible for establishing enrollment parameters beyond seventy-five (75), unless more are required by law. If Salem is at its maximum enrollment, or if total enrollment exceeds 1,500, then the Cooperative Committee shall be fully responsible for setting the number of external students permitted to enroll.

1.4 General Powers

The Cooperative Committee, in accordance with the terms of this Agreement, hereby irrevocably assigns the following powers as established by Connecticut General Statutes section 10-158a, to the East Lyme Board of Education and the Town of East Lyme:

- 1) to apply for, receive directly, and expend on behalf of the East Lyme and Salem school districts, all State and Federal grants to support an East Lyme High School expansion and improvement project;
- 2) to receive and disburse for the expansion and improvement project, funds appropriated for such use by East Lyme and Salem, the State, the Federal government, and other funds received by the Cooperative Committee;
- 3) to hold title to real or personal property acquired or developed as a result of this Agreement,
- 4) to employ personnel;
- 5) to enter into contracts to plan and construct the expansion and improvement project; and
- 6) to otherwise provide the specified programs, services, and activities related to this Agreement

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Notwithstanding the above, the Cooperative Committee may choose to apply directly for funds. Upon receipt of those funds, in compliance with State and Federal requirements, management and disbursement of those funds will be assigned by the Cooperative Committee to the East Lyme Board of Education and the Town of East Lyme.

1.5 Meetings

The Cooperative Committee shall meet at least twice each year, once in January, and once on a date to be agreed upon at the January meeting. Additional meetings may be called by the co-chairs. The Cooperative Committee shall also convene within two weeks of delivery of a written request to meet, by either board, to the Chair of the other board. The Cooperative Committee may hold its meetings, regular or special, at such place and time as the officers of the Cooperative Committee may determine. All such meetings shall be conducted in accordance with the Freedom of Information Act. In the conduct of its meetings, the Cooperative Committee shall be guided by *Robert's Rules of Order* unless such provisions are inconsistent with this Agreement or are modified through bylaws adopted by the Cooperative Committee. A quorum of the membership of each board must be present to constitute a quorum for a Cooperative Committee meeting. *(amended 6/13/02)*

1.6 Officers

Chairs of each board of education shall serve as co-chairs of Cooperative Committee meetings.

1.7 Voting

Each board of education shall have one vote which shall be cast by the Chair of each Board, or his or her designee. Therefore, it will take two affirmative votes to pass a motion.

2. HIGH SCHOOL LEADERSHIP TEAM

A High School Leadership Team is established by this Agreement, and takes effect upon execution of this Agreement.

2.1 Purpose

The purpose of this team is to assure that both Salem and East Lyme participate in the governance of East Lyme High School, hereafter "School."

2.2 Membership

Membership of the Leadership Team will include the following:

- 3 teachers from the School (2 elected by faculty, 1 selected by the high school-principal)
- 1 principal from the School, who will assume the role of Executive Secretary
- 1 Salem staff member appointed by the Salem Superintendent
- 2 students attending the School (elected by the Student Senate)
- 4 parents of students who are within the East Lyme / Salem School System
(2 Salem/2 East Lyme appointed by respective Boards of Education)

Elected and appointed positions are one year renewable terms ending June 30.

2.3 Responsibilities

Responsibilities include the following:

- 1) participate with School staff and other interested parties, in the development, monitoring, and evaluation of an annual improvement plan, which will identify specific goals in the areas of school improvement, quality of student life, and quality of education;
- 2) analyze high school data and development of recommendations for improvement;
- 3) advise the principal on issues including but not limited to: discipline; assessment; curriculum; policy recommendations to the Board of Education; student achievement; evaluation plans; communication; professional development; high school policies, and staff selection;
- 4) make recommendations to the principal (and/or Superintendent, and/or East Lyme Board of Education, where appropriate), on issues to include: high school philosophy; budget; curriculum textbooks; schedule; extracurricular opportunities; facilities; class size; staff size; and school culture; and
- 5) communicate with residents and boards of education of each town.

2.4 Meetings

The High School Leadership Team shall meet not less than quarterly as determined by the team or on the call of the High School principal, and shall report periodically to the respective boards of education on the activities of the team. Advance notification and the minutes of all meetings shall be provided to the superintendents and members of the respective boards of education. *(added 6/13/02)*

3. RETAINED AUTHORITY

Overall governance of the School is maintained, as established by statute, under the authority of the East Lyme Board of Education. A member of the Salem Board of Education is a welcome participant in all public deliberations of the East Lyme Board of Education which involve East Lyme High School.

4. DESIGN CONSIDERATIONS

The expansion and improvement of East Lyme High School will increase total capacity to 1,500 students. Cost of the expansion and improvement project is not to exceed \$14 million without the consent of the Cooperative Committee. Design approval shall be subject to acceptance by the Cooperative Committee.

5. CONSTRUCTION ADMINISTRATION

5.1 Construction Phases

Construction administration shall have three (3) fundamental overlapping phases:

- Phase 1 will involve a Requirements Development Committee, appointed by the East Lyme Board of Education, which shall develop a facility design vision with

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respect to the educational needs and financial capabilities of the towns. This committee shall dissolve after submittal of the project design plan to the East Lyme Town Building Committee.

-Phase 2 will involve a Project Design Committee, appointed by the East Lyme Board of Education, which shall plan, design, and develop educational specifications and the final design. This committee shall dissolve after acceptance of the completed facility.

-Phase 3 will involve the East Lyme Town Building Committee, appointed by the Town of East Lyme as required under Town Charter, for the purpose of construction administration and management.

5.2 The Requirements Development Committee

Membership:

- Superintendents of Schools from East Lyme and Salem
- East Lyme High School Principal
- 2 Board of Education members (1 from each town)
- 2 Cooperative Agreement Committee members (1 from each town)
- Participation of students, teachers, community members, consultants, as needed

Duties:

- 1) explore future needs to be addressed by the new facility
- 2) identify educational programs to be provided in the new facility
- 3) develop clear requirements for the expansion and improvement of East Lyme High School
- 4) establish facility requirements and objectives
- 5) prepare a report, to be presented to both boards of education and to the Project Design Committee, which describes
 - a) the needs to be addressed
 - b) the educational programs to be offered
 - c) the facility requirements and objectives
 - d) the atmosphere or spirit of the facility to be constructed
 - e) any alternative ideas or visions which respond to the requirements and objectives
- 6) consider budgeting constraints
- 7) forward the approved report to the Project Design Committee for action
- 8) review educational specifications developed by the Project Design Committee and submit recommendations to the Cooperative Committee

5.3 The Project Design Committee

Membership:

- 4 board of education members (2 from each town)
- 2 current East Lyme High School staff members (from different disciplines)

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- 2 Building Committee members (1 from each town)
- 2 community members
- Superintendents of Schools from East Lyme and Salem
- East Lyme High School Principal
- ex-officio members: East Lyme fire marshal, building inspector, and sanitarian

Duties:

- 1) hire consultants as necessary to assist in development of educational specifications and selection of architect
- 2) develop educational specifications
- 3) determine cost estimate
- 4) submit proposed educational specifications to the Requirements Development Committee for review and comment
- 5) submit educational specifications to the Cooperative Committee for approval and submission to the State
- 6) consider architect feasibility studies
- 7) interview, select, and recommend architect for hire by the East Lyme Board of Education
- 8) monitor architect development of facility specifications to assure they are in keeping with the educational specifications, cost limitations, and the vision of the School as determined by the Requirements Development Committee
- 9) submit plans, including architect's models and renderings, to both East Lyme and Salem Boards of Education, including a refined cost estimate
- 10) direct architect to prepare and submit for approval appropriate state required forms, obtain required approvals and submit to the State
- 11) submit plans to the East Lyme Building Committee
- 12) meet with Building Committee and architect to assure smooth transition and full understanding of plans
- 13) approve change orders which significantly alter plans

5.4 The Building Committee

Membership will include those appointed to the standing Town Building Committee as established by ordinance in the Town of East Lyme for the purpose of school construction.

In addition to that membership, two Salem residents, appointed by the Salem Board of Selectmen, shall be invited to serve in an ex-officio capacity throughout the term of this committee.

Duties are as defined by ordinance of the Town of East Lyme and subject to direction and approval of the East Lyme Board of Education.

The Building Committee's work is completed when punch list is complete, payments are issued and all reports are completed.

6. FINANCIAL PROVISIONS

6.1 The payment to be made each year of this Agreement by Salem to East Lyme for the use of East Lyme High School shall consist of a Base Tuition Rate for each Salem regular education student attending East Lyme High School subject to a minimum enrollment (as described in section 6.4), a Premium Tuition Rate for each Salem special education student attending East Lyme High School, a Services Surcharge and a Flat Facilities Charge for the facilities expansion and improvement contemplated hereunder, the Flat Facilities Charge to begin in the school year which includes the first scheduled project debt service payment.

6.2 The Base Tuition Rate, beginning in school year 1997-98, and continuing for the balance of the term of this Agreement, shall be based on East Lyme's submission to the State of Connecticut, on form EDOO1 or equivalent, of expenses per student related to East Lyme High School, for the school year occurring two years prior, excluding transportation, debt service, special education, land and building costs, and including an inflation adjustment factor equal to inflation rates for the most recent two-year period (current two-year total equal to positive 5% and subject to adjustments with changes in the actual regional consumer price index beginning for school year 1998-99 and continuing throughout the term of this Agreement), to bring the EDOO1 expenses per student up to date for the coming school year. As an example, the EDOO1 submission for school year 1995-96 is \$5,815, less transportation costs of \$238, for a net cost of \$5,577, plus a two year inflation adjustment factor totaling 5% or \$279, for a total Base Tuition Rate for 1997-98 of \$5,856. This Base Tuition Rate will be calculated by East Lyme's Superintendent, or designee, in December of each school year for the following school year, using a methodology equivalent to one which yields the numbers in the above example, which divides all regular education high school related expenses (except transportation to and from home) over all students enrolled in the school (subtracting only those in full-time self-contained special education). This shall be the Base Tuition Rate included in each school district's budgeting process for the following year's budget. The Base Tuition Rate is a projection. Any overcharge or undercharge in the actual per student expenses, using this same methodology, will be reconciled as described in Section 6.7.

Subsequent to 3/1/05, any amount in excess of this calculation, if agreed to by both Superintendents, may be substituted for the Base Tuition Rate. The purpose of such increase would be to stabilize reconciliation calculations, and therefore minimize required adjustments. *(added 03/01/05)*

If East Lyme proposes to change the allocation methodology for reporting expenditures to the State, and if such change adversely impacts Salem, Salem, shall have the right to prior approval or to pay tuition on the basis of the old methodology.

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6.3 Projected Enrollment levels of regular and special education students to attend East Lyme High School in the following school year shall be made by and exchanged with the respective Superintendents, or their designees, for Salem and East Lyme students, on or about December 15 of each school year, and shall be used in each school district's budgeting process for the following year's budget. Salem's Superintendent of Schools shall keep East Lyme's Superintendent informed on or about December 15 and on or about May 15 of each school year of changes in the number of known high school age (grades 9-12) residents of Salem who are currently attending high schools other than East Lyme.

6.4 Minimum Enrollment: Regardless of the number of students attending East Lyme High School, Salem shall pay Base Tuition to East Lyme for a minimum enrollment equal to 80% of the total Salem high school students enrolled in grades nine through twelve (9-12) at any high school. Should Salem reach or exceed the Maximum Enrollment described in Section 6.11, this provision shall not apply.

6.5 The Premium Tuition Rate for special education students shall equal 1.85 times the Base Tuition Rate for the 1997-98 school year. The Premium Tuition Rate is a projection. The Premium Tuition Rate will be subject to reconciliation, as described in Section 6.7, based on actual special education expenses incurred for all special education students at the high school (including self-contained special education costs), divided by the total number of special education students actually enrolled in special education programs (including both full-time and part-time special education students), and adding to that result the reconciled Base Tuition Rate for all special education students except those in full-time self-contained special education. The calculation of the actual per student costs of special education at the high school shall not include any expense included in the per student cost of regular education calculation, nor any expenses for externally purchased services or tuition, but shall include expenses at the district level fairly allocated to the high school special education program. Based on the results of analysis or reconciliation, East Lyme's Superintendent of Schools shall recommend a multiplier to serve as the Premium Tuition Rate projection for school years beyond 1997-98, subject to reconciliation as described in Section 6.7.

Base tuition and premium tuition may not include all extraordinary resources or services. Such unique expenses will be individually negotiated by East Lyme and Salem school administrators, and may result in a direct billing to Salem for such expenses related to Salem students.

Premium tuition will include the following services, to the extent that it is possible to deliver such services from existing staff assigned to the high school, as specified in an approved Individualized Education Program: Counseling & Speech Therapy, Language Therapy, Alternative Education Program, Limited Specialized Testing, Special Needs Self-Contained Classroom, Learning Disabled Resource Room, Seriously Emotionally

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Disturbed Resource Room, Mentally Retarded Resource Room, Occupational Therapy, Physical Therapy and Tutoring. To the extent such services are offered at the high school, and any student must utilize external resources because of a lack of capacity in the high school' program, Salem shall pay for the proportional share of that purchased service expense, based on the ratio of Salem students utilizing special education programs to the total number of students utilizing special education programs. Salem may be asked to directly pay their share of such purchased service expenses. Additional aides and special services required for Salem students for services beyond those services available at the high school will be billed to Salem at cost. Salem shall directly pay for all costs related to special education students not attending East Lyme High School.

Premium tuition will not include the costs of transportation to and from the student's residence or Salem contracted programs, specialized testing not available at the high school, individualized adaptive equipment, interpreters, medically necessitated personal assistants, or homebound tutoring. Salem will directly pay for such expenses.

It is the intention of this Agreement to assure fair and equitable delivery of special education services and equitable cost distribution between Salem and East Lyme. The provision of special education services and charges must be responsive to the needs established by Individualized Education Programs, and should be evaluated annually by the Cooperative Committee for fairness, equity and responsiveness to such needs.

6.6 Services Surcharge: To compensate East Lyme for services provided by East Lyme and not included in the EDOO1, such as police, fire safety, water and sewer, a Services Surcharge will be added to tuition rates, equal to \$52.50 per student in the first year of this Agreement, plus an increase in the per student charge of \$1 per year for each subsequent year of this Agreement (e.g. \$54.50 per student in the third year). If these expenses are included in future EDOO1 submissions during the term of this Agreement, this Services Surcharge shall then be subject to review and adjustment as necessary and mutually agreed upon.

6.7 Reconciliation Amount: Beginning in November of 1998, and each year thereafter, East Lyme's Superintendent of Schools, or his designee, shall compare the expenses reported on the EDOO1 submission, using the same methodology as described in section 6.2, to determine East Lyme High School's actual per student expenses for the prior year plus the applicable Services Surcharge for that year, as described in Section 6.6 (the first year this will be done will be for the school year 1997-98) with the Base Tuition Rate charged Salem for that year (the first year this will be done will be for school year 1997-98.) At the same time, a reconciliation of Premium Tuition will be made based on actual expenses of providing special education at the high school, consistent with the methodology described in section 6.5, plus the applicable Services Surcharge for that year, as described in Section 6.6. The difference between total payments actually made by Salem for Base Tuition and Premium Tuition with the applicable Services Surcharge

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for that year, and the total actual costs for all Salem students attending East Lyme, based on calculated costs per student for all regular and special education students with the applicable Services Surcharge for that year, shall be divided by 10, and shall be the monthly Reconciliation Amount to adjust the payments in the following school year (the first adjustment will impact payments made during school year 1999-2000)

6.8 Actual Monthly Payment Amounts: Salem shall pay to East Lyme in 10 monthly payments, beginning in September, due on the last business day of the month, and for each of the following 9 months ending in June, an amount equal to:

- 1) the sum of the Base Tuition Rate and the Services Surcharge, divided by ten and multiplied by the actual number of regular education students attending East Lyme High School on the first school day of each month in which a payment is being made, adjusting the regular education enrollment upwards if necessary to assure that the total of regular education students plus special education student enrollment in any month shall in no event be less than the Minimum Enrollment, *Plus*
- 2) the sum of the Premium Tuition Rate and the Services Surcharge, divided by ten and multiplied by the actual number of special education students attending East Lyme High School on the first school day of each month in which a payment is being made, *Plus or minus, as the case may be*
- 3) The Monthly Reconciliation Amount, if any.

East Lyme shall submit the billing to Salem by the 10th of each month, which will include the enrollment for the month (as of the first school day of that month), and the names and addresses of all Salem students counted in the enrollment for that month.

6.9 The Annual Flat Facilities Charge for the facilities expansion and improvement contemplated hereunder, to begin in the school year which includes the first scheduled project debt service payment and to continue for each of the following 19 years, shall equal 1.00% of the audited total costs of construction and related interest as determined upon project completion, net of State reimbursements. This fixed amount shall be paid by Salem in two equal semi-annual installments, to be received by East Lyme no later than 15 days prior to East Lyme's bond payment due dates related to this project's debt service. The total payments, over 20 years, due from Salem to East Lyme shall equal 20% of the non-reimbursed construction related costs, regardless of the number of Salem students attending East Lyme High School.

6.10 Late Fees: Any amounts unpaid as of the end of the month shall be overdue and shall be assessed a late charge, equal to the greater of 1% per month or a percentage per month equal to one-tenth of the prime rate then in effect at the billing date as published by Chase Manhattan Bank in New York or if unavailable, by such other bank as agreed to by the Cooperative Committee.

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6.11 Maximum Enrollment: Salem's Maximum Enrollment under the above financial terms shall be a total of 300 students in any given month. In the event that East Lyme elects to accept students from Salem beyond Salem's Maximum Enrollment, the tuition rate for the number in excess of 300 shall be established by the terms of this Agreement. In the event East Lyme High School total enrollment exceeds 1,500, without any new capacity created by expansion or renovation projects beyond the construction project that is the subject of this Agreement, then Salem's Maximum Enrollment shall equal 20% of the total enrollment.

6.12 In-Year Transfers: In the event a student moves out of Salem while attending East Lyme High School, Salem may elect to pay for that student to complete the current semester. Such authorization shall be in writing and shall be submitted to East Lyme by Salem within 15 days after Salem's Superintendent learns of the student's move out of town. If Salem elects not to be responsible for further payment, Salem consents to allow East Lyme to take any actions with respect to such students East Lyme deems necessary..

6.13 Pre-construction Expenditures: To the extent East Lyme incurs out-of-pocket costs for conceptual designs, renderings, models, communications, and other pre-planning efforts, Salem agrees to be responsible for 20% of such expenses, with Salem's share not to exceed \$10,000. Such shared expenses must be agreed to by both parties prior to such expenses being incurred. Upon approval of the project and the receipt of bond proceeds, all pre-construction expenditures will be reimbursed to the extent such expenditures are included in the bond amount. To the extent the bond is approved by East Lyme and an architect is hired, if construction does not go forward to completion, Salem shall be responsible for 20% of architect and related expenses, and East Lyme shall be responsible for the balance.

7. CONDITIONS

The parties' obligations to perform under the terms of this Agreement shall be contingent upon:

- 1) approval by the State Board of Education of the planned expansion and improvement project at East Lyme High School;
- 2) approval by the Town of Salem authorizing the filing of the application with the State of Connecticut for the planned expansion and improvement project at East Lyme High School (approval given on March 4, 1997);
- 3) funding of the costs of construction of the planned expansion and improvement project at East Lyme High School by the State Board of Education at the maximum cooperative rate allowed by law; and

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- 4) approval by the Town of East Lyme of the borrowing of the funds necessary to construct the planned expansion and improvement project at East Lyme High School and the bonding thereof by the Town of East Lyme.

8. AMENDMENT AND TERMINATION OF THIS AGREEMENT

8.1 This Agreement shall become effective when executed by both parties and shall continue in effect for a period of twenty (20) years from the date the planned expansion and improvement project at East Lyme High School is placed in service, provided it is placed in service within ten years from the date the Agreement is signed. This Agreement was placed in service August 1999 and shall continue through June 30, 2019, as amended on August 2, 2005.

8.2 Either party may terminate this Agreement on June 30th of any year, by said party giving written notice of termination to the other party at least one year prior to the effective date of termination.

8.3 Any penalty which may be imposed upon the parties by the State of Connecticut, the State Board of Education, or other lawful authority for early termination of this Agreement shall be paid by the party which terminated the Agreement. The term "penalty" shall include, but shall not be limited to, any reduction in the amount of payments from the State of Connecticut to the Town of East Lyme for debt service on the bonds issued to finance construction of the planned expansion and improvement project to East Lyme High School.

8.4 If Salem terminates this Agreement, Salem will continue to pay the Flat Facilities Charge (as defined in Section 6.9 above) annually for the remainder of the twenty-year period contemplated in Section 8.1 above, and shall pay the base tuition for its minimum enrollment for one year after termination. To the extent East Lyme receives third party external payments for facilities utilization at the high school in excess of the level received by East Lyme in the year prior to termination, the amount of such excess shall serve to offset some or all of the payments owed under this section.

8.5 If East Lyme terminates this Agreement, East Lyme will forfeit all rights to any payments to become due from Salem after the date termination becomes effective, except that any Salem students who are attending East Lyme High School at the time of termination of this Agreement may complete their secondary education at East Lyme High School upon payment by Salem of the tuition allocable to said students under the terms of this Agreement, and East Lyme shall be liable for any reasonable increase in the high school tuition costs incurred by Salem at any other facility for the original term of this Agreement.

8.6 If State mandated enrollment of students from outside the Towns of Salem and East Lyme prevents the attendance of all eligible Salem and East Lyme students, or if State

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mandated programs prevent Salem from fulfilling its minimum enrollment obligations, this Agreement, including the payment schedules, will be reviewed and adjusted equitably so as to maintain the integrity of as much of this Agreement as is possible.

8.7 After the termination of this Agreement, whether by action of a party or by lapse of time, the Reconciliation Amount determined under section 6.7 shall be paid in quarterly installments beginning in September of the school year in which the payment is due, and any amounts owed under section 6.13 shall survive and be paid in quarterly installments beginning in September of the year following termination.

8.8 This Agreement may be amended and/or extended by action of the Cooperative Committee established in section 1 above.

9. MISCELLANEOUS

9.1 The high school building usage by either party shall be treated equally. It is understood that Salem's usage is limited to the high school facilities only and not the middle or elementary school facilities.

9.2 Any and all disagreements arising under the terms and conditions of this Agreement which cannot be resolved by the Cooperative Committee will be taken to the American Arbitration Association for binding arbitration, under the rules of the Association, for resolution.

EAST LYME BOARD OF EDUCATION

By Mary Broderick

Date March 17, 1997

SALEM BOARD OF EDUCATION

By Ruth A. Cole-Chu

Date March 17, 1997