



Financial Management Performance Report

District Status for 2011-2012

Public Meeting

October 21, 2013



This report contains an explanation of Palestine ISD's rating according to Schools FIRST- the State's financial accountability rating system for Texas public schools.

Palestine Independent School District
 School FIRST Rating Worksheet
 Comparison of Indicators for Fiscal Years 2011 and 2012

FIRST INDICATOR DESCRIPTION	2010-11 PALESTINE ISD DATA	2010-11 RESPONSE	2011-12 PALESTINE ISD DATA	2011-12 RESPONSE
1. Was the total fund balance less reserved fund balance greater than zero in the general fund?	The total unreserved fund balance for the period ended 8/31/11 was \$10,495,766	Yes	The total unreserved fund balance for the period ended 8/31/12 was \$9,964,560.	Yes
2. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's 5 Year % Change in Students was 10% more)	The total unrestricted net asset balance was \$12,398,344.	Yes	The total unrestricted net asset balance was \$12,810,974.	Yes
3. Were there <u>no</u> disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	Palastine ISD has not defaulted on bonded indebtedness.	Yes	Palastine ISD has not defaulted on bonded indebtedness.	Yes
4. Was the annual financial report filed within one month after the January 28 th deadline?	The financial report was approved by the PISD Board of Trustees and subsequently received by TEA February 3.	Yes	The financial report was approved by the PISD Board of Trustees and subsequently received by TEA January 25.	Yes
5. Was there an unqualified opinion in the annual financial report?	The independent auditors gave an unqualified, or 'clean', opinion in the annual report.	Yes	The independent auditors gave an unqualified, or 'clean', opinion in the annual report.	Yes
6. Did the annual financial report <u>not</u> disclose any instance(s) of material weaknesses in internal controls?	The independent auditors found no material weaknesses in internal controls.	Yes	The independent auditors found no material weaknesses in internal controls.	Yes
7. Was the 3-year average percent of total tax collections (including delinquent) greater than 98%?	The tax collection rate for 2010-11 was 99.11%	5	The tax collection rate for 2011-12 was 98.8%	5
8. Did the comparisons of PEIMS data to like information in the annual financial report result in an aggregate variance of less than 3% of expenditures per fund type?	The variance between PEIMS data and the annual financial report was 0%.	5	The variance between PEIMS data and the annual financial report was 0%.	5

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9. Were debt-related expenditures (net of Instructional Facilities Allotment and/or Existing Debt Allotment) less than \$350 per student?	The district spent \$1,238.31 per student in debt-related expenditures, net of the Existing Debt Allotment.	1	The district spent \$1,303.98 per student in debt-related expenditures, net of the Existing Debt Allotment.	1
10. Was there no disclosure in the annual audit report of material noncompliance?	The independent auditor's report did not disclose any instances of material noncompliance.	5	The independent auditor's report did not disclose any instances of material noncompliance.	5
11. Did the district have full accreditation status in relation to financial management practices? (e.g. no master or monitor assigned)	PISD did not have a Financial Conservator or Monitor assigned.	5	PISD did not have a Financial Conservator or Monitor assigned.	5
12. Was the aggregate of budgeted expenditures and other uses less than the aggregate of total revenues, other resources, and fund balance in the general fund?	The difference between budgeted revenues, other resources, and fund balance as compared to budgeted expenditures and other uses was \$8,513,441.	5	The difference between budgeted revenues, other resources, and fund balance as compared to budgeted expenditures and other uses was \$11,075,546.	5
13. If the district's aggregate fund balance in the general fund and capital projects fund was less than zero, were construction projects adequately financed? (To avoid creating or adding to the fund balance deficit situation)	The fund balance in the general fund was \$10,719,001. The fund balance in the capital projects fund was \$12,429,665.	5	The fund balance in the general fund was \$10,105,354. The fund balance in the capital projects was \$2,256,622.	5
14. Was the ratio of cash and investments to deferred revenues (excluding net delinquent taxes receivables) in the general fund equal to or greater than 1:1? (If deferred revenues are less than net delinquent taxes receivable, then answer this indicator 'Yes'.)	Deferred revenues of \$1,714,277 were \$349,174 less than net delinquent taxes receivable of \$1,365,103.	5	Deferred revenues of \$1,553,079 were \$94,854 less than net delinquent taxes receivable of \$1,458,225.	5

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FIRST INDICATOR DESCRIPTION	2010-11 PALESTINE ISD DATA	2010-11 RESPONSE	2011-12 PALESTINE ISD DATA	2011-12 RESPONSE
15. Was the administrative cost ratio less than the standard in state law of 14.01% for a district with 1,000 to 4,999 students?	PISD's administrative cost ratio was 9.88%	5	PISD's administrative cost ratio was 10.08%	5
16. Was the ratio of students to teachers within the ranges for a district with 1,000 to 4,999 students (11.5:1 to 22:1)?	The 2010-11 student-teacher ratio was 13.1879:1.	5	The 2011-12 student-teacher ratio was 13.722:1.	5
17. Was the ratio of students to total staff within the ranges for a district with 1,000 to 4,999 students (6:3 to 14:1)?	The 2010-11 student-staff ratio was 6.9:1.	5	The 2011-12 student-staff ratio was 7.4581:1.	5
18. Was the decrease in undesignated unreserved fund balance less than 20% over two fiscal years?	Total revenues of \$24,339,303 were greater than operating expenditures of \$22,091,989 in the general fund.	5	Total revenues of \$23,762,072 were greater than operating expenditures of \$22,220,777 in the general fund.	5
19. Was the aggregate total of cash and investments in the general fund more than \$0?	The total cash and investments at 8/31/10 was \$11,273,168.	5	The total cash and investments at 8/31/11 was \$10,658,082.	5
20. Were investment earnings in all funds (excluding Debt Service Fund and Capital Projects Fund) meet or exceed the 3-month Treasury Bill rate?	Investment earnings did meet or exceed the 3-month Treasury Bill	5	Investment earnings did meet or exceed the 3-month Treasury Bill	5
	Score	66	Score	66
Schools FIRST Rating		Superior Achievement		Superior Achievement

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Notes to the Schools FIRST Report:

*2010-2011 student figures were based on 3,241 students.
2011-2012 student figures were based on 3,220 students.*

Determination of Rating:

- A.** Did the District answer 'No' to indicators 1, 2, 3 or 4? *OR* Did the District answer 'No' to both 5 and 6? If so, the District's rating is **Substandard Achievement.**
- B.** Determine rating by applicable range for summation of the indicator scores (Indicators 7-20)

Superior Achievement	64-70
Above Standard Achievement	58-63
Standard Achievement	52-57
Substandard Achievement	<52



Disclosures

Reporting requirements for the financial management report for Schools FIRST public hearing are found in **Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System**. This rule describes requirements for the five (5) disclosures explained below that are to be presented as appendices in the Schools FIRST financial management report.

1. Superintendent's Employment Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing in calendar year 2013. In lieu of publication in the Schools FIRST financial management report, the school district may chose to publish the superintendent's employment contract on the school district's Internet site. **If published on the Internet**, the contract is to remain accessible for twelve months.



Disclosures

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2012

For the Twelve-month Period Ended August 31, 2012								
Description of Reimbursements	Jason Marshall, Superintendent	Wade Hobbs, President	Stanley Sokolowski, Vice President	Janie Supulveda, Secretary	Michael Bennett	Rickey Ferguson	Dana Staples	Dyna Tutt
Meals	\$377.27	\$14.07	\$58.86	\$58.18	\$-0-	\$42.38	\$24.20	\$48.88
Lodging	656.56	655.56	655.56	655.56	655.56			226.21
Transportation	1384.00	314.00	314.00	314.00	139.00			191.00
Motor Fuel								
Other	161.12							
Total	\$2,577.95	\$983.63	\$853.42	\$1027.74	\$794.56	\$42.38	\$24.20	\$466.09

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2012, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

Meals – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls.

Motor fuel – Gasoline.

Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.



Disclosures

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2012

For the Twelve-Month Period Ended August 31, 2012	
Name(s) of Entity(ies)	
None	\$ -0-
Total	\$ -0-

Note – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.



Disclosures

4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2012

For the Twelve-Month Period Ended August 31, 2012								
	Jason Marshall, Superintendent	Wade Hobbs, President	Stanley Sokolowski, Vice President	Janie Supulveda, Secretary	Michael Bennett	Rickey Ferguson	Dana Staples	Dyna Tutt
Summary Amounts	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.



Disclosures

5. Business Transactions Between School District and Board Members for Fiscal Year 2012

For the Twelve-Month Period Ended August 31, 2012	Wade Hobbs, President	Stanley Sokolowski, Vice President	Janie Supulveda, Secretary	Michael Bennett	Rickey Ferguson	Dana Staples	Dyna Tutt
Summary Amounts	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Note - The summary amounts reported under this disclosure are not to duplicate the items reported in the summary schedule of reimbursements received by board members.



Disclosures

6. A summary schedule of the data submitted to the Texas Education Agency for the financial solvency provisions of Texas Education Code, §39.0822.

A. Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC Section 39.0822

General Fund – First Quarter Expenditures by Object Code

Report 2012-13 First-Quarter (first three months of fiscal year 2012-13) General Fund expenditures by object code whole numbers.

Payroll	Expenditures for payroll costs	Object codes 6110-6149	\$ 4,695,327
Contract Costs	Expenditures for services rendered by firms, individuals, and other organizations	Object code series 6200	\$ 1,035,605
Supplies and Materials	Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	\$ 640,281
Other Operating	Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	Object code series 6400	\$ 308,489
Debt Service	Expenditures for debt service	Object code series 6500	\$ -0-
Capital Outlay	Expenditures for land, buildings, and equipment	object code series 6600	\$ 7,900



Disclosures

B. Districts with a September 1-August 31 fiscal year

Within the last two years, did the school district:

	Check the Answer	Yes	No
Draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and			XX
For the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?			XX

C. Financial exigency disclosure:

	Check the Answer	Yes	No
Has the school district declared financial exigency within the past two years?			XX



Disclosures

D. Selected trend information.

Did the report supplemental comments or explanations for significant trends or measures involving:

	Check the Answer	Yes	No
Student-to-staff ratios?			XX
Fund Balances in General Fund?			XX
Major construction projects			XX
Defaulted on any debts within past two years			XX
Budget figures and projected revenues and expenditures?			XX
Other?			XX

If yes, excerpt comments or explanations provided to TEA below.

E. Superintendent:

How many superintendents has your school district had in the last five years?	2

F. Business Manager:

How many business managers has your school district had in the last five years?	2

THE STATE OF TEXAS §
§
COUNTY OF ANDERSON §

EMPLOYMENT CONTRACT

THIS AGREEMENT is made and entered into by and between the Board of Trustees (the "Board") of the **Palestine Independent School District** (the "District") and **Mr. Jason Marshall** (the "Superintendent").

NOW THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to the authority of Chapter 21 and Section 11.201(b) of the Texas Education code, have agreed, and do hereby agree, as follows:

1. TERM

- 1.1 **Employment.** The Board, by and on behalf of the District, does hereby employ the Superintendent and the Superintendent does hereby accept employment as Superintendent of Schools for the District for a term of three (3) years beginning on July 1, 2012, and ending on June 30, 2016. Each contract year shall consist of 226 days, beginning July 1st and ending June 30th of each respective year. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this agreement as permitted by state law.

- 1.2 **No Right of Tenure.** The Board has not adopted any policy, rule, regulation, law or practice providing for tenure. No right of tenure, contractual obligation, expectancy of continued employment, or claim of entitlement is created beyond the contract term.

2. EMPLOYMENT

- 2.1 **Duties.** The Superintendent is the chief executive administrator for the District and shall faithfully perform the duties of the Superintendent of School for the district as prescribed in the job description and may be lawfully assigned by the Board, and shall comply with all lawful Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be adopted or amended. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, skill and expertise and in a thorough, prompt and efficient manner. The Superintendent agrees to devote his time, skill, labor and attention to performing his duties. The Superintendent shall

comply with all Board directives, state and federal law and rules, district policy and regulations as they now exist or may hereafter be amended. All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

- 2.2 Professional Certification and Records. The Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas and issued by the State Board for Educator Certification or the Texas Education Agency and any other certificates required by law. If the Superintendent's certification expires, is canceled, or is revoked, this Contract is void.
- 2.3 False Statements and Misrepresentations. The Superintendent represents that any records or information provided in connection with his employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.
- 2.4 Consultant Activities. The Superintendent agrees to devote his time, skill labor and attention to performing his duties, but may, with prior written consent of the Board, undertake consulting work, speaking engagement, lecturing, training and other professional duties.
- 2.5 Board/Superintendent Relations. The members of the Board, individually and collectively, shall promptly refer all criticisms, complaints and suggestions called to their attention to the Superintendent for study and recommendation. The Superintendent shall investigate and respond to the Board concerning all such matters referred to him in a reasonable and timely manner. The Superintendent shall have the right to attend all Board meetings, public and closed, with the exception of closed meetings devoted to consideration of any action or inaction on the Superintendent's contract, salary, benefits, evaluation, interpersonal relationships between or among individual Board members or when the Board is acting in its capacity as a tribunal.

3. COMPENSATION

- 3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of ONE HUNDRED THIRTY FIVE THOUSAND AND

NO/100 DOLLARS (\$135,000.00). This annual salary rate shall be paid to the Superintendent in installments consistent with the Board's policies.

- 3.2 Salary Adjustments. At any time during the term of this Agreement, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Agreement. Adjustments to salary and any other compensation under Section 3 of this Agreement shall not be based on any general increase for District administrators.
- 3.3 Professional Growth and Membership Fees. The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at the participation in appropriate professional meetings at the local, regional, state, and national levels. The Board shall encourage the use of data and information sources, and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular skills, expertise, or backgrounds would serve to improve the capacity of the Superintendent to perform the Superintendent's professional responsibilities for the District. In its encouragement of the Superintendent to grow professionally, the Board shall permit a reasonable amount of release time for the Superintendent as the Superintendent and the Board deem appropriate, to attend such seminars, courses or meetings. The District does hereby agree to provide in the District's budget during the term of this Contract for the benefit of the Superintendent, a professional development budget per contract year to be used for registration, travel, meals, lodging, and other related expenses. The District shall pay the Superintendent's membership dues to the American Association of School Administrators and the Texas Association of School Administrators, as well as other memberships necessary to maintain and improve the Superintendent's professional skills. The District shall bear the reasonable cost and expense for such attendance and membership. The Superintendent is encouraged to participate in community and civic affairs.
- 3.4 Business Expenses. The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Agreement. The District agrees to pay the actual and incidental costs incurred by the Superintendent plus out of district expenses; such costs may include, but are not limited to, gasoline, hotels and accommodations,

meals, rental car, airfare and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all policies, procedures and documentation requirements in accordance with Board policies and established procedures, which shall be subject to review by the District's independent auditors.

- 3.5 Communications Allowance. The District shall not provide the Superintendent with a communications allowance.
- 3.6 Insurance. The District shall offer to the Superintendent the same health insurance coverage that is provided by the District to all other professional employees.
- 3.7 Intra-district Travel. The District shall provide the superintendent with an intra-district travel stipend of SIX THOUSAND AND NO/100 DOLLARS (\$6,000) per year paid in monthly increments of FIVE HUNDRED AND NO/100 CENTS (\$500.00). This allowance shall cover all travel within a 20-mile radius of the district. Travel outside this area will be reimbursed at Texas state rate. Reimbursement for intra-district travel is in addition to the compensation provided for in Section 3.4. However, the Superintendent shall not be entitled to compensation for the same expense under this provision and Section 3.4. The Superintendent shall comply with all policies, procedures and documentation requirements in accordance with Board policies and established procedures, which shall be subject to review by the District's independent auditors.
- 3.8 Residency Requirement. The Superintendent shall maintain residence within the boundaries of the District for the length of his tenure as Superintendent.
- 3.9 The District shall offer to the Superintendent for his residential use certain property owned by the District as set out and per the terms found in Addendum A.
- 3.10 A. Vacation/Holidays. The Superintendent may take the same number of days annually as is awarded to all District administrators per year. These vacation days are in addition to any leave available to the Superintendent under board policy. The Superintendent shall observe the same holidays and breaks as provided for other 12-month administrators in the Board's adopted annual calendar. The Superintendent shall schedule vacation and leave days at times that will least interfere with the performance of the

Superintendent's duties. Authorized leave days shall be recorded in the District's employee leave tracking system.

B. Accrued but unused state and local sick leave days, vacation days, and personal leave days shall accumulate from year to year during the term of this Contract, in accordance with state law and local policy. Should this Contract be terminated or non-renewed, accrued and accumulated but unused state and local sick leave days, vacation days and personal leave days shall be forfeited.

4. REVIEW OF PERFORMANCE

- 4.1 Time and Basis of Evaluation. The Board shall evaluate and assess in writing the performance of the Superintendent at least once each year during the term of this Contract. The Board's evaluation and assessment of the Superintendent shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description and shall be based on the District's progress towards accomplishing the District Goals.
- 4.2 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in closed session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.
- 4.3 Evaluation Format and Procedure. The evaluation format and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with this section 4, the Board's policies and state and federal law. In the event the Board deems that the evaluation instrument, format and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

5. RENEWAL OF PERFORMANCE

- 5.1 Renewal/Non-renewal. Extension and/or nonrenewal shall be in accordance with Board policy, Texas Education Code Chapter 21, Subchapter E, and applicable law.

6. TERMINATION OF EMPLOYMENT

- 6.1 Mutual Agreement. This Agreement may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as may be mutually agreed upon.
- 6.2 Death/Retirement. This Agreement shall be terminated upon the death of the Superintendent or upon the Superintendent's retirement under the Teacher Retirement System of Texas.
- 6.3 Consolidation. A determination by the Board that a consolidation of the district with one or more other school districts requires that the contract of the Superintendent be terminated during the term shall constitute good cause for dismissal.
- 6.4 Termination for Good Cause. The Board may terminate the employment of the Superintendent during the term of the Contract for good cause. The term "good cause" is defined as follows:
- (a) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
 - (b) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency;
 - (c) Insubordination or failure to comply with lawful written Board directives;
 - (d) Failure to comply with the Board's policies or the District's administrative regulations;
 - (e) Neglect of duties;
 - (f) Drunkenness or excessive use of alcoholic beverages;
 - (g) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
 - (h) Conviction of a felony or crime involving moral turpitude;
 - (i) Failure to meet the District's standards of professional conduct;
 - (j) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;

- (k) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
- (l) Immorality which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
- (m) Assault on an employee or student;
- (n) Knowingly falsifying records or documents related to the District's activities;
- (o) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
- (p) Failure to fulfill requirements for superintendent certification;
- (q) Failure to maintain rapport with the Board of Trustees; or,
- (r) Any other reason constituting "good cause" under Texas law.

7. PROFESSIONAL LIABILITY

- 7.1 To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 102, the District does hereby agree to defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as Superintendent of the District, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment of the District; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by Superintendent. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him will depend on the terms of the applicable insurance contract. To the extent this Section 7.1 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. The provisions of this section shall survive the

termination of this contract, including that the District has no duty to defend, hold harmless, or indemnify the Superintendent for any demand, claim, suit, action, judgment, expense, or attorneys' fee incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity which does not arise from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment of the District. No individual member of the Board shall be personally liable for indemnifying and defending the Superintendent under this paragraph.

- 7.2 The Superintendent shall reasonably cooperate with the District in the defense of any and all demands, claims, suits, actions and legal proceedings brought against the District. The Superintendent's obligation under this paragraph shall continue after the termination of this Contract.

8. MISCELLANEOUS

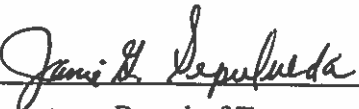
- 8.1 **Controlling Law.** This Contract shall be governed by the laws of the State of Texas and shall be performable in Anderson County, Texas, unless otherwise provided by law.
- 8.2 **Entire Agreement and Amendment.** In entering into this Contract, the parties understand and represent that all existing agreements and contracts, written and verbal, between the parties regarding the Superintendent's employment are superseded by this Contract, and it constitutes the entire agreement between the parties. This Contract may only be amended in writing and by mutual agreement of the parties.
- 8.3 **Savings Clause.** In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- 8.4 **Conflicts.** In the event of any conflict between the terms, conditions, and provisions of this Contract and the provisions of the Board's policies, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law during the term of the Contract.

EMPLOYMENT CONTRACT


EXECUTED this, the 24th day of January, 2013.

PALESTINE INDEPENDENT SCHOOL DISTRICT

By: 
President, Board of Trustees

By: 
Secretary, Board of Trustees

SUPERINTENDENT


Jason Marshall

ADDENDUM A
Teacherage License Agreement

Purpose

The purpose of this License Agreement is to provide for the use of certain residential property (“Teacherage”) owned by the Palestine Independent School District (“District” or “Licensor”) by an employee of the District (“Licensee”) on the terms and conditions set out herein.

Basic Terms

Date: January 24, 2013

Licensor/District: Palestine Independent School District

Licensor’s Address: 1007 E. Park Avenue
Palestine, Texas 75801

Licensee/Employee: Jason Marshall

Licensee’s Address: 240 Ben Milam, Palestine, Texas 75801

Premises A 3 bedroom, 2 bath residence located at the street address below.

Street address: 240 Ben Milam
City, state, zip: Palestine, Texas 75801

Monthly Rent: Services rendered while serving as Superintendent per the terms and conditions of the Superintendent’s contract.

Term (months): While employed as Superintendent

Commencement Date: January 24, 2013

Termination Date: June 30, 2016, or upon Licensee’s separation or termination from his employment with Palestine ISD, whichever is earlier.

Security Deposit: NONE

Permitted Use: Private residence

Occupants (other than Licensee): Shanna Marshall (spouse), Quinn Marshall (son)

Utilities to Be Provided by Licensor: None -- Licensee responsible for the connection and payment of all utilities.

Licensee's Insurance: Licensee's shall provide and maintain Rentor's Insurance for property.

Licensor's Insurance: Licensor's standard property and casualty policy.

Clauses and Covenants

A. Licensee agrees to—

1. Occupy the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date unless earlier terminated as provided herein.
2. Licensee agrees that if a pet is kept in the house, the Licensee will accept responsibility for any damage that may result from housing that pet.
3. Licensee agrees to be responsible for all routine maintenance costs, repairs, mowing.
4. Accept the Premises in their present condition "AS IS," the Premises being currently suitable for the Permitted Use.
5. Obey all laws, ordinances, orders, rules, regulations, and covenants applicable to the Permitted Use, condition, and occupancy of the Premises.
6. Pay any amounts due under this License.
7. Pay for all utility services used by Licensee and not provided by Licensor.
8. Allow Licensor to enter the Premises to perform Licensor's obligations, inspect the Premises, and show the Premises to prospective purchasers or Licensees.
9. Repair any damage to the Premises caused by Licensee or the occupants listed under "Occupants (other than Licensee)."
10. Move out of the Premises at the end of the Term or upon the termination of Licensee's employment with Licensor.
11. Pay any amount due under this agreement by check, money order, or other traceable or negotiable instrument.
12. Observe the License Standards set forth at the end of this License. Licensee agrees that Licensor may amend and adopt further License Standards as Licensor considers reasonable and desirable for the proper and orderly care, use, and operation of the premises. Such further Standards will be effective as if set forth at the end of this License on notice of their contents to Licensee.

13. INDEMNIFY, DEFEND, AND HOLD LICENSOR HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN OR AROUND ANY PORTION OF THE PREMISES. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) WILL SURVIVE THE END OF THE TERM AND (b) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE, WILLFUL MISCONDUCT OR STRICT LIABILITY OF LICENSOR.

B. Licensee agrees not to—

1. Use the Premises other than as a residence occupied by the named Licensee and the occupants listed under "Occupants (other than Licensee)."
2. Create or permit a nuisance or interfere with any neighbor's use of its property.
3. Alter the Premises.
4. Allow a lien to be placed on the Premises.
5. Assign this License or sublicense any portion of the Premises without Licensor's written consent.
6. Engage in or permit any objectionable or improper conduct in or about the Premises by Licensee, Licensee's family, agents, employees, visitors, guests, or licensees.

C. Licensor agrees to—

1. License to Licensee the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date; provided however, Licensor may terminate this License with or without cause upon fourteen calendar day's written notice.
2. Obey all laws, ordinances, orders, rules, regulations, and covenants applicable to the use, condition, and occupancy of the Premises.
3. Provide regular pest control of the Premises.
4. Use reasonable efforts to make necessary repairs to the Premises foundation, roof, and structure. Licensor will not be required to repair conditions caused by Licensee or the occupants listed on the first page of this License, unless caused by normal wear and tear, and will not be required to re-carpet, re-floor, or repaint the Premises.


D. Licensor and Licensee agree to the following:

1. *Insurance.* Licensee and Licensor will maintain the respective insurance coverages described herein.
2. *Release of Claims/Subrogation.* TO THE EXTENT PERMITTED BY LAW, LICENSOR AND LICENSEE RELEASE EACH OTHER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE PREMISES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LICENSE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LICENSOR AND LICENSEE WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. **THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY.**
3. *Casualty/Condemnation.* If the Premises are damaged by fire or other casualty or are condemned, then either Licensor or Licensee may terminate this License by notifying the other.
4. *Default by Licensor/Events.* Defaults by Licensor are: failing to comply with any provision of this License within thirty days after written notice and failing to remedy a condition that materially affects the physical health or safety of an ordinary Licensee within ten days after written notice, unless such condition results from Licensee's actions.
5. *Default by Licensor/Licensee's Remedies.* Licensee's remedy for Licensor's default is to terminate this License.
6. *Default by Licensee/Events.* Defaults by Licensee are (a) abandoning or vacating a substantial portion of the Premises and (b) failing to comply within ten days after written notice with any provision of this License other than the defaults set forth in (a) and (b) above, and (d) termination of Licensee's employment by Licensor for any reason.

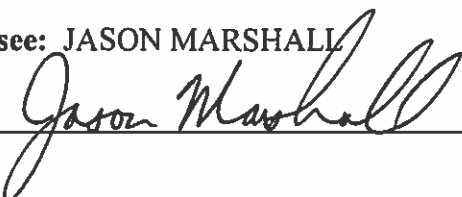
7. *Default by Licensee/Licensor's Remedies.* Licensor's remedies for Licensee's default are to (a) enter and take possession of the Premises, after which Licensor may relet the Premises and Licensee agrees to reimburse Licensor for any expenditures made in order to relet; (b) enter the Premises and perform Licensee's obligations; and (c) terminate this License by written notice and sue for possession or damages or both.
8. *Mitigation.* Licensor and Licensee have a duty to mitigate damages.
9. *Holdover.* If Licensee does not vacate the Premises following termination of this License, Licensee will become a Licensee at will and must vacate the Premises on receipt of notice from Licensor. No holding over by Licensee, whether with or without the consent of Licensor, will extend the Term. In the event that Licensee fails or refuses to vacate the Premises or to remove all of Licensee's personal property from the Premises upon termination, Licensor reserves the right to charge the Licensee a daily rate of \$30 per day, until all of Licensee's personal property has been removed from the Premises.
10. *No Third Party Beneficiary* This License inures to the benefit of and obligates only the parties executing it. No term or provision of this License shall benefit or obligate any person or entity not a party to it. The parties hereto shall cooperate fully in opposing any attempt by any third person or entity to claim any benefit, protection, release or other consideration under this License.
11. *No Waiver.* Licensor and Licensee agree that (a) no waiver by any party of any breach of any provision herein shall be construed to be a waiver of any succeeding breach of the same provision or the nonperformance of any other obligation contained herein, (b) no provision of this Agreement shall waive any immunity or defense, and (c) no provision of this Agreement is a consent to suit.
12. *Choice of Law and Venue.* This License will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue is in the County for Performance.
13. *Entire Agreement.* This License, together with the attached exhibits and riders, is the entire agreement of the parties, and there are no oral representations, warranties, agreements, or promises pertaining to this License or to any expressly mentioned exhibits and riders not incorporated in writing in this License.
14. *Amendment of License.* This License may be amended only by an instrument in writing signed by Licensor and Licensee.
15. *Limitation of Warranties.* THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LICENSE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LICENSE.

16. *Notices.* Any notice required or permitted under this License must be in writing. Any notice required by this License will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this License. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.
17. *Abandoned Property.* Licensor may retain, destroy, or dispose of any property left on the Premises at the end of the Term. Licensor, in the alternative, may elect to charge the holdover daily rate provided for in Paragraph 9. *Holdover*, of this Section D.
18. *Authorization for Payroll Deduction.* Licensee authorizes Licensor to deduct the full amount of any outstanding amounts due and owing by Licensee, including but not limited to the following: damages, repairs or injury expenses; liability incurred by Licensor as a result of Licensee's default; or daily holdover fees, from any funds due and owing to the Licensee as a result of his or her employment with the Licensor.
19. *No Lease, Relationship of Parties.* Licensor and Licensee agree that this License is not a lease and is not subject to Chapter 92 of the Texas Property Code. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship between the parties hereto.
20. *Not Construed Against Drafter.* This License shall be construed without regard to the identity of the person or persons who drafted the provisions contained herein. Moreover, each and every provision of this License shall be construed as if each party hereto participated equally in the drafting hereof. As a result of the foregoing, any rule of construction that the document is to be construed against the drafting parties shall not be applicable to this License.

Licensor: PALESTINE INDEPENDENT SCHOOL DISTRICT

By: 
Wade Hobbs, President, Board of Trustees

Licensee: JASON MARSHALL

By: 

LICENSE STANDARDS

Noise and Other Disturbances

1. No Licensee or guest of a Licensee may engage in any conduct in, or on the grounds of, the Premises that may reasonably be determined to constitute a substantial annoyance to neighbors. Furthermore, no Licensee may permit or do anything that will otherwise interfere with the rights, comforts, or conveniences of neighbors.

Animals

2. Animals, whether owned by Licensees or guests, are not permitted in the Premises at any time without the prior written consent of the Licensor. Consent will not be unreasonably withheld for Licensees to have pets suitable for the Premises. Each pet so permitted must be registered with the Licensor. **Each Licensee must at once retrieve and in a sanitary fashion dispose of all solid waste of his or her pet. No such waste is to remain on the grounds.**

Antennae and Related Equipment

3. Licensees may not erect any antennae or other equipment, whether inside or outside of the leased Premises, for television or radio reception without the Licensor's prior written consent.

Balconies and Terraces

4. All outside balconies and terraces must be kept clear of all items other than outdoor furniture and outside plants. A balcony or terrace may not be used for drying laundry, beating rugs, shaking dust mops, or hanging or draping any article. Cigarettes, trash, or any other material must not be thrown from any balcony or terrace. Charcoal barbecues are permitted only on balconies and terraces. No sunshade, awning, or similar device may be used on any balcony or terrace. The Licensor reserves the right to cause to be removed from any balcony or terrace anything that, in its sole judgment, creates an unsightly appearance or a hazard.

Garbage

5. Licensee shall appropriately dispose of household garbage in accordance with neighborhood practice.

Plumbing Fixtures and Other Water Apparatus

6. The bathtubs, basins, sinks, garbage disposals, and other plumbing fixtures and water apparatus must not be used for any purpose other than that for which they were constructed. Among other things, these fixtures and apparatus must not be used for the disposal of rubbish, rags, sweepings, matches, and similar, improper articles. Any damage or expense resulting from the misuse of these fixtures and apparatus will be borne by the Licensee causing the damage or on whose Premises the damage was caused.

Nail, Fasteners, and Affixed Articles

7. Except for approved picture hooks and approved fasteners for drapery or curtain fixtures, no nails, screws, or other fasteners may be driven, screwed, or otherwise placed in the walls, woodwork, or any other part of the Premises without the prior written consent of the Licensor. Any article affixed to the walls of the leased Premises by a Licensee must be removed by the Licensee when vacating the unit.

Window Coverings

8. The Licensor provides blinds for all units. A Licensee must obtain the Licensor's prior written consent before removing or replacing these draperies.

Signs and Notices

9. No sign, advertisement, poster, foil, notice, doorplate, or similar device may be inscribed, painted, engraved, or affixed to any part of the inside or the outside of the Premises, or placed in any window.

Guests

10. Each Licensee is responsible for the conduct of his or her guests, who must abide by all of these rules and regulations. Every guest who resides on the Premises for a period exceeding 72 hours must register with the Licensor.

Locks and Keys

11. Each Licensee will maintain his/her own set of keys. Licensee will provide entrance to district personnel on request and on approval from district administration.

License Standards received on 1/24/13.

LICENSEE

By: Jason Marshall