

Financial Integrity Rating System of Texas

Lampasas ISD 2015-2016 District Status

Status: Passed

Rating: A=Superior

#	Indicator Description	2014-15	2015-16	Possible Points
1	Was the complete Annual Financial Report (AFR) and data submitted to the TEA within 30 days of November 27 or January 28 deadline depending on the School District's fiscal year end date of June 30 or August 31, respectively?	Yes	Yes	
2	<i>Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A or to both indicators 2.A and 2.B.</i>			
2.A	Was there an Unmodified Opinion in Annual Financial Report (AFR) on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	Yes	Yes	
2.B	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	Yes	Yes	
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)	Yes	Yes	
4	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes	Yes	
5	Was the total unrestricted net asset balance (net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	Yes	Yes	
6	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?	10	10	10

#	Indicator Description	2014-15	2015-16	Possible Points
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	10	10	10
8	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	10	10	10
9	Did the school district 's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?	10	10	10
10	Was the debt service coverage ratio sufficient to meet the required debt service?	10	10	10
11	Was the School District's administrative cost ratio equal to or less than the threshold ratio?	10	10	10
12	Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)	10	10	10
13	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	10	10	10
14	Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)	10	10	10
15	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	10	10	10



How Ratings are Assessed

Rating Worksheet

Preliminary ratings are released by Texas Education Agency every calendar year during the summer. The Commissioner's Rules for School FIRST are contained in Title 19, Texas Administrative Code, Chapter 109, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System.

The School FIRST Communications Kit was updated in August 2017 to include changes in the Commissioner's Rule for School FIRST that were finalized in May 2017. The last time major changes were implemented in the Commissioner's Rule was in August 2015 in accordance with HB 5, Section 49, 83rd Texas Legislature, Regular Session, 2013. House Bill 5 amended Section 39.082 Texas Education Code to require the commissioner of education to include processes in the financial accountability rating system for anticipating the future financial solvency of each school district and open-enrollment charter school.

The changes to the School FIRST system implemented by the Texas Education Agency in August 2015 are being phased-in over three years. During the phase-in period, the new School FIRST system has separate worksheets for rating years 2014-2015, 2015-2016, and 2016-2017 and subsequent years.

The questions a school district must address in completing the worksheet used to assess its financial management system can be confusing to non-accountants. The following is a layman's explanation of what the questions mean—and what your district's answers can mean to its rating.

1. Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?

A simple indicator. Was your Annual Financial Report filed by the deadline?

2. Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.

2.A. Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)?

A "modified" version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. 2.A. is a simple "Yes" or "No" indicator (see instructions under "2." for evaluating performance under "2.A" and "2.B." to arrive at the score for "2.").

2.B. Did the external independent



How Ratings are Assessed

auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed. 2.B. is a simple “Yes” or “No” indicator (see instructions under “2.” for evaluating performance under “2.A” and “2.B” to arrive at the score for “2.”).

3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money)

and their creditors, which includes a plan for paying back the debt.)

This indicator seeks to make certain that your district has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

4. Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?

This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.

5. Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)

This indicator simply asks, “Did the district’s total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)?” Fortunately this indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt

How Ratings are Assessed

may exceed the total amount of assets under certain scenarios.

6. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?

This indicator measures how long in days after the end of the fiscal the school district could have disbursed funds for its operating expenditures without receiving any new revenues. Did you meet or exceed the target amount in School FIRST?

7. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did you meet or exceed the target amount in School FIRST?

8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)

This question is like asking someone if their mortgage exceeds the market value of their home. Were you below the cap for this ratio in School FIRST? Fortunately this indicator recognizes that high-growth districts incur additional operating costs to open new instructional campuses.

9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

This indicator simply asks, "Did you spend more than you earned?" (the school district will automatically pass this indicator, if the school district had at least 60 days cash on hand.)

10. Was the debt service coverage ratio sufficient to meet the required debt service?

This indicator asks about the school district's ability to make debt principal and interest payments that will become due during the year. Did you meet or exceed the target amount in School FIRST?

11. Was the school district's administrative cost ratio equal to or less than the threshold ratio?

This indicator measures the percentage of their budget that Texas school districts spent on administration. Did you exceed the cap in School FIRST for districts of your size?

12. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)

If the school district had a decline in students over 3 school years, this



How Ratings are Assessed

indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students. (The school district automatically passes this indicator if there was no decline in students.)

This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.

13. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?

This indicator measures the quality of data reported to PEIMS and in your Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in numbers reported in any fund type is 3 percent or more, your district "fails" this measure.

14. Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.

15. Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an overallocation of Foundation School Program (FSP) funds as a result of a financial hardship?

Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2016

For the Twelve-Month Period Ended August 31, 2016	Superintendent <i>Ending June 2016</i>	Superintendent <i>Beginning June 2016</i>	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
	Randall J. Hoyer	Chane Rascoe	Bill Brister	Randy Morris	Dan Claussen	Kirk Whitehead	David Millican	Sam Walker	Ryan Shahan
Description of Reimbursements									
Meals	65.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Lodging	537.88	544.32	542.84	542.84	430.44	542.84	542.84	542.84	542.84
Transportation	67.49	97.20	97.20	97.20	97.20	97.20	97.20	97.20	97.20
Motor Fuel									
Other									
Total	\$ 670.37	\$ 677.52	\$ 676.04	\$ 676.04	\$ 563.64	\$ 676.04	\$ 676.04	\$ 676.04	\$ 676.04

Other Disclosures:

The superintendent received no compensation from another school district of any other outside entity in exchange for professional or other personal services.

No executive officer or board member (including First Degree Relatives, if any) received a gift that had an economic value of \$250 or more.

No business transactions between the school district and board members occurred in fiscal year 2016.

Note - The spirit of the rule is to capture all "reimbursements" for fiscal year 2016, 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 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.

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2016

For the Twelve-month Period Ended August 31, 2016	Superintendent <i>Ending June 2016</i>	Superintendent <i>Beginning June 2016</i>
	Randall J. Hoyer	Chane Rascoe
Name(s) of Entity(ies)		
	-	-
	-	-
	-	-
	-	-
	-	-
Total	\$ -	\$ -

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.

Gifts received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2016

For the Twelve-month Period Ended August 31, 2016	Superintendent <i>Ending June 2016</i>	Superintendent <i>Beginning June 2016</i>	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
	Randall J. Hoyer	Chane Rascoe	Bill Brister	Randy Morris	Dan Claussen	Kirk Whitehead	David Millican	Sam Walker	Ryan Shahan
Summary Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note - An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. (Any gifts received by their immediate family as described in Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity will be reported under the applicable school official.)

Business Transactions Between School District and Board Members for Fiscal Year 2016

For the Twelve-month Period Ended August 31, 2016	Superintendent <i>Ending June 2016</i>	Superintendent <i>Beginning June 2016</i>	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
	Randall J. Hoyer	Chane Rascoe	Bill Brister	Randy Morris	Dan Claussen	Kirk Whitehead	David Millican	Sam Walker	Ryan Shahan
Summary Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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.

Date given Superintendent: January 9, 2017

Date returned by Superintendent: January 9, 2017

STATE OF TEXAS

COUNTY OF LAMPASAS

SUPERINTENDENT'S TERM CONTRACT

The BOARD OF TRUSTEES ("Board") of the LAMPASAS INDEPENDENT SCHOOL DISTRICT ("LISD") and Chane D. Rascoe ("Superintendent") pursuant to Section 11.201 of the Texas Education Code agree to the following terms and conditions of employment as Superintendent for LISD.

I. Term

- 1.1 The Superintendent shall be employed on a 12-month basis, for a term of 3 years, commencing on July 1, 2017 and ending on June 30, 2020. This contract is not for a specific number of days within a year, but no less than 230 days, and there are no "non-duty" days under this contract.
- 1.2 LISD may by action of the Board, and with the consent of the Superintendent, extend the term of this term contract.
- 1.3 The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure is created by this term contract. No property interest, express or implied, is created in continued employment beyond the contract term.

II. Employment

- 2.1 *Duties.* The Superintendent is the educational leader and chief executive of the LISD and shall faithfully perform the duties of the Superintendent of Schools for the LISD, as prescribed by Texas law and in the adopted job description and as may be assigned by action of the Board, and shall comply with all Board directives, state and federal law, LISD policy, rules, and regulations as they exist or may hereafter be amended. The Superintendent shall perform the duties of the Superintendent of Schools for the LISD with reasonable care, diligence, skill, and expertise and shall devote substantially all of his time, skill, labor, and attention to his employment and the performance of these duties during the term of this term contract.
- 2.2 *Professional Certification.* The Superintendent shall at all times during employment by LISD hold a valid certificate required of a superintendent by the State of Texas and issued by the Texas Education Agency or the State Board of Educator Certification and all other certificates required by law. The Superintendent represents that he has made written disclosure to the Board of any conviction for a felony or for any offense involving moral turpitude. The Superintendent shall also be subject to a criminal history record check, and his employment is contingent upon such results being favorable and consistent with information previously disclosed to the Board.
- 2.3 *Reassignment.* The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's expressed written consent.

- 2.4 *Meetings.* The Superintendent shall attend all meetings of the Board. The Superintendent generally shall be excluded from all or a portion of those closed meetings devoted to the consideration of any matter regarding the Superintendent's employment, the Superintendent's salary and benefits, and the Superintendent's evaluation and from those closed meetings devoted to interpersonal relationships between individual Board members.
- 2.5 *Professional Growth.* The Board encourages the Superintendent to attend, actively participate in, and/or join professional and civic organizations at the local, state and national levels. The District shall pay reasonable expenses for such attendance, including any membership fees and dues of the Superintendent.
- 2.6 *Residence.* The Superintendent agrees to move into the LISD boundaries no later than August 1, 2016, and live within the LISD boundaries for the duration of his employment with the LISD. The District will pay the Superintendent \$4000 moving expenses prior to August 1, 2016.

III. Compensation and Benefits

- 3.1 *Salary.* LISD shall provide the Superintendent with an annual salary not less than \$142,500. The annual salary shall be paid to the Superintendent in equal monthly installments consistent with the Board's policies. The LISD shall provide a stipend of \$500 per month to the Superintendent for the performance of duties throughout the District.
- 3.2 *Salary Adjustments.* The Board will consider all compensation regularly and determine if increases are warranted by performance, longevity, and general economic conditions, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Agreement.
- 3.3 *Vacation, Holidays, Leave Benefit.* The Superintendent may take ten days of vacation each year of this contract; vacation in the first year of the contract is available after completing six months of service under this contract. These vacation days will be taken at times that will least interfere with the performance of the Superintendent's duties as set forth in this term contract. The Superintendent shall observe the same holidays and breaks as provided by the Board's adopted annual calendar. The Superintendent shall be subject to the leave policies applicable to all employees as stated in adopted board policy.
- 3.4 *Insurance.* The LISD shall pay the same premium for hospitalization and any other coverage for the Superintendent as provided by the District to all other employees.
- 3.5 *Automobile.* The LISD shall reimburse the Superintendent for use of his personal vehicle for out of LISD UIL District travel incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The reimbursement will be at the rate determined by LISD and within IRS rules.
- 3.6 *Professional Growth.* The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the LISD. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in appropriate professional meetings at the local, regional, state, and national levels. The Board encourages 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 LISD. 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 LISD does hereby agree to provide in the LISD'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 LISD shall pay the Superintendent's membership dues to two professional associations.

- 3.7 *Civic Activities.* The Superintendent is encouraged to participate in community and civic affairs. The reasonable expenses of such activities shall be borne by the LISD for no more than two civic organizations.
- 3.8 *Outside Consultant Activities.* With the prior consent of the Board, the Superintendent may serve as a consultant or undertake speaking engagements, writing, teaching, or other professional duties and obligations outside the LISD (referred to collectively herein as "Consulting Services") that do not conflict or interfere with the Superintendent's professional responsibilities to the LISD. The Superintendent may accept a reimbursement of expenses and/or be paid an honorarium for such Consulting Services at no expense to the LISD. Consulting Services provided by the superintendent under the terms and conditions of this paragraph must be consistent with state and federal law.

IV. Annual Performance Goals

- 4.1 *Development of Goals.* The Superintendent, in cooperation with the District-Level Planning and Decision-Making Committee, shall submit to the Board each year, for its consideration and adoption, a preliminary list of goals for the LISD. The goals approved by the Board shall at all times be memorialized in writing and reflected in Board minutes or the Superintendent's annual written evaluation and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated.

V. Review of Performance

- 5.1 *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 term contract. The evaluation and assessment shall be reasonably related to the duties of the Superintendent. The Board, at its discretion, may evaluate and assess the performance of the Superintendent as many times during the year as it deems appropriate. The evaluation of the Superintendent shall at all times be conducted in closed meeting.
- 5.2 *Evaluation Format and Procedure.* The evaluation format and procedure shall be adopted by the Board.

VI. Renewal or Nonrenewal of Term Contract

- 6.1 *Renewal/Nonrenewal.* Contract renewal or nonrenewal shall be in accordance with Board policy and applicable law and Section 21.212 of the Texas Education Code.
- 6.2 *Appeal.* If the Superintendent is aggrieved by the Board's decision, he may appeal to the Commissioner of Education in accordance with Subchapter G, Chapter 21, of the Texas Education Code.

VII. Termination of Contract

- 7.1 *Mutual Agreement.* This term contract may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as are mutually agreed.
- 7.2 *Resignation.* The Superintendent may leave the employment of the LISD at the end of a school year without penalty by filing a written resignation with the Board not later than the 45th day before the first day of instruction of the following school year.
- 7.3 *Retirement or Death.* This term contract shall be terminated upon the retirement or death of the Superintendent.
- 7.4 *Dismissal for Good Cause or Suspension.* The Board may dismiss the Superintendent at any time for good cause. The following are examples of conduct and situations which may constitute "good cause," but the term is not limited in meaning by this list:
- (1) Insubordination or failure to comply with written or oral directives issued by action of the Board or failure to comply with Board policies;
 - (2) Any sexual misconduct with a student or employee or any conduct that endangers or has the potential to endanger the health or safety of one or more students or employees;
 - (3) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations; supplemental memoranda, or other written communication when the Board has provided the Superintendent a reasonable opportunity to remediate any incompetence or inefficiency that is remediable;
 - (4) Neglect of duties;
 - (5) Drunkenness or excessive use of alcoholic beverages;
 - (6) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Dangerous Drug Act or the Texas Controlled Substances Act;
 - (7) Conviction of a felony or any crime involving moral turpitude; conviction of a lesser included offense pursuant to a plea when the original charged offense is a felony; deferred adjudication for a felony or any crime involving moral turpitude, when the conviction or deferred adjudication occurs during the term of employment;
 - (8) Failure to meet the LISD's standards of professional conduct;
 - (9) Failure to comply with reasonable LISD professional development requirements;
 - (10) Excessive absences, i.e., absences not in compliance with LISD policy or procedures, including applicable state and federal law.
 - (11) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the LISD. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
 - (12) Failure to make a reasonable effort to achieve and maintain an effective working relationship or good rapport with parents, the community, or staff, unless the relationship or good rapport is not achieved or maintained due to no fault of the Superintendent.

- (13) Failure to make a reasonable effort to achieve and maintain an effective working relationship or good rapport with the Board, for any reason, in the Board's sole and final determination;
- (14) Assault on an employee or student;
- (15) Falsifying records or documents related to the LISD's activities;
- (16) Misrepresentation of facts to the Board or other LISD officials in the conduct of the LISD's business; or
- (17) Any other reason constituting "good cause" under Texas law.

7.5 *Termination Procedure.* In the event that the Board terminates this Agreement for good cause, the Superintendent shall be afforded all the rights set forth in the Board's policies and state and federal law.

VIII. Professional Liability

- 8.1 The District shall indemnify, defend, and hold the Superintendent harmless regarding any claims, demands, duties, actions or other legal proceedings against the Superintendent, or damages incurred by the Superintendent, including court costs and attorney's fees, in his individual or official capacity for any act or failure to act involving the exercise of judgement and discretion within the normal course and scope of his duties as Superintendent of the District, to the extent and to the limits permitted by law. This paragraph does not apply if the Superintendent is found to have materially breached this Contract, to have acted with gross negligence or with intent to violate a person's clearly established legal rights, or to have engaged in official misconduct or criminal conduct, nor does it apply to criminal investigations or proceedings. The District may, at its discretion, fulfill its obligation under this paragraph by purchasing appropriate insurance coverage for the benefit of the Superintendent or by including the Superintendent as a covered party under any insurance contract providing errors and omissions insurance coverage purchased for the protection of the Board and the professional employees of the District. The Board may retain attorneys to represent the Superintendent in any proceeding for which he could seek indemnification under this paragraph, to the extent that damages are recoverable or a defense is provided, under any such contract of insurance. No individual member of the Board shall be personally liable for indemnifying and defending the Superintendent under this paragraph. This District's obligation under this paragraph shall continue after the termination of this Contract for qualifying acts for failures to act occurring during the term of this Contract or any extension thereof.
- 8.2 The Board shall not be required to pay any costs of any legal proceedings in the event the Board and the Superintendent are adverse to each other in any such proceedings.
- 8.3 The Superintendent shall fully 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.

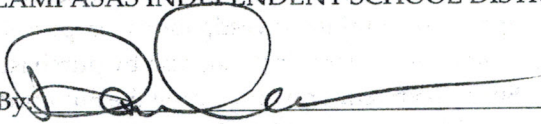
IX. Miscellaneous

- 9.1 *Controlling Law.* This term contract shall be governed by the laws of the State of Texas and shall be performed in Lampasas County, Texas, unless otherwise provided by law.

- 9.2 *Complete Agreement.* This term contract embodies the entire understanding between the parties and cannot be varied except by written agreement of the undersigned parties and Board approval of the new or additional writing at a lawfully called meeting. All existing term contracts, both oral and written, between the parties regarding the employment of the Superintendent are superseded by this term contract, and this term contract constitutes the entire agreement between the parties unless amended pursuant to this paragraph or other specific terms of this term contract.
- 9.3 *Conflicts.* In the event of any conflict between the terms, conditions, and provisions of this term contract and the provisions of the Board's policies or any permissive state or federal law, the terms of this term contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law, unless otherwise prohibited by law.
- 9.4 *Savings Clause.* In the event any one or more of the provisions contained in this term contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision, and this term contract shall be construed as if such invalid, illegal, or unenforceable provision had never been included.

EXECUTED at the City of Lampasas, County of Lampasas and State of Texas, this 9th day of January, 2017, pursuant to action of the Board of Trustees at a meeting held on January 9th, 2017, for which there was a properly posted agenda that included an item related to employment of a superintendent.

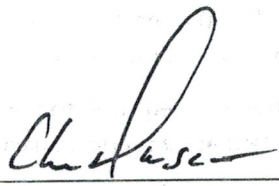
LAMPASAS INDEPENDENT SCHOOL DISTRICT

By 

President Board of Trustees

ATTEST:


Board Secretary


Superintendent