

THE SCHOOL DISTRICT OF PHILADELPHIA

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the “Agreement”) dated as of July 15, 2012, between **THE SCHOOL DISTRICT OF PHILADELPHIA** (the “School District”) acting by and through its School Reform Commission (the “SRC”), with its principal place of business located at 440 North Broad Street, Philadelphia, Pennsylvania 19130, and Dr. William Hite (“Dr. Hite”).

WITNESSETH:

WHEREAS, the School Reform Commission (“SRC”) wishes Dr. Hite (“Dr. Hite” or “Superintendent”) to serve as the Superintendent of the School District and Acting Executive Director of the Philadelphia Intermediate Unit (the “Intermediate Unit”); and

WHEREAS, Dr. Hite would like to serve the School District and Intermediate Unit in such capacities;

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, the School District and Dr. Hite, intending to be legally bound, hereby agree as follows:

Section 1. Employment. The School District hereby employs Dr. Hite, and Dr. Hite hereby accepts employment, beginning on or before October 1, 2012 as Superintendent of Schools of the School District, Secretary/Treasurer of the SRC, and Acting Executive Director of the Intermediate Unit, in accordance with the terms and conditions hereinafter set forth. During the period from July 15, 2012 to the date on which Dr. Hite commences his employment as Superintendent, but no later than October 1, 2012, Dr. Hite will consult with the SRC and District administration for transition purposes.

Section 2. Term of Employment. The term of this Agreement shall be from July 15, 2012, to August 31, 2017 (the “Term”), unless earlier terminated pursuant to any event set forth in Section 10 below. The period beginning each September 1 and ending each August 31 shall be referred to as a “Year.” The Term may be extended by mutual agreement of the parties.

Section 3. Duties and Responsibilities.

3.1. Superintendent. Dr. Hite shall serve the School District in the capacity of Superintendent of Schools. In such capacity, Dr. Hite shall have all the power, authority, duties and responsibilities of a Superintendent under the Pennsylvania Public School Code and the Education Supplement to the Philadelphia Home Rule Charter. These shall include: having charge of the administration of the School District under the policy direction of the SRC; carrying out the administration and supervision of the School District, including instituting reforms and systemic changes, such as curriculum and program offerings, as the Superintendent finds necessary or expedient, in order to effect changes in the School District in accordance with policy direction from the SRC; directing, assigning and transferring teachers, principals,

and other employees under his supervision; organizing, reorganizing and arranging administrative and supervisory staff, including instruction and business affairs, as best serves the School District; selecting, assigning and transferring personnel; suggesting policy deemed necessary for the School District and reasonably interpreting policies, regulations, rules and procedures; directing the financial planning of the School District, including the preparation of the annual budget and the submission of the budget to the SRC for review and approval; making administrative recommendations on items of business considered by the SRC as the Superintendent deems necessary for the efficient and effective operation of the District; acting as the liaison between the School District and the community; directing a program of public relations for the purpose of creating and maintaining a cooperative working relationship between the schools and the community; attending SRC meetings and meetings of SRC Committees or working groups, except executive sessions to discuss Dr. Hite's performance; establishing and implementing a process, including a means and time parameters, for keeping the SRC up-to-date on developments, initiatives and issues in the School District; and staying abreast of educational trends and developments by participating in professional development and professional organizations at the local, state and national levels. Dr. Hite understands and agrees that the General Counsel and the Office of Charter Schools/Portfolio Management have a dual reporting structure, directly to the SRC and to the Superintendent.

3.2. Secretary/Treasurer of SRC. Dr. Hite shall serve as Secretary/Treasurer of the SRC and in that capacity shall be responsible for (a) executing public securities and instruments of payment on behalf of the School District; (b) providing status reports to the SRC on the School District's budget and making multi-year projections; and (c) general supervision of all business affairs of the School District.

3.3. Acting Executive Director of Intermediate Unit. Dr. Hite shall perform all services required of an Executive Director of the Intermediate Unit under the Public School Code until such time as the SRC appoints an Executive Director.

3.4. Suggestions and Communications. The SRC, individually and collectively, agree that they will promptly refer to the Superintendent any and all criticism, complaints, suggestions, communications or comments regarding the Superintendent's performance of his duties for review, investigation and recommendation. Individual members of the SRC will not give direction to the Superintendent regarding the management of the School District, unless acting on behalf of the SRC. The Superintendent agrees that he will communicate, confer and consult on a regular basis with the SRC so as to effectuate his responsibilities.

Section 4. Compensation and Performance Evaluation.

4.1. Base Compensation. As base compensation for his services hereunder, effective on or about October 1, 2012, or on the date Dr. Hite commences employment as Superintendent, the School District shall pay Dr. Hite an annual salary of Three Hundred Thousand Dollars (\$300,000), payable in installments at such times as the School District pays other School District employees. Beginning September 1, 2013, and each subsequent Year of

this Agreement, the Superintendent's annual base compensation shall be reviewed and adjusted as determined by the SRC. Beginning July 15, 2012, Dr. Hite will be on site in the School District to consult with the SRC and School District administration on a scheduled basis of approximately two (2) days per week. For consulting work performed between July 15, 2012 and July 25, 2012, Dr. Hite will be reimbursed for his reasonable travel expenses. For consulting work performed during the period, July 25, 2012, through the date on which Dr. Hite commences employment as Superintendent, but no later than October 1, 2012, Dr. Hite will be compensated at his daily rate and reimbursed for his reasonable travel expenses.

4.2. Withholding from Compensation. Dr. Hite hereby agrees that the School District may deduct and withhold from the compensation payable to him all Social Security and payroll taxes, pension deductions, and such other withholdings as shall be required by any statute, regulation or ordinance heretofore or hereafter enacted.

4.3. Performance Compensation. Beginning September 1, 2013 and each Year thereafter, Dr. Hite shall be eligible to earn performance compensation in an amount up to twenty percent (20%) of his then annual salary as determined by the SRC. By May 1, 2013 and by June 1 of each subsequent Year of this Agreement, the reasonable, measurable and objective criteria for being awarded such compensation shall be determined by the SRC and Dr. Hite. Criteria for assessing Dr. Hite's performance will include by way of example: (1) progress by students measured by tracking the same cohort of students from year to year on the PSSA, or other appropriate tests; (2) improvement in graduation rates; (3) reduction in the achievement gap between Caucasian and Latino students and between Caucasian and African American students; (4) reduction in teacher absenteeism; and (5) other elements to be mutually determined. A determination of the achievement of the criteria and the compensation to be paid shall be made no later than August 1, 2014 and by August 1 each following Year of this Agreement. Any performance compensation payments shall be made no more than 90 days after the Year for which performance compensation may be awarded.

4.4. Performance Evaluation. The SRC and Dr. Hite shall agree upon a time in each Year of this Agreement to conduct in executive session of the SRC an evaluation of the Superintendent's performance and the working relationship of the Superintendent and the SRC. The evaluation shall be based upon performance criteria mutually determined by the SRC and Dr. Hite as set forth in Section 4.3. The evaluation shall be reduced to writing in a form mutually agreed upon by Dr. Hite and the SRC. Prior to the evaluation, Dr. Hite shall report to the SRC his accomplishments and attainment of goals. Thereafter, the SRC will deliberate in executive session and shall provide Dr. Hite with a copy of the written evaluation at least ten days prior to the executive session of the SRC scheduled to discuss such evaluation with Dr. Hite.

Section 5. Residency. Dr. Hite agrees that within one-hundred and twenty (120) days of execution of this Agreement by the Parties, he will establish residency in the City of Philadelphia.

Section 6. Certification. As soon as possible, Dr. Hite shall possess and thereafter

maintain valid and appropriate certifications as required by the Commonwealth of Pennsylvania for a superintendent of schools in a district of the first class.

Section 7. Benefits.

7.1. Vacation and Personal Leave. Beginning at the time Dr. Hite commences his employment as Superintendent, Dr. Hite shall be entitled to vacation days at the rate of 25 days each Year and 3 personal leave days each Year. Vacation and leave days may be accumulated in accordance with District policy. Dr. Hite may be compensated for up to five (5) unused vacation days each Year.

7.2. Holidays. Beginning at the time Dr. Hite commences his employment as Superintendent, he shall be entitled to all paid holidays granted to other employees of the School District at the level of Director and above.

7.3. Medical, Dental, Vision, Prescription Drug Benefits. Beginning at the time Dr. Hite commences his employment as Superintendent, Dr. Hite shall be entitled (a) to select medical coverage under a PPO or HMO available to other School District employees at the level of Director and above, and (b) to participate in any dental, vision, and prescription drug benefit plans available to other School District employees at the level of Director and above, in accordance with such plans' terms and conditions as they may be amended from time to time. Upon termination of his employment, Dr. Hite will be entitled to continuation of such coverage, but at his expense, pursuant to the federal law known as COBRA. The District will provide term life insurance, subject to insurability, in the amount of one million dollars (\$1,000,000) provided that the District's cost for any policy shall not exceed \$ 3,500.

7.4. Retirement. Dr. Hite shall be entitled to receive any retirement benefits that are available to employees of the School District at the Director level and above. He shall be required to participate in the retirement plan applicable to employees of the School District at the level of Director and above that is administered by the Commonwealth of Pennsylvania, and shall be eligible to participate in any tax-sheltered annuity offerings available to such employees. In addition, beginning October 1, 2012, the School District shall contribute, for each complete Year of this Agreement the aggregate sum of Twenty Five Thousand Dollars (\$25,000), to a tax sheltered annuity plan or plans and, to the extent necessary and appropriate for purposes of compliance with applicable tax requirements and other applicable laws, to a qualified deferred compensation plan or plans, a qualified governmental excess benefit plan, and/or other supplemental retirement program. Contributions will be made in installments in accordance with the School District's payroll practices.

7.5. Professional Development and Business Expenses. Dr. Hite shall be reimbursed for the reasonable business expenses incurred by him in connection with performance of his duties hereunder, including professional development expenses during the term of employment, upon presentation of an itemized account and written proof of such expenses in accordance with policies adopted by the School District from time to time.

7.6. Other Benefits. The School District shall provide Dr. Hite with the necessary technology for the performance of his duties. In addition, the School District shall reimburse Dr. Hite for legal fees incurred in connection with preparing and negotiating this Agreement and for reasonable relocation expenses not to exceed Twenty-Two Thousand, Five Hundred Dollars (\$22,500). Such fees and expenses shall be reimbursed upon presentation of written proof in accordance with policies adopted by the School District from time to time. The School District shall also provide Dr. Hite such other fringe and employee benefits (including sick leave benefits), not enumerated herein, that are accorded to School District employees at the level of Director and above, as described in Exhibit "A" attached hereto.

Section 8. Extent of Services.

8.1. Entire Working Time. During the term of employment, Dr. Hite shall devote his entire working time to diligent and faithful performance of the obligations assigned to him, and shall not be engaged in any other business or employment pursuits, whether or not for pecuniary gain; except, however, Dr. Hite (a) shall be entitled periodically to give speeches not as part of his duties hereunder, and shall be entitled to retain fees or honoraria; and (b) may accept appointments to boards (both for profit and nonprofit), commissions and agencies and may engage in such other activities as he deems appropriate and not inconsistent with the best interests of the School District or performance of his duties as Superintendent with the approval of the SRC.

Section 9. Confidentiality. Dr. Hite hereby agrees not to use any Confidential Information as hereinafter defined, or disclose any Confidential Information to any person or entity at any time in the future, without the SRC's prior written consent, unless required to do so by a court of competent jurisdiction, or by an administrative or legislative body with purported or apparent jurisdiction to order Dr. Hite to divulge, disclose or make accessible such information. For purposes of this Section, "Confidential Information" shall include any and all information not generally available to the public through legitimate means regarding any past, current or anticipated future business, practice or activity of the SRC, the School District, or any SRC member, officer, employee, contractor or agent thereof, as well as any and all information relating to the SRC's business, research, development, purchasing and accounting. Confidential Information includes, but is not limited to, information that is in the possession of the SRC or the School District and has not been disclosed or would be exempt from disclosure under Pennsylvania or federal freedom of information laws, including information that may constitute a "trade secret" under applicable law. While not exhaustive, specific examples of Confidential Information include: computer program designs and passwords; research data obtained or produced by the School District or the SRC; test questions and scoring keys used to administer academic examinations; vendor lists and cost data for contracts that have not been publicly awarded; employee files and salaries; insurance data and records and information related to insurance claims; information regarding the closed session deliberations of the SRC; internal memoranda expressing opinions or involving the formulation of SRC policy; records relating to the adjudication of employee or student disciplinary proceedings; and student records of present or past School District students.

Dr. Hite understands that the obligation under this Agreement not to use or disclose to others Confidential Information shall remain in effect until the date upon which the Confidential Information has been publicly disclosed in a manner authorized by the SRC or otherwise becomes publicly known through lawful and legitimate means.

Section 10. Termination. This Agreement shall terminate prior to the expiration of the Term upon the occurrence of any one of the following events:

10.1. Death. In the event that Dr. Hite dies during the term of employment, the School District shall pay to his executors, legal representatives or administrators an amount equal to one twelfth (1/12) of the salary set forth in Section 4.1 hereof, and thereafter the School District shall have no further liability or obligation under the terms of this Agreement to his executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through him; provided, however, that Dr. Hite's estate or designated beneficiaries shall be entitled to receive (a) the payments prescribed for such recipients under any death benefit plan which may be in effect for employees of the School District in which Dr. Hite participated and (b) any salary, reimbursements or other payments then due and owing. It is understood and agreed by the parties that nothing in this provision shall be deemed to waive any protection provided to Dr. Hite by any workers' compensation statute or other law requiring provision of a safe work place.

10.2. Cause. The School District may terminate this Agreement at any time for "Cause". "Cause" for termination shall mean: (1) neglect of duty as defined by the School Code; (2) incompetence; (3) intemperance; (4) immorality; (5) the Superintendent, in carrying out his duties, engages in conduct that constitutes gross negligence or willful misconduct; (6) the Superintendent fails to reasonably perform the responsibilities of his position; or (7) the Superintendent engages in misconduct that causes material harm to the reputation of the School District. In the event of termination pursuant to this Section 10.2, the School District shall be required to pay Dr. Hite any salary, reimbursements, other payments and benefits due and owing through the effective date of termination, but Dr. Hite shall not be entitled to receive any further salary payments, contributions or other benefits set forth in Sections 4 or 7 accruing after the effective date of termination.

10.3. Without Cause. The SRC, upon a majority vote of its members, may at its option unilaterally terminate this Agreement by giving the Superintendent at least ninety (90) days' written notice of unilateral termination. In the event the SRC exercises this option Dr. Hite shall be paid salary as set forth in Section 4.1 and benefits as set forth in Sections 7.3 and 7.4 for a period of nine (9) months. Should the SRC exercise this option when there is less than one (1) year remaining on the Term of this Agreement Dr. Hite shall receive salary as set forth in Section 4.1 and benefits as set forth in Sections 7.3 and 7.4 for the time remaining on the Term or nine (9) months whichever is less. The Parties agree to provide mutual general releases effective the date of termination.

10.4 Termination by Dr. Hite. Dr. Hite may at his option unilaterally terminate this Agreement by giving the SRC at least ninety (90) days' written notice of unilateral

termination. In the event of such termination, Dr. Hite shall not be entitled to receive any further salary payments, contributions or other benefits set forth in Sections 4 or 7 accruing after the effective date of termination.

10.5 Termination by Mutual Agreement. The Parties may terminate this Agreement at any time by mutual agreement.

Section 11. Disability. In the event that Dr. Hite becomes disabled by reason of illness, injury or incapacity and is unable to perform his duties and responsibilities with or without a reasonable accommodation, hereunder to the full extent required by the SRC on behalf of the School District, for up to twelve consecutive months he shall continue during this period to be compensated as provided in Sections 4 and 7 hereof. Thereafter, this Agreement may be terminated by the School District, and the School District shall have no further liability or obligation to Dr. Hite for compensation hereunder; provided, however, that Dr. Hite will be entitled to receive (a) the payments prescribed under any disability benefit plan which may be in effect for employees of the School District at the level of Director and above and (b) any salary, reimbursements or other payments then due and owing. Dr. Hite agrees, in the event of any dispute under this Section, to submit to a physical examination by a licensed physician mutually agreeable to Dr. Hite and the SRC. It is understood that nothing in this Section shall constitute a waiver of any rights which Dr. Hite may have under applicable workers' compensation laws, provisions of the American with Disabilities Act, or provisions of state statutes of similar effect.

Section 12. Indemnification. The SRC represents and warrants to Dr. Hite that the SRC adopted Resolution E-2 dated April 17, 2002, a true and correct copy of which is attached hereto as Exhibit "B," and that the terms of such resolution apply to Dr. Hite.

Section 13. Miscellaneous.

13.1. Survival. Notwithstanding the termination of this Agreement for any reason, Dr. Hite's obligations under Section 9 hereof shall survive and remain in full force and effect for the periods therein provided.

13.2. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania.

13.3. Notices. Any and all notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the School District, to: The School District of Philadelphia
440 North Broad Street
Philadelphia, PA 19130
Attention: Pedro Ramos, Esq. Chairman

With a copy to: The School District of Philadelphia
440 North Broad Street
Philadelphia, PA 19130
Attention: Office of General Counsel

If to Dr. Hite, to: The School District of Philadelphia
440 North Broad Street
Philadelphia, PA 19130
Attention: Dr. William Hite

With a copy to: Maree Sneed, Esquire
Hogan & Hartson
555 13th St. NW
Washington, DC 20004

or to such other names or addresses as the School District or Dr. Hite, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

13.4. Contents of Agreement; Amendments. This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and cannot be changed, modified, extended or terminated except upon written amendment approved by the SRC on behalf of the School District and Dr. Hite.

13.5. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of Dr. Hite hereunder are of a personal nature and shall not be assignable or delegatable in whole or in part by Dr. Hite.

13.6. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

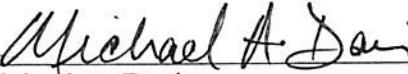
13.7. Counterparts. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

**THE SCHOOL DISTRICT OF
PHILADELPHIA**

APPROVED AS TO FORM:

By: 
Pedro Ramos


Michael A. Davis

Chairman, School Reform Commission

General Counsel


Dr. William Hite

WITNESS:

Name: _____

Dated: 7-24-12

Dated: _____