

THIS AGREEMENT, effective the first day of July, 2006, is made by and between the BOARD OF SCHOOL DIRECTORS OF THE EPHRATA AREA SCHOOL DISTRICT (hereinafter referred to as "Board"), a school district of the Commonwealth of Pennsylvania with its principal office located at 803 Oak Boulevard, Ephrata, Pennsylvania (hereinafter referred to as "District"), and GERALD B. ROSATI, an adult individual, (hereinafter referred to as "Dr. Rosati" or as "Superintendent").

WHEREAS, at its meeting held on February 25, 2002, the Board voted to employ Dr. Rosati as Superintendent of Schools for a five (5) year period, commencing July 1, 2002, through June 30, 2007; and

WHEREAS, at its meeting held on June 20, 2005, the Board voted to approve a three (3) year extension to Dr. Rosati's term as Superintendent of Schools, through June 30, 2010; and

WHEREAS, both parties desire that Dr. Rosati shall be Superintendent of Schools upon the terms and conditions hereinafter set forth and in accordance with the applicable provisions of the Public School Code of 1949 (hereinafter referred to as the "School Code"), as amended, and the laws of Pennsylvania;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained and intending to be legally bound hereby, the parties agree as follows.

1. Term. The District hereby employs Dr. Rosati and Dr. Rosati hereby accepts employment as Superintendent of Schools for the remainder of the original five (5) year period, commencing July 1, 2002, and ending June 30, 2007, and the three (3) year extension, from July 1, 2007 through June 30, 2010.

2. Salary and Compensation. For all services rendered by the Superintendent under this Agreement, the District shall compensate the Superintendent at an annual salary to be determined as follows:

2.1. For the first year under this Agreement, July 1, 2006, through June 30, 2007, at the annual rate of One Hundred Fifteen Thousand Eight Hundred Eight Dollars and Sixty Two Cents (\$115,808.62), plus Four Thousand Dollars (\$4,000) in lieu of the

Superintendent receiving the use of a District-owned automobile or automobile allowance.

2.2. The Board shall annually evaluate the performance of the Superintendent, in accordance with Board policy.

2.3. The annual salary for each subsequent year hereunder shall be calculated by increasing the prior year's annual salary by at least 3.7%, based on satisfactory performance during that prior school year. If the Superintendent's performance is determined to be higher than satisfactory, he shall receive an additional salary increase of between Eight Hundred Dollars (\$800) and Two Thousand Dollars (\$2,000), as determined by the Board.

2.4. In addition, the Superintendent shall be eligible to receive additional incentives up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500) per year, based upon meeting: 1) his Performance Goals; 2) the District Goals; and 3) the District AYP. The incentive(s) shall be paid as lump sums and not applied to base salary.

2.5. The Board may approve additional salary increases based on other relevant factors, such as superintendent salaries and compensation in other school districts.

2.6. The District shall also make a yearly lump sum payment of Five Thousand Dollars (\$5,000) on or before June 30 of each contract year, which shall be placed in an annuity (TSA) of the Superintendent's choice.

2.7. The payments set forth in this Section 2 shall be considered compensation for purposes of the Pennsylvania Public School Employees Retirement System, shall not be considered as a bonus, and contributions shall be paid into PSERS on the total compensation paid, including lump sum payments.

2.8. The annual salary shall be paid in equal installments in accordance with the policy of the District governing payment of professional staff members employed on a twelve (12) month basis.

3. **Duties.** Dr. Rosati shall perform faithfully the duties of Superintendent of

Schools, which shall include such duties and responsibilities as are assigned to a district superintendent under the School Code, the regulations of the Department of Education, and the rules, regulations, and policies adopted, from time to time, by the Board, and as directed by the Board. These duties shall include, but not be limited to, the right and obligation to make recommendations to the Board with regard to the employment, suspension and discharge of administrative, professional and non-professional employees of the District.

4. The Superintendent shall devote his entire working time, skill, labor, attention and energy to said employment during the term of this Agreement, provided, however, that the Superintendent may undertake consultative work, speaking engagements, writing, lecturing, or other professional duties and obligations which do not interfere with the performance of his duties as Superintendent and with the prior approval of the Board.

5. The Superintendent shall comply with all requirements set forth in the School Code, the regulations of the Department of Education, and the rules, regulations and policies reasonably adopted, from time to time, by the Board. This shall include, but not be limited to, the furnishing throughout the term of this Agreement of a valid and appropriate certificate to act as Superintendent of Schools in the Commonwealth of Pennsylvania.

6. **Medical examinations.** The Superintendent shall have a comprehensive medical and visual examination not less than once every two years and not more often than once every year. The costs of said examinations and eyeglasses which are not paid by insurance shall be paid by the District.

7. **Benefits.** The Superintendent shall receive benefits equal to those provided in the negotiated contract with the professional employees bargaining unit and under the Act 93 plan for administrative personnel. In addition to those benefits, the Superintendent shall also receive the following:

7.1. Health and Hospitalization Insurance. The District shall pay one hundred percent (100%) of the premium cost for the Superintendent and his spouse and eligible children,

for the hospitalization and major medical insurance benefits generally provided to District employees. The District shall increase the major medical benefit per individual to Three Million Dollars (\$3,000,000).

7.2. Dental Insurance. The District shall pay one hundred percent (100%) of the premium cost for the Superintendent and his spouse and eligible children, for the dental insurance benefits generally provided to District employees. The maximum benefit shall be Two Thousand Seven Hundred Fifty Dollars (\$2,750) per year for the 2006-2007 and 2007-2008 school years, and Three Thousand One Hundred Dollars (\$3,100) per year for the 2008-2009 and 2009-2010 school years.

7.3. Life Insurance. The District shall pay one hundred percent (100%) of the premium cost for a group term life insurance policy or policies providing a total of Two Hundred Seventy Five Thousand Dollars (\$275,000) in benefits, or in the alternative if requested by the Superintendent, the District will provide a whole life insurance policy in an amount which can be obtained at a comparable premium.

7.4. Accidental Death and Dismemberment Insurance. The District shall pay one hundred percent (100%) of the premium cost for a group Accidental Death & Dismemberment insurance policy or policies providing a total of Two Hundred Seventy Five Thousand Dollars (\$275,000) in benefits.

7.5. Miscellaneous Health Benefit. The District will self-fund a flexible individual reimbursement plan for medical, dental, vision and wellness costs for the Superintendent and his eligible dependents. The Superintendent shall be eligible to receive reimbursement up to the maximum annual amounts listed: Two Thousand Fifty Dollars (\$2,050) for the 2006-2007 school year; Two Thousand Two Hundred Fifty Dollars (\$2,250) for the 2007-2008 school year; Two Thousand Four Hundred Fifty Dollars (\$2,450) for the 2008-2009 school year; and Two Thousand Four Hundred Fifty Dollars (\$2,450) for the 2009-2010 school year..

7.6. Income Protection. The District shall provide income protection at the

rate of sixty-six and two-thirds (66 2/3%) of salary for a maximum of five hundred (500) days following the use of accumulated sick leave. This benefit shall be calculated using all of the employee's available sources of disability income.

7.7. Vacation. The Superintendent shall be entitled to twenty (20) vacation days per year. Beginning July 1, 2006, the Superintendent may carryforward a maximum of ten (10) unused vacation days from one year to the next year. The Superintendent shall be entitled to pay for unused vacation days, up to a maximum of thirty (30) days, upon retirement or termination, at which time said payment shall be based on the per diem rate of his current salary. The per diem rate shall be based on 251 work days per year.

7.8. Personal and Emergency Days. The Superintendent shall be entitled to three (3) personal days per year that are cumulative to five (5) if unused; and to two (2) emergency days per year, cumulative to three (3) if unused.

7.9. Sick Days. The Superintendent shall be entitled to twelve (12) sick leave days each year, with all unused sick leave accumulating from year to year.

7.10. Professional Dues. The Superintendent shall receive reimbursement for professional dues and professional memberships (e.g., Pennsylvania Association of School Administrators and the American Association of School Administrators), as approved by the Board. The Superintendent, as part of his duties, may attend and receive reimbursement for national conferences and state and local conferences, as approved by the Board.

7.11. Tuition. The Superintendent shall receive reimbursement for one hundred percent (100%) of the tuition costs for courses for professional development, with the approval of the Board, up to a maximum of the following amounts per year: 2006-2008 - Seven Thousand Five Hundred Dollars (\$7,500) per year; 2008-2010 – Eight Thousand Five Hundred Dollars (\$8,500) per year.

7.12. Retirement Benefits and Payments. If the Superintendent retires and meets the eligibility requirements set forth below, the Superintendent shall be eligible to receive

the following payments and benefits.

7.12.1. Health and Hospitalization and Dental Insurance. To be eligible for this benefit the Superintendent must meet the following eligibility requirements: 1) the Superintendent must meet the retirement criteria established by PSERS (or the equivalent number of years when counting his out-of-state educational service); and 2) the Superintendent must have eight (8) years of full-time continuous service in the District as an administrator.

a. The Superintendent shall receive the same hospitalization and major medical and dental insurance benefits which the District generally provides to its employees, and the District shall pay one hundred percent (100%) of the premiums for the Superintendent.

b. The Superintendent's spouse and eligible dependents may also be covered by such hospitalization and major medical and dental benefits. The Superintendent shall pay one hundred percent (100%) of the premiums for his spouse and eligible dependents.

c. Coverage for the Superintendent and his spouse and dependents shall be continued and administered in the same manner and subject to the same restrictions and limitations as are applicable to the retirement health and dental benefits provided to the administrators under the then current Compensation Plan for Administrators (e.g., benefits provided until age of initial eligibility for Medicare, can then stay on plan but pay one hundred percent of the premium) and any applicable provisions of the School Code.

7.12.2. To be eligible for the following benefits, the Superintendent must meet the following eligibility requirements on or before June 30 of the year he retires: 1) the Superintendent must meet the retirement criteria established by PSERS (or the equivalent number of years when counting his out-of-state educational service); 2) the Superintendent must have eight (8) years of full-time continuous service in the District as an administrator; and 3) the Superintendent must notify the Board of his retirement no later than four (4) months prior to the

effective date of his retirement.

a. The Superintendent will receive One Hundred and Fifty Dollars (\$150) per year of actual teaching or administrative service credited with PSERS in the field of public education;

b. The Superintendent will receive Five Hundred Dollars (\$500) per year of service as an administrator in the Ephrata Area School District; and

c. The Superintendent shall be paid One Hundred Dollars (\$100) for each day of accumulated and unused sick leave.

8. Termination, Modification or Renewal.

8.1. This Agreement may be modified in writing or terminated by mutual consent of the parties.

8.2. The Superintendent shall be subject to discharge for the reasons set forth in Section 1080 of the School Code, and in accordance with the provisions thereof and of the Local Agency Law, and other applicable statutes of the Commonwealth of Pennsylvania. In the event of discharge, this contract shall terminate, and no further payments shall be due the Superintendent other than salary and compensation through the Superintendent's last day of employment.

8.3. The Board shall have the right to terminate this contract prior to June 30, 2010, other than pursuant to Section 1080 of the School Code, provided the District pays the Superintendent an amount equal to twice the remaining salary and compensation which the Superintendent would be entitled to under Paragraph 2 of this Agreement, calculated from the Superintendent's last day of employment through June 30, 2010.

8.4. It shall be the duty of the Superintendent to advise the Board twelve (12) months prior to the expiration of his term as to the expiration of said term. Within six (6) months thereafter, the Board shall advise the Superintendent whether or not the Board intends to retain

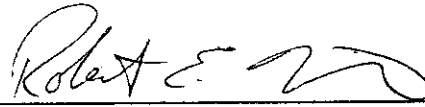
him for any further term of office. The Board shall be required to take action with regard to the renewal of this Agreement, i.e., there shall be no automatic renewal without Board action. If the Superintendent is to be elected to another term of office, the number of years of this term of office shall be mutually agreed upon and the conditions of this Agreement shall be incorporated into a successor agreement, unless mutually agreed otherwise by the Board and the Superintendent. The parties waive the provisions of Section 1073(b) of the School Code.

9. It is the intent of the parties that the terms and conditions of this Agreement shall be consistent and in full compliance with the provisions of the School Code and the laws of Pennsylvania and that this Agreement shall be construed accordingly. If any provisions of this Agreement are determined by any court to be invalid or inconsistent with the law, it is the intent of the parties that all valid provisions which are severable from the invalid provisions shall remain in effect and that this Agreement shall continue to be effective to the full extent that is consistent with the law.

10. This Agreement contains the entire agreement between the parties except as otherwise stated herein and supersedes all other agreements and representations, written or oral, on the subject matter of this Agreement, including any statements in referenced exhibits or attachments that may be in conflict with the statements herein, and shall be binding on the heirs, successors, assigns and legal representatives of the parties.

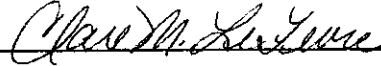
IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

Dated: 05/16/07



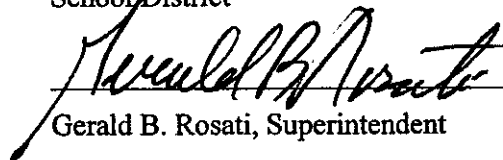
Robert E. Miller, President
Board of School Directors of the Ephrata Area
School District

Dated: 05/16/07



Clare M. LeFevre, Secretary
Board of School Directors of the Ephrata Area
School District

Dated: 05/22/07



Gerald B. Rosati, Superintendent