

Agreement between Penn Manor School District Board of School Directors ("School District") and Donald F. Stewart ("Superintendent").

BACKGROUND. Superintendent has been employed by the School District, as Superintendent, since July 1, 2002. The School District has approved an extension of Superintendent's contract, and Superintendent has accepted ongoing employment, as the Superintendent of School District. School District and Superintendent believe that it is appropriate and mutually beneficial to set forth in writing their respective understandings relating to the ongoing employment of Superintendent. School District and Superintendent, intending to be legally bound, have therefore entered into this Agreement and agree as follows:

1. **Employment.** School District employs Superintendent, and Superintendent accepts employment, under the terms and conditions of this Agreement. The election and appointment of Superintendent by School District and his employment under this Agreement are conditioned upon Superintendent's maintaining throughout the term of this Agreement a valid and current commission and other legal credentials as may be required by law.

2. **Term of Employment.** The term of employment of Superintendent pursuant to this Agreement shall commence on July 1, 2007 and shall continue until June 30, 2010 unless terminated sooner pursuant to the provisions of this Agreement.

3. **Duties and Nature of Service.**

(a) Superintendent is employed as the Superintendent of School District. In addition to those duties and powers conferred by law, Superintendent shall (subject to the control and direction of the Board of School Directors) perform such duties and exercise such powers as are typically attendant to Superintendent's position as Superintendent or which, consistent with Superintendent's position, are assigned to him by School District's Board of School Directors.

(b) Superintendent shall devote his full working time and best efforts to the performance of his duties as Superintendent of School District.

4. **Compensation.**

(a) As compensation for Superintendent's services and performance of his obligations pursuant to this Agreement, School District shall pay to Superintendent a salary at the rate of \$137,600.00 per fiscal year, payable on School District's customary salary payment

dates. Such salary shall be evaluated annually and may be increased from time to time at the discretion of the Board of School Directors.

(b) Superintendent shall be entitled to fringe benefits upon the same basis as provided from time to time to other professional administrative employees as set forth in the School District's Administrative Compensation Plan.

(c) In addition to the fringe benefits described in subparagraph (b) above, Superintendent shall be entitled to the following benefits:

(i) Conferences and Conventions. School District shall (A) with the prior approval of the President of the Board of School Directors, provide a reasonable amount of release time for Superintendent's attendance at conferences and conventions and (B) reimburse Superintendent for costs reasonably and necessarily incurred to attend and participate in such conferences and conventions. Superintendent shall not be entitled to any other payments for attendance at conferences and conventions.

(ii) Payment for Accrued Vacation. Superintendent shall be entitled to twenty (20) vacation days per year. Superintendent may carry over up to ten (10) days vacation to the subsequent year. Superintendent upon termination of his employment shall be paid for all unused, accrued vacation days.

(iii) Dues. School District will pay the annual membership dues of the Superintendent for the following:

Pennsylvania Association of School Administrators

(iv) Sick Leave. The Board of School Directors acknowledges that Superintendent has 270 accumulated and unused sick leave days as of June 30, 2007. Additional sick leave days shall accumulate during the term of this Agreement at the rate of twelve (12) days per year.

5. Tax Sheltered Annuity Contributions. The School District shall make the following contributions to a tax sheltered annuity ("TSA") established under Section 403(b) of the Internal Revenue Code of 1986, as amended ("Code"), by the Superintendent:

(a) On or before the end of each fiscal of the School District during which this Agreement is in effect, the School District shall make a contribution of \$500 into the TSA designated by the Superintendent;

(b) On or before July 31, 2007, the School District shall make a contribution to a designated TSA in the amount of \$22,000. In exchange for such payment, Superintendent shall forfeit 100 accrued sick days;

(c) On or before July 31, 2008, the School District shall make a contribution to a designated TSA in the amount of \$22,000. In exchange for such payment, Superintendent shall forfeit an additional 100 accrued sick days; and

(d) Upon termination of this Agreement, the School District shall make a contribution to a designated TSA in an amount equal to \$220 for each of the Superintendent's then accrued but unused sick days.

In the event that this Agreement is terminated before either date set forth in paragraphs (b), (c) or (d) above and the required contribution under such paragraph has not been made by the School District, no contributions shall be made under such paragraph, the accrued sick days of the Superintendent shall not be deemed forfeited and the School District shall make the contribution required under paragraph (d).

Notwithstanding the foregoing, any contribution amount shall be reduced by any amount that results in annual additions for Superintendent to a TSA exceeding the contribution limits under Section 415(c) of the Code or any other contribution limits under the Code or applicable Treasury Regulations. In the event that any contribution amount would exceed such limits, the excess amount shall be contributed in the following year(s) to the extent that the excess amount does not exceed the contribution limits under Section 415(c) of the Code or any other contribution limits under the Code or applicable Treasury Regulations for such following year(s), provided that no contribution will be made after the expiration of the contribution period permitted under the Code and applicable Treasury Regulations.

All contributions under this paragraph shall be required to be made to a TSA and, under no circumstances, shall Superintendent be entitled to receive any payment directly in cash or other compensation.

6. Residence. Superintendent shall maintain a permanent residence within the boundary of the School District throughout his tenure.

7. Performance Evaluation. At least once each fiscal year, the Board of School Directors and the Superintendent shall meet in closed executive session for the purpose of evaluation of the performance of the Superintendent. The evaluation shall be written.

8. Reimbursement to the District. Prior to June 30 of each school year, the School District's Business Manager or his/her designee shall perform an audit of the Superintendent's reimbursement obligations to the School District (i.e., automobile, cell phone, School District credit) and shall provide the audit to the Board of School Directors. The Superintendent shall, within thirty (30) days of the presentation of the audit, reimburse the School District for any obligations identified in the audit.

9. Sabbatical Leave, Professional Development Leave. Superintendent acknowledges that his ongoing employment under this Agreement, and the salary and benefits to which he is entitled under this Agreement, were agreed upon based upon Superintendent's waiving any right to request, or to be granted, a sabbatical leave or professional development leave; and Superintendent hereby waives any right to request, or to be granted, a sabbatical leave or professional development leave.

10. Termination of Agreement. This Agreement may be terminated upon any of the following events:

(a) Mutual agreement of Superintendent and the Board of School Directors.

(b) Retirement of Superintendent.

(c) Disability of Superintendent. In the event Superintendent is disabled and unable to perform Superintendent's duties for a period of six (6) consecutive months, then the School District may, by notice to the Superintendent given prior to the date Superintendent is able to resume performance of Superintendent's duties, terminate this Agreement. Superintendent shall at least annually furnish to the President of the Board of School Directors with a report from his physician confirming Superintendent's mental and physical fitness to perform Superintendent's obligations under this Agreement.

(d) Discharge for Cause. Discharge for cause shall constitute conduct which results in removal of Superintendent from office of Superintendent pursuant to the provisions of the Public School Code of the Commonwealth of Pennsylvania.

(e) Death of Superintendent.

11. Waiver of Breach. The waiver by School District of due performance of or compliance with any provisions of this Agreement by Superintendent shall not operate or be construed as a waiver of due performance or compliance by Superintendent thereafter.

12. Severability. If any provision of this Agreement shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair, or invalidate the remainder of this Agreement.

13. Headings. The headings in this Agreement are for convenience only and shall not be considered as part of this Agreement.

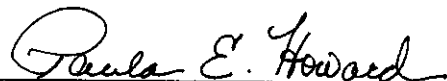
14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

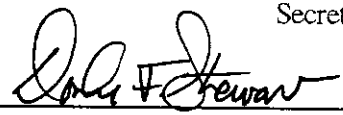
15. Modification. No waiver, change or modification of any of the terms of this Agreement shall be binding unless in writing and signed by both parties to this Agreement.

IN WITNESS WHEREOF, School District and Superintendent have signed this Agreement this 4th day of June, 2007.

PENN MANOR SCHOOL DISTRICT

By: 
President

Attest: 
Secretary


Donald F. Stewart