

HAPPY ISD Financial Accountability Rating

FIRST Hearing
October 11, 2022

Required Documentation:

Annual Financial Management Report (pp. 1-2)

Summary schedule of reimbursement received by the superintendent and members of the board of trustees

[Superintendent reimbursement, Board member training/meals](#)

Summary schedule of compensation and/or fees received by the superintendent for professional consultation or professional services

[None reported](#)

Summary schedule of total amount of gifts received by executive officers and board members

[None reported](#)

Summary schedule of the dollar amount by board member for the aggregate amount of business transactions with the school district

[None reported](#)

FIRST Rating 2020-2021 Indicators (pp. 3-6)

[District status detail](#)

Status: Passed

Rating: A = Superior

Superintendent's Contract (pp.7-13)

[Ray Keith Contract](#)

DISCLOSURES

Reporting requirements for the financial management report for School 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 six (6) disclosures explained below that are to be presented as appendices in the School FIRST financial management report.

Superintendent's Current Employment Contract

See attached Superintendent Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the School FIRST hearing in calendar year 2022. In lieu of publication in School FIRST financial management report, the school district may choose 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.

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period Ended August 31, 2022

Description of Reimbursements	Supt	Jay	Jimmy	Cherre	Eric	Trey	Mace	Max	Levi	Vickie	Wendy
1--Meals/Lodging	Ray Keith	Johnson	Stockett	Juarez	Ferguson	Johnson	Middleton	White	Berry	Coile	Collier
2--Trans/Airfare/Mileage	132.69	79.50	10.47	79.50	79.50	10.47	79.50	10.47	69.03	69.03	69.03
3--Convention/Workshop Fees	249.31	-	-	-	-	-	-	-	-	-	-
4--Other Reimb	-	-	-	-	-	-	-	-	-	-	-
Total	382.00	79.50	10.47	79.50	79.50	10.47	79.50	10.47	69.03	69.03	69.03

Note--The spirit of the rule is to capture all "reimbursements" for fiscal year 2022, 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
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.

Direct Reimbursement

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal

For the Twelve-Month Period

Ended August 31, 2022

Name(s) of Entity(ies)

Name(s) of Entity(ies)	Amount Received
	-
	-
	-
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 Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2022

For the Twelve-Month Period

Ended August 31, 2022

Executive Officer(s)	Board Members	First Degree Relatives	Amount Received							
Supt	Jay	Jimmy	Cherre	Eric	Trey	Mace	Max	Levi	Vickie	Wendy
Ray Keith	Johnson	Stockett	Juarez	Ferguson	Johnson	Middleton	White	Berry	Coile	Collier
Total	-	-	-	-	-	-	-	-	-	-

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.

Business Transactions Between School District and Board Members for Fiscal Year 2022

For the Twelve-Month Period

Ended August 31, 2022

Board Member	Amount Received
Jay	-
Jimmy	-
Cherre	-
Eric	-
Trey	-
Mace	-
Max	-
Levi	-
Vickie	-
Wendy	-
Total	-

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.



Financial Integrity Rating System of Texas

2021-2022 RATINGS BASED ON SCHOOL YEAR 2020-2021 DATA - DISTRICT STATUS DETAIL

Name: HAPPY ISD(219901)	Publication Level 1: 8/2/2022 2:05:39 PM
Status: Passed	Publication Level 2: None
Rating: A = Superior Achievement	Last Updated: 8/2/2022 2:05:39 PM
District Score: 100	Passing Score: 70

#	Indicator Description	Updated	Score
1	<u>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?</u>	7/12/2022 8:48:16 AM	Yes
2	<u>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.)</u>	5/16/2022 1:00:48 PM	Yes
3	<u>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.)</u>	5/16/2022 1:00:48 PM	Yes
4	<u>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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	5/16/2022 1:00:49 PM	Yes Ceiling Passed
5	This indicator is not being scored.		
			1 Multiplier Sum
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days</u>	5/17/2022 9:58:34 AM	Ceiling Passed

	<u>of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>		
7	<u>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)? See ranges below in the Determination of Points section.</u>	5/16/2022 1:00:49 PM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	5/16/2022 1:00:49 PM	10
9	<u>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? See ranges below in the Determination of Points section.</u>	5/16/2022 1:00:50 PM	10
10	This indicator is not being scored.		10
11	<u>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 increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</u>	5/16/2022 1:00:51 PM	10
12	<u>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</u>	5/16/2022 1:00:51 PM	10
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	6/9/2022 11:23:19 AM	10
14	<u>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.</u>	5/16/2022 1:00:52 PM	10
15	This indicator is not being scored.		5
16	<u>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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	5/16/2022 1:00:52 PM	Ceiling Passed
17	<u>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.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	5/16/2022 1:00:52 PM	Ceiling Passed
18	<u>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.)</u>	5/16/2022 1:00:52 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	5/16/2022 1:00:53 PM	5
20	<u>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	5/16/2022 1:00:53 PM	Ceiling Passed
			100 Weighted

		Sum
		1 Multiplier Sum
		(100 Ceiling)
		100 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70
<p>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</p> <p>The school district receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.</p>		

CEILING INDICATORS

<p>Did the school district meet the criteria for any of the following ceiling indicators 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.</p>		
Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
Indicator 6 (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement

SUPERINTENDENT TERM CONTRACT

This Contract is entered into between the Board of Trustees (the "Board") of HAPPY INDEPENDENT SCHOOL DISTRICT (the "District") and RAY KEITH (the "Superintendent").

The Board and the Superintendent, for and in consideration of the terms stated in this Contract, hereby agree as follows.

1. **Term.** The Board agrees to employ the Superintendent on a twelve-month basis per school year, beginning August 17, 2016 and ending June 30, 2019. The Board and the Superintendent (the "Parties") may extend the term of this Contract by agreement.

1.1 **Change of Term:** On January 11, 2018, the Board moved and approved to extend this contract for two years where by changing the ending date to June 30, 2021.

1.2 **Change of Term:** On February 12, 2019, the Board moved and approved to extend this contract for one year whereby changing the ending date to June 30, 2022.

1.3 **Change of Term:** On January 13, 2020, the Board voted to not extend this contract leaving the end date as June 30, 2022.

1.4 **Change of Term:** On February 15, 2021, the Board moved and approved to extend this contract for one year whereby changing the ending date to June 30, 2023.

1.5 **Change of Term:** On December 13, 2021, the Board moved and approved to extend this contract for one year whereby changing the ending date to June 30, 2025.

2. **Certification.** The Superintendent agrees to maintain the required certification throughout the term of employment with the District. The Superintendent agrees to furnish to the Board President a copy of Superintendent's credentials for the position of superintendent within thirty (30) days of this Agreement, or as specified in any addendum hereto. Superintendent's failure to provide the credentials as required herein, or if the Superintendent's certification expires, is canceled, revoked or surrendered, this Contract is void, without need for any further action by the Board.

3. **Representations.** The Superintendent makes the following representations.

- 3.1 **Beginning of Contract.** The Superintendent represents that the Superintendent has disclosed to the Board, in writing, any arrest and any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent, and agrees to submit to a review of the Superintendent's criminal history record information at the beginning of this Contract and at any time thereafter, if so requested by the District. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract. Superintendent's failure to disclose all arrests, indictments, convictions, pleas of no contest or guilty pleas or other adjudication, or failure to provide a criminal history acceptable to the Board shall make this Contract void without the need for any further action by the board.

- 3.2 **During Contract.** The Superintendent also agrees that during the term of this Contract the Superintendent will notify the Board, in writing, of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent. The Superintendent agrees to provide such notification in writing within three (3) calendar days of the event or any shorter period specified in Board policy.
- 3.3 **False Statements and Misrepresentations.** The Superintendent represents that any records or information provided in connection with the Superintendent's employment application are true and correct. Any false statements, misrepresentations, incorrect information or omissions of requested information, or fraud by the Superintendent in or concerning any required records or information in the employment application or during the application process may be good cause to terminate or nonrenewal of this Contract, as the Board may determine.
4. **Duties.** The Superintendent shall be the educational leader and chief executive officer of the District. The Superintendent agrees to perform the following duties:
- 4.1 **Authority.** The Superintendent shall perform such duties and have such powers as may be prescribed by the law and the Board. The Board shall have the right to assign additional duties to the Superintendent and to make changes in responsibilities or work at any time during the contract term. All duties assigned by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.
- 4.2 **Standard.** Except as otherwise permitted by law and this Contract, the Superintendent agrees to devote the Superintendent's full time and energy to the performance of these duties. The Superintendent shall perform the duties with reasonable care, skill, and diligence, and shall not engage in any conduct that interferes or conflicts with the Superintendent's responsibilities to the District. The Superintendent shall comply with all Board directives, state and federal laws and rules, Board policy, and regulations as they exist or may hereafter be amended or promulgated hereafter.
5. **Compensation.** The District shall pay the Superintendent annual compensation as follows.
- 5.1 **Salary.** Eighty Thousand and 00/100 Dollars (\$80,000.00) per year, to be paid to the Superintendent in twelve (12) equal monthly installments, consistent with the Board's policies.
- 5.1.a **Change of Salary:** On June 13, 2017 the Board moved and approved to give Ray Keith a 3% pay increase. Totaling a salary of Eighty-Two Thousand Four Hundred and 00/100 Dollars (\$82,400.00) per year.
- 5.1.b **Change of Salary:** On January 11, 2018, the Board moved and approved to raise Mr. Keith's annual salary by \$3,000 for coming year. Totaling a salary of Eighty-Five Thousand Four Hundred and 00/100 Dollars (\$85,400.00) for the 2018-2019 school year.
- 5.1.c **Change of Salary:** On May 6, 2019, the Board moved and approved to raise Mr. Keith's annual salary by 3% for the coming year. Totaling a salary of Eighty-Seven Thousand Nine Hundred and 62/100 Dollars (\$87,962.00) for the 2019-2020 school year.

5.1.d **No Change of Salary:** On January 13, 2020, the Board moved to leave the salary the same remaining at Eighty-Seven Thousand Nine Hundred and 62/100 Dollars (\$87,962.00) for the 2020-2021 school year.

5.1.e **Change of Salary:** On January 14, 2021, the Board moved and approved to raise Mr. Keith's annual salary by 3% for the coming year totaling a salary of Ninety Thousand Six Hundred and 86/100 Dollars (\$90,600.86) for the 2021-2022 school year.

5.1.1 **Widespread Salary Reduction.** If the Board implements a widespread salary reduction under Texas Education Code §21.4023, the Superintendent's annual salary shall be reduced by the percent or fraction of a percent that is equal to the average percent or fraction of a percent by which teacher salaries have been reduced.

5.1.2 **Furlough.** If the Board implements a furlough under Texas Education Code §21.4021, the Superintendent shall be furloughed for the same number of days as other contract personnel and the Superintendent's salary shall be reduced in proportion to the number of furlough days.

5.2 **Benefits.** The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase the benefits provided in this Contract, at the Board's sole discretion.

5.3 **Salary Adjustments.** At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent. Such adjustment, if any, shall be memorialized in writing between the parties with an addendum to this Contract.

5.4 **Other Benefits.**

5.4.1 **Expenses:** The District shall pay or reimburse the Superintendent for reasonable expenses directly incurred by the Superintendent in the continuing performance of the duties under this Contract according to Board Policy. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board Policy, and shall comply with all financial accountability rules, as required by state law or promulgated by the Texas Education Agency.

5.4.2 **Housing:** The District shall to provide the Superintendent with use of a residence for the term of the Contract. All utilities, excluding telephone and cable, will be paid by the District. Superintendent shall not be responsible for routine maintenance of the residence, but shall make any repairs beyond reasonable wear and tear caused by his negligence or waste. Upon Superintendent's separation of employment with the District for any reason, Superintendent shall have 30 days to vacate District's housing, and the premises shall be returned to the District in the same condition as when Superintendent moved in, ordinary wear and tear excepted. Superintendent shall be liable for the cost of repair to fix any damages to District housing to the extent such damages exceed wear and tear.

5.4.3 **Cell Phone:** The District shall provide the Superintendent with a mobile telephone allowance in the sum of Fifty dollars (\$50.00) per month. The Superintendent

shall maintain a personal account for mobile telephone service and shall not open an account in the name of the District. The Superintendent shall have total responsibility for payment of such personal account and the District shall have no obligation or responsibility related to such personal account other than the monthly payment to the Superintendent of the mobile telephone allowance stated herein.

5.4.4 **Vehicle Use.** The Superintendent will have access to school vehicles that are available for use by all school employees as needed for any school related travel while performing the duties of the Superintendent. In the event that a school vehicle is unavailable for use, the District will reimburse the Superintendent for mileage at the District's scheduled reimbursement rate.

5.4.5 **Vacations, Holidays and Sick Leave.** The Superintendent may take, at the Superintendent's choice, the same number of days of vacation authorized by Board Policy for administrative employees on twelve (12) month contracts, with the days to be in a single period or at different times. Vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties. The Superintendent shall observe the same legal holidays as provided by Board Policy for administrative employees on twelve (12) month contracts. The Superintendent is hereby granted the same amount of illness leave and benefits as authorized by Board Policy for administrative employees on twelve (12) month contracts.

5.4.6 **Professional Growth.** Superintendent is encouraged to grow professionally. The District shall permit a reasonable amount of release time for the Superintendent to attend seminars, courses, or meetings as approved by the Board, and shall reimburse the Superintendent the costs of attending such professional growth activities each fiscal year. The District shall pay or reimburse Superintendent for dues and membership expenses for professional association or organization, such as Texas Association of School Administrators, as may be selected by Superintendent and approved by the Board.

5.4.7 **Civic Activities, etc.** The Superintendent is encouraged to participate in community and civic affairs including Lions Club, chamber of commerce, or other civic clubs or activities as approved by the Board. Superintendent's membership in such civic organizations will promote the District and serve a legitimate public purpose. The reasonable cost incurred by the Superintendent for participation in such Board approved activities shall be paid or reimbursed by the District.

5.4.8 **Health and Medical Insurance.** The District shall pay the same premiums for hospitalization, major medical and dental insurance coverage, if applicable, for the Superintendent pursuant to the group health care plan(s) provided by the District for its full time employees.

5.4.9 **Indemnification.** To the extent consistent with law, including Texas Civil Practice and Remedies Code, Chapter 101, the District agrees to defend, hold harmless and indemnify the Superintendent from any and all demands, claims, suits, actions, judgments, expenses, and reasonable attorney's fees incurred in any legal proceeding brought against the Superintendent, in the Superintendent's individual or official capacity as Superintendent of the District acting within the course and scope of the

Superintendent's employment (Covered Claim).

The term "Covered Claim" expressly excludes any and all demands, claims, suits, actions, judgments, expenses and attorney's fees where it is determined by the Board that the 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. This indemnity also excludes any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by the Superintendent. The District's obligation to indemnify does not apply to criminal investigations or criminal proceedings.

The District and the Superintendent shall select the Superintendent's legal counsel for any covered claim by agreement, if such legal counsel is not also the District's legal counsel. If legal defense is provided through insurance coverage, the Superintendent's right to agree to legal counsel provided for the Superintendent will depend on the terms of the applicable insurance contract. This indemnity provision shall survive the termination of this Contract.

The Superintendent agrees to fully cooperate with the District in the defense of any and all demands, claims, suits, actions, and legal proceedings brought against the District, regardless of whether the Superintendent is named as a party. Contingent on the Superintendent's providing such full cooperation, the District shall reimburse the Superintendent reasonable, related expenses, including travel and lodging expenses. The parties' obligations under this Paragraph shall continue after termination of this Contract.

6. **Superintendent Evaluation.** The Board shall evaluate, in writing, the Superintendent's performance at least once every fifteen (15) months, or as required by law, whichever is sooner. The evaluation format and procedure shall comply with the law and Board Policy.
7. **Criticisms, Complaints and Suggestions.** The Board, individually and collectively, shall direct all individuals with criticisms, complaints and suggestions called to the Board's attention to follow the appropriate chain of command and the complaint procedures set out in Board Policy, as applicable.
8. **Outside Employment.** To the extent permitted by law and Board Policy, the Superintendent may, with prior written consent of the Board, undertake consulting work, speaking engagements, writing, lecturing and other professional duties and obligations that do not conflict or interfere with the Superintendent's professional responsibilities to the District. For any such outside employment, the Superintendent agrees to comply with applicable ethics rules, laws, and Board Policy regarding reporting potential and actual conflicts of interest. In addition, the Superintendent agrees to provide information regarding income from such activities to the District as necessary for financial reporting requirements.
9. **Suspension.** In accordance with Texas Education Code Chapter 21, the Board may suspend the Superintendent without pay during the term of this Contract for good cause as determined by the Board, and the Board has delegated to the Board President the authority to place the Superintendent on paid administrative leave for up to five business days anytime the Board President determines that doing so is in the District's best interest. Any forced paid leave longer than 5 business days shall be authorized by the Board.

10. **Separation of Employment.**

10.1 **Termination and Nonrenewal of Contract.** Termination or nonrenewal of this contract, or resignation under this contract, will be pursuant to Texas Education Code chapter 21.

10.2 **Resignation.** The Superintendent may leave the employ of the District at the end of a school year without penalty by filing a written resignation with the Board of Trustees. The resignation must be addressed to the Board and filed not later than the 45th day before the first day of instruction of the following school year.

10.3 **Mutual Agreement.** This Contract shall 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.

10.4 **Retirement or Death.** This Contract shall terminate upon the retirement or death of the Superintendent.

11. **Mediation.** Should any dispute between the Superintendent and the District arise during the term of this Contract that cannot be resolved through negotiation, the parties agree to submit such dispute under this Contract to non-binding mediation, according to the procedures set forth in this Paragraph. Either party may request non-binding mediation by submitting a written request for mediation to the other party, setting forth the subject of the dispute and the relief requested. The parties will cooperate with each other in scheduling a time and date for the mediation and selecting a mutually acceptable mediator. The parties will share equally the expense of the mediation, including the mediator's fee, but shall be solely responsible for their respective attorney's fees. The parties agree that such mediation shall be a compromise negotiation for purposes of Rule 408 of the Federal Rules of Evidence, Texas Rules Evidence and an alternative dispute resolution procedure, subject to Texas Civil Practice & Remedies Code, §154.073. The parties recognize that the Texas Education Code contains certain mandatory and jurisdictional deadlines that cannot be extended through agreement of the parties. Accordingly, each party further recognizes that the other may be required to pursue certain legal or equitable action during the mediation process in order to protect their respective rights.

12. **General provisions.**

12.1 **Amendment.** This Contract may not be amended except by written agreement of the Parties.

12.2 **Severability.** If any provision in this Contract is, for any reason, held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of the Contract. This Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been a part of the Contract.

12.3 **Entire Agreement.** All existing agreements and contracts, both verbal and written, between the Parties regarding the employment of the Superintendent are superseded by this Contract. This Contract constitutes the entire agreement between the Parties.

12.4 **Applicable Law and Venue.** Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Superintendent's employment with the District, including this Contract, shall be the county in which the District's administration building is located. If litigation is brought in federal court, the Parties agree that venue shall be the federal district and division in which the District's administration building is located.

12.5 **Paragraph Headings.** The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.

12.6 **Legal Representation.** Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract.

13. **Notices.**

13.1 **To Superintendent.** The Superintendent agrees to keep a current address and phone number on file with the District's human resources office and the Board President. The Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract or the Superintendent's employment by hand-delivery, electronic mail to the Superintendent's school-provided email account, by certified mail or regular mail, or express delivery service to the Superintendent's address of record.

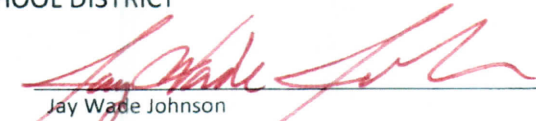
13.2 **To Board.** The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

I have read this Contract and agree to abide by its terms and conditions.

Superintendent 
Ray Keith

Date signed 5-5-22

HAPPY INDEPENDENT SCHOOL DISTRICT

Board President 
Jay Wade Johnson

Date signed 4-4-2022