

**IDEA PUBLIC SCHOOLS
AMENDED AND RESTATED
CEO CONTRACT**

THE STATE OF TEXAS

§

COUNTY OF HIDALGO

§

§

This CEO Contract (the “CEO Contract”) is entered into by and between the Governance Board (“the “Board”) of IDEA Public Schools (“IDEA”) and Thomas Torkelson (the “CEO”).

WHEREAS, through the CEO’s leadership and vision, for multiple consecutive years 100% of IDEA high school graduates have been accepted into and matriculated into college, most of who are first-generation college students;

WHEREAS, Stanford University’s Center for Research on Education Outcomes (CREDO), recently released a comprehensive report that identifies IDEA Public Schools as one of the highest performing public-school networks in the country, delivering the equivalent of 80 extra days in math and 74 days in reading instruction per year;

WHEREAS, through the CEO’s leadership and vision, for two consecutive years many of IDEA’s high schools have been ranked among the most challenging high schools in America by the *Washington Post*, and IDEA high schools have consistently ranked as among the top in the Nation by the U.S. News & World Report, with many in the top 10% or receiving top-ratings in Texas and National Gold Medal and National Silver Medal status, reflecting the tremendous rigor and success of IDEA’s schools;

WHEREAS, IDEA has experienced unsurpassed growth, unsurpassed student successes and has grown both with expediency but with fidelity and without sacrificing the quality of the program into several new regions of Texas and nationally, which the Board attributes to the leadership, visions and strengths of the CEO;

WHEREAS, through the CEO’s leadership and vision, IDEA has hired, developed, trained and retained an incredibly diverse senior leadership team, administration, faculty and staff that reflects the diverse communities served by IDEA’s schools and exemplifies the values, mission and vision of IDEA;

WHEREAS, the Board desires to provide the CEO with a written Employment Contract in order to enhance administrative stability and continuity within IDEA and ensure the continued strength and growth of IDEA for the benefit of its students, which the Board believes generally improves the quality of its overall education program and services to students; and

WHEREAS, the Board desires to employ the CEO as the Chief Executive Officer of IDEA and the CEO agrees to perform the duties and responsibilities set forth herein and on the terms and conditions described herein;

NOW, THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which consideration is hereby acknowledged, and intending to be legally bound, the Board and the CEO hereby agree as follows:

1. TERM

1.1 **Term**. The Board hereby agrees to employ the CEO as the Chief Executive Officer of IDEA for a term commencing on **August 1, 2018 and ending on July 31, 2022** (the “Term”), unless terminated earlier by mutual consent of both parties, or as otherwise permitted under this CEO Contract or applicable law. The Board and the CEO may agree to a written extension of this CEO Contract on or before July 31, 2021.

1.2 **No Right of Tenure**. The Board has not adopted any policy, rule, regulation, or practice providing for tenure. This CEO Contract creates no right of tenure. No property interest, express or implied, is created in continued employment beyond the Term hereof.

2. EMPLOYMENT

2.1 Duties

2.1.1 The CEO is the Chief Executive Officer of IDEA, and shall faithfully perform the duties of the CEO as prescribed in a job description for that position, and/or as may be described in the IDEA Charter, which duties may be amended from time to time, and as may be assigned by action of the Board. The CEO shall be directly responsible for communicating with and advising the Board on administrative matters; communicating with the IDEA administration regarding directives from the Board; interacting with all advisory committees established by the Board; negotiating and executing contracts where authorized by the Board; evaluating program effectiveness; seeking and creating avenues of additional funding; supervising and evaluating the IDEA Superintendent and other officers; managing day-to-day operations of IDEA; organizing IDEA’s central administration; selecting and assigning IDEA employees and officers; ensuring that IDEA’s culture and curriculum follow IDEA’s mission, goals, state law and Charter; planning and reporting to the Board on expansion and facilities; developing and reporting to the Board on non-academic policies and procedures; acting as Board and IDEA representative and spokesperson for community and other functions; and performing all other duties as assigned by the Board. The CEO shall comply with all Board directives, state and federal law, IDEA policy, rules, regulations, and the IDEA Charter, as they exist or may be amended.

2.1.2 The CEO shall perform his duties with care, diligence, skill, and expertise, and shall devote substantially all of his time, skill, labor, and attention to his employment and the performance of his duties during the Term hereof.

2.2 **Board Meetings**. The CEO shall be permitted to attend all meetings of the Board, both public and closed, with the exception of those closed meetings involving the consideration or discussion of any action on the CEO’s Contract, evaluation of the CEO’s performance, or the

CEO's salary, terms, or benefits of employment, as set forth in this CEO Contract. The CEO may also be excused by the Chairman of the Board (or presiding officer of the Board in the Chairman's absence) from such meetings where the Board is meeting to resolve internal Board matters, when the Board is acting in its capacity as a tribunal or as otherwise deemed necessary by the Chairman.

2.3 **Code of Ethics.** Throughout the Term hereof, the CEO shall conduct himself in accordance with Board policy and directives, the Code of Ethics of the American Association of School Administrators, and the Code of Ethics and Standard Practices for Texas Educators, as such may be amended.

2.4 **Reassignment.** The CEO cannot be reassigned from the position of CEO to another position without the CEO's express written consent.

2.5 **Indemnification.** To the fullest extent permitted by law, IDEA hereby agrees to defend, hold harmless, and indemnify the CEO from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against him in his individual or official capacity as an employee, and as CEO of IDEA, providing the incident(s) which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of the CEO as an employee of IDEA, acting within the course and scope of his employment with IDEA; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that the CEO committed a willfully wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by IDEA or by the CEO. Selection of the CEO's legal counsel shall be with the mutual agreement of the CEO and IDEA if such legal counsel is not also IDEA's legal counsel. A legal defense may be provided through insurance coverage, in which case the CEO's right to agree to legal counsel provided for him will be that of the terms of the applicable insurance contract. The provisions of this section shall survive the termination of this CEO Contract.

3. COMPENSATION AND DEVELOPMENT

3.1 **Salary.** The Board agrees to pay the CEO as compensation for the services performed by the CEO pursuant hereto, a base annual salary of **Two Hundred Seventy Five thousand Dollars (\$275,000.00)** for his service during the Term hereof, payable in installments consistent with the Board's policies and IDEA's normal payroll schedule. The CEO's salary will be subject to withholdings as may be required by applicable local, state, and federal laws. The CEO's annual salary and any incentive pay described below shall also be made from available non-public funds. A determination of the reasonableness of total compensation that is required to be taken into account for the purposes of Section 4958 of the Internal Revenue Code (the "Code") will be analyzed by a qualified third party approved by the Board and reviewed by the Board. The parties agree to work together in good faith to modify the contractual terms if there is a final adjudication that the compensation provided by IDEA and its Board, in this Agreement or otherwise, is not reasonable or other concerns arising under the Code, which modifications

may require the CEO to, among other things, return to IDEA any excess amount of compensation, as finally determined by the IRS which the parties understand and acknowledge may enable the CEO to avoid an excise tax and fulfill IDEA's duty to seek recoupment.

3.2 **Salary Adjustments.** During the Term, the CEO will not receive any annual raises or cost of living adjustments that may be approved for or received by other IDEA personnel.

3.3 **Health Insurance.** Except as may otherwise be required by applicable federal or state law, IDEA shall pay for and provide all health insurance benefits (both employer and employee premiums) to the CEO and his dependents during the Term hereof. The health insurance benefits (medical, dental, vision) shall be the same standard health insurance benefits offered to other professional employees of IDEA (the "Insurance Coverage"). To the extent required by the Patient Protection and Affordable Care Act ("PPACA") and its implementing regulations, if and when any such payments by IDEA for Insurance Coverage for the CEO or his dependents are considered "excess premium payments" or otherwise subject to discrimination testing under applicable law, such payments may be treated as taxable income to the CEO subject to withholding to the extent required by law.

3.4 **Annual Performance Incentive Pay.** The CEO shall be eligible for an annual performance bonus up to **Two hundred thousand Dollars (\$200,000.00)** during each year of the Term hereof, upon reaching achievement standards established by the Board. The CEO shall recommend and the Board shall review and approve performance standards/goals that it deems appropriate in order to authorize and the CEO to receive any performance bonus. The CEO must meet such Board adopted performance standards/goals in order to be eligible for any Annual Performance Bonus for each year of this CEO Contract. Any bonus that becomes payable under this section with respect to performance during a given year shall be paid no later than March 15 of the immediately subsequent year.

3.5 **Deferred Compensation.** Except as may otherwise be required by applicable federal or state law, and subject to the IRS limitations on contributions to a 403(b) plan, an amount equal to **Twenty Percent (20%)** of the CEO's monthly base salary shall be contributed to the 403(b) plan in which IDEA participates. Such deferred compensation plan shall be 100% vested from the time it is paid.

3.6 **Life Insurance.** IDEA will pay 100 percent of the cost for a **Four million Dollar (\$4,000,000.00)** 20-year term life insurance policy (or policies) on the CEO's Life which is owned by the CEO and where he names the beneficiary(ies). This section does not prevent IDEA from separately purchasing key-man insurance on the CEO's life where IDEA and this Board names the beneficiary.

3.7 **Disability Insurance.** IDEA shall provide the maximum disability income protection for the CEO allowed by any disability insurance policy made available now or in the future to IDEA employees during the Term hereof.

3.8 **Communications.** In order to insure the CEO's accessibility to the Board and staff members, and to enhance his ability to manage IDEA, the CEO shall be provided with a mobile telephone, laptop computer, and tablet device with unrestricted local and national access, texting and data for both professional and personal use.

3.9 **Vacation and Holidays.** The CEO will be entitled to all approved school holidays and vacation provided to other IDEA professional employees in accordance with the Board's policies and IDEA procedures.

3.10 **Professional Development.** The CEO shall devote his full time, attention and energy to the direction, administration, and supervision of IDEA and its affiliates and subsidiaries. The Board, however, encourages the continued professional growth of the CEO through his active attendance at, and participation in, appropriate professional meetings at the local, regional, state, and national levels as approved by the Board. In its encouragement of the CEO to grow professionally, the Board shall permit a reasonable amount of release time for the CEO, as the Board and the CEO deem appropriate, to attend such seminars, courses, or meetings.

3.11 **Required Training.** The CEO shall comply with all requirements contained in 19 Texas Administrative Code § 100.1103, as may be amended, pertaining to training for Chief Executive Officers of open-enrollment charter schools, at the expense of IDEA.

4. REVIEW OF PERFORMANCE

4.1 **Time and Basis of Evaluation.** The Board shall evaluate and assess in writing the performance of the CEO at least once each academic year during the term of this CEO Contract. The evaluation and assessment shall be reasonably related to the duties of the CEO as outlined in the CEO's job description and as otherwise directed by the Board and/or agreed to by the parties.

4.2 **Evaluation Format and Procedure.** The evaluation format and procedure used in connection with this section shall be as agreed to by the Board and the CEO, in accordance with the Board's policies and with applicable state law.

4.3 **Confidentiality.** Unless the CEO expressly requests otherwise in writing, the evaluation of the CEO shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the CEO from sharing the content of the CEO's evaluation with their respective legal counsel.

5. TERMINATION OR CANCELLATION OF CEO CONTRACT

5.1 **Mutual Agreement.** This CEO Contract shall be terminated by the mutual agreement of the Board and the CEO, in writing, upon such terms and conditions, including financial considerations, as may be mutually agreed upon.

5.2 **Retirement.** This CEO Contract shall be terminated upon the retirement of the CEO. In the event of the CEO's retirement, the CEO shall transition to a position of CEO Emeritus, upon such written terms and conditions as acceptable to the Board and the CEO. As CEO Emeritus, the CEO shall maintain an office and secretary at IDEA Headquarters, and shall retain access to such apartment in San Antonio, Texas maintained by IDEA. The CEO shall further be able to offer his "ALP Leadership Seminar" to IDEA in order to develop future leaders in the IDEA community.

5.3 **Dismissal for Good Cause.** The Board may dismiss the CEO during the Term hereof for good cause. The following are examples of conduct and situations that may constitute good cause, but the term is not limited in meaning by this list:

- a) Assault on an employee or student;
- b) Conscious misrepresentation of facts to the Board or other IDEA officials in the conduct of IDEA's business;
- c) Conviction of a felony or crime involving moral turpitude;
- d) Drunkenness or excessive use of alcoholic beverages;
- e) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this CEO Contract;
- f) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
- g) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by IDEA. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
- h) Incompetence in the performance of required or assigned duties as documented by formal written evaluations or other written directives approved by the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the CEO with prior written notice and a reasonable opportunity to remediate and cure any incompetency;
- i) Insubordination, which is a failure to comply with lawful written duly adopted Board directives;
- j) Knowingly falsifying records or documents related to IDEA's activities;
- k) Willful failure to comply with the Board's policies or IDEA's administrative regulations;
- l) Any other reason constituting "good cause" under established Texas law, or that would render the CEO ineligible to be employed by a Texas open-enrollment charter school under applicable law.

5.4 **Termination Procedure.** In the event the Board determines that this CEO Contract should be terminated for good cause before its Term expires, the CEO shall be afforded reasonable notice and an opportunity to appear before the Board, at which time the Board shall demonstrate its cause(s), and the CEO may offer evidence and argument in rebuttal. This opportunity to appear does not limit or restrict either party's right to bring any action to enforce or interpret this CEO Contract in a court of law or equity with appropriate jurisdiction. The

termination if this Agreement will automatically trigger a termination of the separate contract between CEO and IPS Enterprises, LLC.

5.5 **Resignation of the CEO.**

5.5.1 The CEO may resign with the consent of the Board at any time during the Term hereof.

5.5.2 The CEO may resign in the event that he is nominated to serve as the Texas Commissioner of Education and/or as the United States Secretary of Education. In such event, the CEO shall be entitled to a pro-rated portion of any Annual Performance Incentive Pay accrued through the date of resignation. The CEO shall also return to service as IDEA's CEO upon completion of his term as Texas Commissioner of Education and/or United States Secretary of Education, upon such terms and conditions as are mutually agreeable to the Board and the CEO and as reflected in a separate written agreement.

5.6 **Death or Disability.** This CEO Contract shall be terminated upon the death of the CEO. Additionally, in the event that the CEO becomes physically or mentally unable to perform the essential functions of his position as Chief Executive Officer, the Board, at its option, may terminate this CEO Contract and the employment of the CEO. Verification of the illness or disability of the CEO shall be required whenever a majority of the Board requests it.

6. **MISCELLANEOUS**

6.1 **Business Expenses.** All reasonable business expenses incurred by the CEO on behalf of IDEA will be reimbursed by IDEA in full. IDEA shall perform a full audit of the CEO's expenses at least once per academic year during the term of this CEO Contract and report the results of such audit to the Board. Reasonable business expenses shall be defined as those ordinary and necessary expenses that a reasonable person in the CEO's position would expect to incur in performing the duties of the position (e.g., travel, lodging, meals and entertainment, supplies, and public relations expenses).

6.2 **Governing Law.** This CEO Contract shall be governed by the laws of the State of Texas, and shall be performable in Hidalgo County, Texas, unless otherwise provided by law.

6.3 **Complete Agreement.** All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the CEO have been superseded by this CEO Contract. Accordingly, this CEO Contract embodies the entire agreement between the parties hereto, unless amended pursuant to the terms of this CEO Contract.

6.4 **Conflicts.** In the event of any conflict between the terms, conditions, and provisions of this CEO Contract and the provisions of Board policies, or any permissive state or federal law then, unless otherwise prohibited by law, the terms of this CEO Contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law during the Term hereof.

6.5 **Amendments.** This CEO Contract may be amended by mutual agreement of the parties. However, before any amendment will be operative or valid, it must be reduced to writing and signed by both the Board and the CEO.

6.6 **Savings Clause.** In the event that any provision of this CEO Contract is found to be invalid, illegal, or unenforceable in any jurisdiction, then in lieu of such invalid, illegal, or unenforceable provision there shall be added automatically as a part of this CEO Contract a valid, legal, and enforceable substitute provision that most nearly reflects the original intent of the parties hereto, and all provisions hereof shall remain in full force and effect and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible. Such invalidity, illegality, or unenforceability shall not affect any other provisions contained in this CEO Contract.

6.7 **Assignment.** This CEO Contract shall inure to and the benefit of and shall be binding upon the Board and the CEO but may not be assigned by the CEO.

6.8 **Governmental Immunity.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS CONTRACT, THE CEO ACKNOWLEDGES, STIPULATES, AND AGREES THAT NOTHING IN THIS CEO CONTRACT SHALL BE CONSTRUED AS A WAIVER OF ANY STATUTORY OR GOVERNMENTAL IMMUNITY FROM SUIT AND LIABILITY AVAILABLE TO IDEA UNDER APPLICABLE LAW.

6.9 **Mediation.** The Board and CEO agree that any dispute, up to and including any termination, that cannot be resolved informally will be submitted to a neutral attorney/mediator that the parties agree to, prior to any dispute being made public or before filing any litigation.

Approved by action of the Board of Directors of IDEA Public Schools at a lawfully called meeting on the 15 day of June, 2018 and EXECUTED in triplicate originals by the last party to sign on the 15 day of June, 2018.

IDEA Public Schools

By: Reba Cardenas-McNair
By: Reba Cardenas-McNair, Chairman of the Board
For the IDEA Public Schools Board of Directors

Thomas E. Oehl
Tom Torkelson
CEO, IDEA Public Schools