

SUPERINTENDENT'S CONTRACT BETWEEN

HELIODORO TORRES SANCHEZ, Ed.D.

AND

THE GOVERNING BOARD OF TUCSON UNIFIED SCHOOL DISTRICT NO.1

By this Superintendent's Contract (the "Contract"), Tucson Unified School District No. 1 of Pima County, Arizona (the "District"), by its Governing Board (the "Governing Board"), and Dr. Heliodoro T. Sanchez (the "Superintendent"), agree as follows:

1. Three-Year Term: The District, through its Governing Board, agrees to employ the Superintendent and the Superintendent agrees to be employed by the District for a period of three (3) years, beginning July 1, 2015, and ending June 30, 2018.

A. Term Extension: Not earlier than fifteen (15) months before the expiration of this Contract, the Governing Board may offer to extend or renegotiate this Contract for a new term permitted by A.R.S. §15-503. Superintendent shall notify the Governing Board of the provisions of this section at least sixty (60) days before April 1, 2017. The Governing Board, in its sole discretion and with or without cause, may decline to extend or renegotiate this Contract for a new term pursuant to this paragraph, or determine to not offer a new Contract.

If this Contract is not extended or renegotiated pursuant to Paragraph 1(A) above, the Contract shall continue only for the balance of the term set forth in the Contract, as it may have been amended, and shall not be renewed unless renewal is specifically approved by the Governing Board.

3. Duties: The Superintendent shall perform the duties of Superintendent of Schools for the District as prescribed by the laws and regulations of the State of Arizona and the policies, rules and regulations of the Governing Board, subject to the Governing Board's personnel policies and the Governing Board's exclusive authority to hire and fire employees and to determine employee compensation. The Superintendent is authorized to organize, reorganize and arrange the central administrative and supervisory staff, including instruction and business affairs, in the manner which, in his judgment, best serves the District. The responsibility for assignment and transfer of personnel shall be vested in the Superintendent.

4. Compensation:

A. Annual Base Salary: In consideration for the performance of the above-described duties, the Governing Board agrees to pay to the Superintendent an annual base salary ("Annual Base Salary") of Two Hundred and Sixty Thousand (\$260,000) for the 2015-16 school year, Two Hundred and Seventy Thousand (\$270,000) for the 2016-17 school year, and Two Hundred and Eighty Thousand (\$280,000) for the 2017-18 school year.

B. 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. In no event shall the Superintendent's Annual Base Salary be decreased during the term of this Contract except by mutual agreement of the parties. Such adjustments, if any, shall be in the form of a written addendum to this Contract or a new contract, and such adjustment shall apply only to the base salary and not to any insurance policy or other benefits unless specifically provided in the addendum or new contract.

C. Performance-Based Compensation: In accordance with A.R.S. §15-341(A)(40), the Superintendent and the Governing Board agree that, in addition to the Annual Base Salary and other compensation and fringe benefits described in this Contract, the Superintendent shall be eligible to receive up to an additional Six Percent (6%) of the Annual Base Salary each year of the Contract, at the Annual Base Salary current to that specific fiscal year, in "Performance-Based Compensation." Payment of Performance-Based Compensation shall be according to the terms of the Performance-Based Pay Plan that has been approved by the Governing Board for the term of this Contract, attached hereto as Addendum A and incorporated herein by this reference.

5. Superintendent/Governing Board Relations: The Governing Board shall devote at least a portion of one meeting, either in May or June of each Contract year, to a discussion with the Superintendent about the working relationship between the Superintendent and the Governing Board. This discussion will occur in a personnel executive session. The Superintendent's job performance will be evaluated annually by the Governing Board based on goals established by the Governing Board following consultation with the Superintendent.

6. Termination for Cause: Throughout the term of this Contract, the Superintendent shall be subject to termination for sufficient cause as provided by law. As an alternative to termination for cause, the Governing Board may terminate this Contract without cause by paying to the Superintendent an amount equal to the sum of (i) the remaining Annual Base Salary, (ii) the value of any then-accrued but unused leave days, and (iii) the value of remaining compensation and benefits through the end of the term of this Contract, less any Performance-Based Compensation not yet earned.

7. **Resignation:** If Superintendent desires to terminate this Contract, he shall provide written notice of his resignation to the Governing Board at least ninety (90) days prior to his intended termination date. If the Contract is terminated under this Paragraph, Superintendent shall receive only his prorated Annual Base Salary to the date of termination of employment and forfeit all right to other compensation and benefits under this Contract for the remainder of its term, including but not limited to payout of any accrued and unused leave, with the exception of eligibility for election of benefits available under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

8. **Consultation Activities:** Superintendent shall devote his full professional time, attention and energy to the business of the District. He also may undertake other professional activities of short-term duration, so long as they do not conflict with his duties as Superintendent. The Board shall make the determination, in its sole discretion, whether such outside activities interfere with the Superintendent's duties to the District. So long as the outside activities do not interfere with his duties, Superintendent may continue to draw a salary while engaged in an outside professional activity as described above. Any compensation received by the Superintendent for outside activities may be retained by the Superintendent and shall not reduce the compensation of the Superintendent under this Contract. The Superintendent shall be responsible for making any financial disclosure reports required by law to assure compliance with any applicable legal restrictions relating to receipt of honoraria. In no case will the District be responsible for any expenses Superintendent incurs attendant to the performance of such outside activities.

9. **Professional Activities:** The Superintendent is encouraged and expected to attend appropriate professional meetings at the local, state and national levels, and the District will pay in accordance with District policies and procedures those reasonable and actual expenses related to such meetings that occur outside of Pima County. To the extent permitted by A.R.S. §15-511(D), the District shall pay the Superintendent's dues in (i) the Arizona Association of School Administrators (ASA), (II) the American Association of School Administrators (AASA), (iii) the Urban Superintendents of America, and (iv) additional professional organizations the Superintendent deems appropriate in the performance of his duties, unless disapproved by the Board. Unless otherwise agreed to by the Board in advance, membership fees and dues in professional organizations shall not exceed the sum of Three Thousand Dollars (\$3,000) annually.

10. **Board Meetings and Relations:** The Superintendent shall have the right to and shall attend, consistent with Board policy, all meetings of the Board and all Board committee meetings, both open and closed, and may participate in the deliberations of the Board at all such meetings, unless such deliberations involve the Board's consideration of Superintendent's personal evaluation. In limited circumstances, and with Board approval, Superintendent may appoint a designee from his cabinet to attend Board meetings in his absence.

The Board, individually and collectively, shall promptly refer substantial criticisms, complaints and suggestions related to District operations, regardless of the source, to the Superintendent for study and appropriate action or recommendation. The Superintendent shall investigate such matters promptly and consistent with any Board direction, and inform the Board of the results or status of such matters as directed by the Board.

11. Business Expenses: The District shall pay or reimburse the Superintendent for reimbursable travel expenses, as permitted by Arizona statute or regulation, and consistent with District policy, the Superintendent incurs in the continuing performance of his duties under this Contract. The District agrees to pay permitted costs incurred by the Superintendent for travel, including meal per diem, accommodations, and transportation in accordance with State regulations and District policy. For all travel within Pima County, transportation costs are not reimbursable. The District will provide the Superintendent with a credit card which he may use to pay for business expenses that otherwise would be reimbursable from the District. The Superintendent shall comply with all policies, procedures and documentation requirements regarding these expenses in accordance with Board policies and established procedures which shall be subject to review by the District's independent auditors.

12. Allowances: In recognition that the Superintendent will incur non-reimbursable expenses while performing his job duties and civic responsibilities, the District shall pay to the Superintendent, in addition to the Annual Base Salary and other compensation set out in this Contract, the annual sum of Twenty Five Thousand Dollars (\$25,000) in lump sum monthly installments of Two Thousand Eighty Three Dollars and Thirty Three Cents (\$2,083.33) during the term of this Contract, which he may use at his discretion. This monthly payment is intended to cover the Superintendent's costs for the Superintendent's automobile transportation, his Civic Responsibilities, and any Technology he may need outside of the office, such as cellular phone, computer, etc. In consideration of the additional compensation set forth in this paragraph, the Superintendent agrees not to use a District automobile for business use within Pima County. For business travel outside of Pima County, the Superintendent may submit either mileage reimbursement or rental car/taxi costs.

13. Benefits: Except and to the extent modified or supplemented elsewhere in this Contract, the Superintendent shall be provided the same fringe benefits as are provided to other District administrators.

A. Leave/Holidays: In lieu of the paid leave benefits provided to other District administrators, the Superintendent shall receive forty (40) days of paid leave each fiscal year of this Contract, accruing at the rate set forth in District policy. Ten (10) days of leave shall be added to the paid leave balance at the commencement of the term of this contract. Accrued and unpaid leave may be taken at the discretion of the Superintendent subject to Governing Board approval. Up to fifteen (15) days of unused paid leave may be carried over into a subsequent year, but in no event shall the Superintendent have accumulated more than forty-five (45) days of paid leave at the beginning of any year of this contract. Any unused

paid leave in excess of 45 days shall be forfeited at the beginning of each year of this contract.

On or before June 10 of each year of this Contract, the Superintendent may request in writing to be compensated at his then daily rate of pay ("Daily Rate of Pay") for up to fifty (50) days of accumulated but unused paid leave. If the Superintendent makes such a request, payment for such accrued and unused paid leave days shall be completed on or before June 30. The Superintendent's Daily Rate of Pay shall be calculated by dividing the Superintendent's then-current Annual Base Salary, set forth in Paragraph 4(A) above, by 260.

Unless Superintendent resigns pursuant to Paragraph 7 of this Contract, upon the completion of this contract, his accumulated and unused paid leave will be paid to the Superintendent in a lump sum, subject to all required federal and state wage withholdings, at his then Daily Rate of Pay.

The Superintendent may observe the same legal holidays as those permitted to be observed by other District administrators.

B. Insurance: The District will pay the premiums for the Superintendent's health, vision, and dental coverage. Any premium associated with spouse or family coverage will be an individual cost to be paid by the Superintendent. In addition to the group health insurance and term life insurance benefits provided to all administrators, the District shall pay for an additional Two Hundred Thousand Dollars (\$200,000) of life insurance coverage for Superintendent, and shall pay the premiums for short-term disability insurance for the Superintendent. The short-term disability policy shall provide coverage commencing not more than thirty (30) days after the inception of the disability, and shall cover 66 2/3% of the Superintendent's then-current Annual Base Salary during the period of disability. In no event shall the District's financial obligation established by this paragraph to provide insurance coverage in excess of that provided to other District administrators exceed a total of \$3,600 in any given year. If the cost of the life and disability insurance benefits exceeds a total of \$3,600, the Superintendent shall have the option of reducing the coverage or paying the difference in premium(s) himself. If the cost of life and disability insurance is less than \$3,600, the District shall pay the difference to the Superintendent as additional compensation on or before June 30 of each Contract year.

C. Third Year Incentive:

As an incentive to the Superintendent to serve the full term of this Contract, in addition to the Annual Base Salary and other compensation set out in this Contract, the District will provide the Superintendent Fifty Percent (50%) of his 2015-2016 fiscal year Annual Base Salary plus the allowances described in Paragraph 12 as a bonus (the "Third Year Bonus"). The Board shall establish, for the Superintendent's benefit, a deferred compensation plan(s) to which the District shall contribute the legally allowable limit from the Third Year Bonus in a retirement supplement through the use of any applicable IRS Code provisions. Any remaining amount of the Third Year Bonus will be paid directly to the Superintendent as additional salary, subject to appropriate tax withholdings. This incentive

will be payable only upon the Superintendent's completion of the third year of his contract term, in June, 2016. If the Superintendent is terminated for cause or resigns prior to June 30, 2016, he will forfeit this incentive.

D. 2016-17 and 2017-18 Incentive

As an incentive to the Superintendent to serve the extended term of this Contract, in addition to the Annual Base Salary and other compensation set out in this Contract, the District will provide the Superintendent a one-time payment of twenty-five thousand dollars (\$25,000) upon completing the 2016-17 school year and a one-time payment of twenty-five thousand dollars (\$25,000) upon completing the 2017-18 school year. The fourth and fifth year incentive will be paid directly to the Superintendent as additional salary, subject to appropriate tax withholdings. This incentive will be payable only upon the Superintendent's completion of the fourth and fifth years of his contract term, in June 2017 and June 2018, respectively. If the Superintendent is terminated for cause or resigns prior to June 30, 2017 for the 2016-17 incentive or prior to June 30, 2018 for the 2017-18 incentive, he will forfeit this incentive.

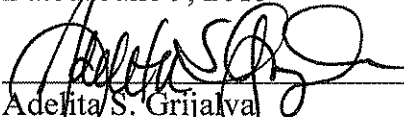
14. Indemnification: To the maximum extent provided by law, the District shall defend, hold harmless and indemnify the Superintendent from any and all demands, claims, suits, actions, and legal proceedings brought against the Superintendent in his official capacity as agent and employee of the Board, or in his individual capacity, provided that the claim arose while the Superintendent was acting within the scope of his employment and excluding any criminal investigation and/or prosecution. In no event shall the Governing Board's obligation hereunder exceed the authority conferred upon it by State law, nor shall its obligation extend to any situation in which the Governing Board and the Superintendent have adverse legal interests. The terms of this paragraph shall survive the termination of this Contract.

15. Modification: This Contract cannot be amended or modified other than by written agreement fully executed by the Superintendent and the Governing Board.

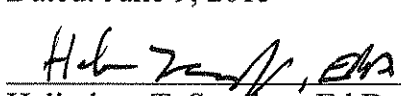
16. Applicable Law: This Contract shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona.

Approved at a meeting of the
Governing Board, Tucson Unified
School District No. 1, on
June 9, 2015.

Dated June 9, 2015


Adelita S. Grijalva
President, Governing Board

Dated: June 9, 2015


Heliodoro T. Sanchez, Ed.D.
Superintendent

ADDENDUM A
PERFORMANCE-BASED COMPENSATION PLAN

This Contract Addendum provides for a Performance-Based Compensation Plan required by A.R.S. §15-341(40).

A. Performance-Based Compensation: For fiscal years 2015-2016, 2016-2017 and 2017-2018, the Superintendent shall be eligible to receive up to Six Percent (6%) of the Annual Base Salary each year of the Contract, at the Annual Base Salary current to that specific fiscal year, (the "6% of Current Annual Base Salary") in Performance-Based Compensation, above and beyond the compensation and fringe benefits provided in the Superintendent's Contract, dependent upon assessment by the Governing Board as set forth below.

B. Determination of Criteria for Award of Performance-Based Compensation: The Superintendent and the Governing Board agree that the goals by which the Superintendent's Performance-Based Compensation shall be measured shall be those goals identified by the Governing Board at Board meetings scheduled between July 1 and October 1 of each fiscal year. The approved goals shall each be given a relative weight, expressed as a percentage, so that the total weight of all approved goals equals 100%. If the Board fails to adopt specific weights for some or all of the goals, those goals shall be deemed to have equal weight, with the total percentage weight for all goals equaling 100%. The Superintendent and Governing Board shall each make good faith efforts to agree on the goals and the percentage weight to be assigned each goal. If, despite the earnest efforts of each, the Superintendent and Governing Board cannot agree whether the Board should adopt one or more of the particular goals being discussed, or cannot agree on the weight to be assigned to one or more specific goals, the Governing Board, by majority vote, shall determine the goal(s) and/or weight(s) assigned to such goal(s). In any event, on or before October 1, 2013, for the 2013-2014 fiscal year; on or before October 1, 2014, for the 2014-2015 fiscal year; and on or before October 1, 2015, for the 2015-2016 fiscal year, the Governing Board shall, in an open meeting, adopt performance goals for the Superintendent and assign relative weights to each goal. The goals adopted by the Governing Board shall be used to determine the Superintendent's Performance-Based Compensation. The 2013-2014 goals shall continue in effect for the 2014-2015 and 2015-2016 fiscal years unless modified by the Governing Board in an open meeting held no later than October 1, 2013.

C. Assessment of Goal Achievement and Awarding of Performance-Based Compensation: The Governing Board shall determine, by majority vote, whether the Superintendent has achieved any of the goals adopted by the Governing Board. For each goal that a majority of the Governing Board determines the Superintendent has met, the Superintendent shall be awarded a percentage of the 6% of Current Annual Base Salary Performance-Based Compensation equal to the percentage weight of that particular goal. If the Governing Board determines that the Superintendent has partially achieved a particular goal, the Governing Board shall, by majority vote, determine the percentage for that partial achievement. Superintendent's Performance-Based Compensation for such partial achievement shall be determined by multiplying the percentage achievement of the particular

achievement shall be determined by multiplying the percentage achievement of the particular goal by the percentage weight of that goal and then multiplying that product by the 6% of Current Annual Base Salary. Except as provided in the following sentence, the Governing Board's assessment of the Superintendent's job performance based on the adopted goals shall occur between May 15 and June 15 of each fiscal year, and payment of the Performance-Based Compensation to the Superintendent shall occur within twenty (20) days following the Governing Board's assessment. Notwithstanding the above, if data to assess any goal is not available by the date set forth above (for example student test data), then the Governing Board shall assess the Superintendent's performance related to such goal(s) within thirty (30) days after the data is available and payment related to such goal(s), if any, shall be made within fifteen (15) days after the Governing Board assesses the Superintendent's performance related to such goal(s). The parties acknowledge that, in the final year of the Superintendent's Contract, this obligation may extend beyond the termination date of the Contract.