

**SECOND AMENDMENT
TO
STUDENT TRANSPORTATION SERVICES AGREEMENT**

This Second Amendment to Student Transportations Services Agreement (“**Amendment**”), effective as of April 4th, 2016 (“**Amendment Effective Date**”) is executed by and between Mid Columbia Bus Company, Inc., an Oregon corporation, located at 73458 Bus Barn Lane, Pendleton, OR 97801 (“**MIDCO**” or “**Contractor**”) and Morrow County School District No. R-1, an Oregon school district, located at 235 E. Stansbury, Heppner, Oregon 97836 (“**District**”) This Amendment modifies and supplements certain terms and conditions of that certain Student Transportation Services Agreement executed by and between Midco and District dated June 14th, 2010 (the First Addendum) and June, 2008, as previously amended (the “**Agreement**”).

RECITALS:

- A. The Agreement sets forth the terms and conditions under which Midco provides certain transportation services to District; and
- B. The parties desire to modify and supplement the Agreement to extend the term as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Amendment, and in the Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to modify and supplement the Agreement as follows:

AMENDMENTS:

1. The parties acknowledge and agree that the Agreement shall continue from “July 1st, 2016 to June 30th, 2020”, unless earlier terminated as permitted under the terms of the Agreement.
2. The parties acknowledge and agree that the Rate Adjustment for Services shall be modified to include the rate schedule for School Year 2016 – 2017 as follows:

Schedule Addendum A attached “Morrow County 16-17 rate sheet”

3. The parties acknowledge and agree that the Future Rate Adjustment for Services shall be calculated in addition to CPI rate. Current mandates subject to Section 22 of Agreement include, Minimum Wage, Obama Care and Sick Leave.

Section 22. State and Federally Mandated Changes in Regulations

It is recognized by the parties hereto: (1) That compensation as provided in this Contract covers current state and federally mandated student transportation regulations, including school buses and motor coaches: (2) That changes in current state and federal mandates regarding school bus and motor coach transportation are subject to change during the term of the contract: (3) That such changes in cost cannot be determined in advance: (4) That confirmed cost due to mandated changes, not covered by other funding sources, shall be negotiated with the District as part of the rates at that time of the mandated changes.

Rates for Minimum Wage, Obama Care and Sick leave are included in the 2016-17 rate schedule above and will be added to future CPI calculations.

3. Scope of Amendment. This Amendment will effect only those amendments in the Agreement specifically provided for in this Amendment. Otherwise the Agreement will remain in full force and effect with no other amendments or modifications except as otherwise provided in other proper amendments to the Agreement.

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this Amendment as of the Amendment Effective Date.

MIDCO:

Mid Columbia Bus Company, Inc.

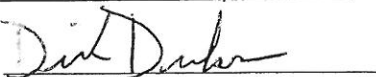
By: 

Print Name: David Lear

Title: President

District:

Morrow County School District

By: 

Print Name: Dirk Dirksen

Title: Superintendent



ADDENDUM A

MID COLUMBIA BUS CO., INC.
MORROW COUNTY SCHOOL DISTRICT NO. R-1
2016/2017 SCHOOL YEAR

2016/17

Home-to-School: SCHOOL BUS

Base Mileage Rate/Mile-Home to School Routes	\$3.41
Base Mileage Rate/Mile-Reimbursable Field Trips	\$3.41

*New routes added after April 5th, 2016, have minimum mileage requirement of 70 miles per day. Miles above/below 70 will be billed at the established mile rate.

Special Needs: SCHOOL BUS

Base Mileage Rate/Mile-Home to School Routes	\$3.41
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*New routes added after April 5th, 2016, have minimum mileage requirement of 70 miles per day. Miles above/below 70 will be billed at the established mile rate.

Activities: SCHOOL BUS

Rate per Mile-Non Reimbursable Activity Trips	\$1.24
**Driver Standby Rate	\$12.50
***Overtime Rate - Standby rate plus	\$6.50
****Hotel for overnight	Pass through to district

Activities: MOTOR COACH

Rate per Mile	\$2.72
Driver overnight rate (motel)	\$150.00
**Driver Standby Rate	\$12.50
***Overtime Rate - Standby rate plus	\$6.50
****Hotel for overnight	Pass through to district

Activities: TYPE 20

Rate per Mile	\$1.20
Type 20 training for district employees - hourly rate	\$12.50

Notes:

**Driver Standby Rate per hour, applied to layover periods, meal stops, layover during games, extended loading.
***Overtime (OT, time plus ½ will be charged for all activity and field trips after 8 hours on any weekday and for all hours on Saturday, Sunday and Holidays.

Addendum #1 to Transportation Agreement between Morrow County School District No. R-1 and Mid Columbia Bus Co., Inc.

June 14, 2010

Morrow County School District No. R-1 (hereinafter referred to as "District") and Mid Columbia Bus Co., Inc. (hereinafter referred to as "Contractor") entered into an agreement as authorized by ORS Chapter 190 for Mid Columbia Bus Co., Inc. to provide pupil transportation services for a four year period beginning July 1, 2008 expiring June 30, 2012 (Section 3. TERM, item A.).

For the school year July 1, 2010 to June 30, 2011, the Contractor has provided for a 0% increase in the effective rates for transportation services. Therefore, the attached rates are effective for the period July 1, 2010 to June 30, 2011.

The Contract allows for a contract extension by the District for an additional term of four-years on or before March 15, 2012. This Contract shall be known as the Transportation Agreement. This addendum is incorporated into and made a part of that Agreement.

The District has agreed to modify the contract term under Section 3. TERM. The modification is to provide for the four-year extension for the period ending June 30, 2016. The new Section 3. TERM, will read as follows:

3. TERM

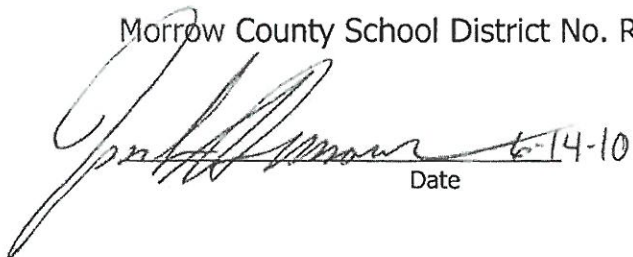
This Agreement shall be effective as of July 1, 2008, and shall continue in force and be effective until June 30, 2016.

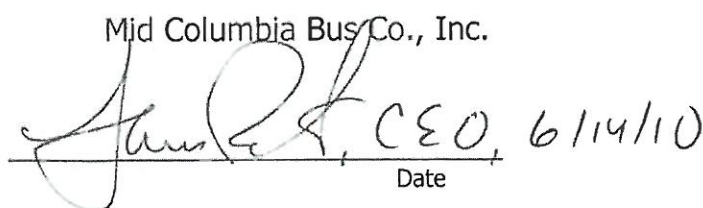
A. It is the intention of these parties to renegotiate a four-year agreement on or before March 15, 2016, and on or before each March 15th thereafter, Contractor shall propose a new four year agreement to District, which shall be intended to superseded the Agreement then in effect on July 1 of the year in which such new agreement is proposed.

All other terms of the Transportation Agreement shall remain un-amended and in effect.

Morrow County School District No. R-1

Mid Columbia Bus Co., Inc.


Date 6-14-10


Date 6/14/10

MORROW COUNTY SCHOOL DISTRICT NO. R-1
Lexington, Oregon 97839-0368
TRANSPORTATION SERVICE AGREEMENT

_____, 2008

THIS AGREEMENT is made and entered into as of the above date by and between the parties set forth below.

1. Parties.

The parties to this agreement are Morrow County School District No. R-1, 270 W. Main, Lexington, Oregon 97839-0368, ("District") and Mid Columbia Bus Co., Inc., an Oregon corporation, Route 1, Box 117, Pendleton, Oregon 97801 ("Contractor").

2. Scope of Agreement.

Contractor shall, during the period hereinafter set forth, provide and maintain the required number of school buses to conveniently and safely transport all students designated by District to be served under the provisions of this contract. Such transportation shall be provided for "home-to-school" service for each and every day that school is convened and, in addition, the Contractor shall, during the period of this agreement, provide activity transportation for all students or authorized personnel as may be required by the District (field trips, excursions, athletic activities or any other purpose designated by the District). Without limitation of the generality of the foregoing, Contractor shall:

- A. Provide safe transportation to and from school and school-related functions.
- B. Maintain orderly behavior and conduct of students on buses.
- C. Provide a close working relationship between the management of the Contractor and the management of the school district.
- D. Provide positive public relations between the Contractor, the District, and its patrons.
- E. Provide a transportation schedule that allow students minimal riding time to and from school.

3. Term.

This agreement shall be effective as of July 1, 2008 and shall continue in force and be effective until the end of the 2011-2012 school year.

A. It is the intention of these parties to renegotiate a four-year agreement on or before March 15, 2012, and on or before each March 15th thereafter, Contractor shall propose a new four year contract to District, which shall be intended to supersede the Agreement then in effect on July 1 of the year in which such new contract is proposed. The parties shall therefore enter into good faith negotiations for the purpose of annually executing and mutually agreeing to the terms of a new four-year contract. This clause shall be effective only during such time as there is a contract in effect between these parties.

B. Each year this contract shall run from July 1 through June 30, irrespective of the payment schedule.

4. Equipment.

A. The Contractor shall keep all equipment used for the transportation of students in strict accordance with the State of Oregon specifications and standards for school buses, and such equipment shall be maintained in good mechanical and other order at all times and successfully pass any required state school bus inspection. The buses shall be kept in clean and sanitary condition at all times, and shall be open to examination and subject to approval of District. Contractor agrees to administer an extensive preventive maintenance system on all buses which shall meet or exceed the requirements of the Oregon Department of Transportation, Pupil Transportation, and which also will include:

(1) Twice daily pre-trip bus inspections;

(2) Withdrawing a bus from service if a serious defect exists, which includes steering, brakes, primary vision, exhaust, wheels and tires.

B. In addition to the number of required home-to-school buses, Contractor agrees to maintain sufficient spare buses to be utilized for trips conflicting with the regular home-to-school transportation hours so as to have, at all times, an adequate number of buses to fulfill its obligations for activity and athletic trips or any other usage needed by the District. Included in the activity trip vehicles shall be one ten-passenger type vehicle. Contractor agrees to provide two 4-wheel drive pickup trucks for Contractor's use as service vehicles, road calls and other needed uses.

C. Contractor agrees to maintain sufficient additional standby buses to assure reasonable service as defined by a delay of no greater than 30 minutes in the event of mechanical breakdown. Contractor agrees to also have on hand personnel able to react within this time frame in case of serious accident.

D. By August 15 of each year of this agreement, upon request by the District, the Contractor shall submit a list of buses to be provided under this contract, including the year, make, capacity, and specifications of each.

E. The District reserves the right to inspect, approve or reject any vehicle. All regular route buses will not exceed the following age limitations:

Gasoline 12 years (Average age no more than
7 years)

Diesel 15 years (Average age no more than
8 years)

F. All regular route buses will be equipped with F.M. band communications radios capable of communicating both bus to bus as well as communicating directly with the Contractor's primary maintenance facility.

G. The Contractor shall administer a superior preventative maintenance program which shall meet or exceed the requirements of the Oregon Department of Education, Pupil Transportation.

H. Contractor agrees to provide a 47 passenger motor coaches for the use by the District on various field trips, band trips and athletic trips.

5. District Re-Purchase of Contractor's Buses and Equipment.

A. Upon cancellation or termination of this agreement for any reason, the District may buy back from the Contractor and the Contractor agrees to sell to the District any or all regular route buses and spare buses then being used by the Contractor. The price for said buses shall be determined according to the following formula:

Original Cost (-) 10% Residual Value = Wholesale Value
Wholesale Value (÷) Chassis Life
(Gas 12yrs/Diesel 15 yrs)
Value (X) number of Years Remaining
in Life =
Wholesale Price (+) 10% Residual
Value = Price

B. If the District elects to purchase said buses, it also shall have the option to purchase the spare parts, tires, supplies and other materials directly associated with the operation of said buses. The purchase price for said property shall be determined by obtaining two appraisals, one from the District and one from the Contractor. Contractor agrees to purchase all school bus transportation related parts, tires, supplies and materials at a cost determined by averaging these two appraisals.

C. If the District elects to repurchase said buses or said buses and said spare parts, tires, supplies and other materials directly associated with the operation of said buses, payment for the same shall be made by the District to the Contractor:

(1) Outright, in cash; or, at the sole option of the District.

(2) On a nine (9) month contract, at simple interest, based on prime plus one percent (1%), with a minimum down payment of ten percent (10%).

6. Schedules and Routes.

A. The Contractor shall follow established District policies and procedures regarding student transportation including, but not limited to, school commencement and dismissal time, bus arrivals and departure times, walking distance to schools, established bus stops and current route descriptions.

B. The District considers routing to be of paramount importance from the points of view of public relations, safety, and cost effectiveness. Contractor agrees to schedule all routes, for contract purposes, with the approval of the District in keeping with these requirements and District transportation policies. Should the Contractor become aware of any conditions considered to be unsafe, it shall be incumbent upon the Contractor to notify the District within a reasonable time.

C. In the designation and selection of routes, under the agreement, Contractor agrees to be limited to operation of equipment on highways, roads and streets that are owned and maintained by the State of Oregon or any of the various cities, towns or counties located in the District. However, where the safety of children is involved, the District, at its option, may specify that Contractor shall operate over private roads, conditioned upon the obtaining of permission from the affected property owners.

D. During inclement weather, the District will have the sole responsibility of altering bus routes or canceling bus service for that day. To ensure that the District is able to make a sound decision pertaining to the cancellation or alteration of bus routes the Contractor shall travel and inspect all designated roads during inclement weather and consult with the District representative regarding road conditions prior to 5:00 a.m. Should bus service be required, Contractor agrees that it will abide by the decision of the District, should it decide to close school early, for any reason, including inclement weather. The Contractor shall provide, in a timely manner, all appropriate equipment (insta-chains, steel chains and studded snow tires) and trained personnel to operate under such conditions.

E. Contractor agrees to schedule all routes, for contract purposes, with the approval of the District in keeping with safety requirements and District transportation policies. Contractor must deliver the students to the District school or schools within a reasonable time prior to the opening of the various schools and return them to their respective stops within a reasonable time after the close of the school day. It is the District's goal to establish a maximum riding time for students of 1 hour and 30 minutes per trip; exceptions will require the District's approval in advance.

7. Rates.

A. The home-to-school operation of buses will be on the basis of so much per mile based on the total miles for each route. Mileage is the most direct route from the bus storage facility to the start of the agreed upon route and return to the storage area.

B. Non-reimbursable activity trips, field trips, etc., both inside and outside the District, will be charged at a rate per mile.

C. Rates shall be as described in Addendum A hereto.

8. Rate Adjustment.

A. The following outlines rate adjustments for the contract during the term of the agreement.

(1) Beginning July 1, 2004 the base rates for home-to-school, special needs, and activity trips are attached as addendum A.

(2) Beginning July 1, 2005 the minimum rate increase per year in all transportation rates will be 2% and the maximum will be 4% during the balance of the agreement. The basis for determining the annual increase will be with the yearly change in the December to December Consumer Price Index, United States for all items for Urban Wage Earners.

B. The Contractor shall be responsible to obtain the most cost effective fuel rate by soliciting competitive bids for fuel. The Contractor will consult with the District regarding the lowest bidder. From the competitive bids the Contractor shall purchase the fuel from the lowest bidder. The Contractor will bill the District for the fuel purchased each month by submitting a copy of the fuel invoice. The District will reimburse the Contractor for the fuel with the monthly home to school and activity billing.

C. It is understood by both parties that the rates established are based on current bus routes and a projected number of days in the school year. Changes in either of those conditions impact the rates and will result in the need to negotiate new rates.

9. Payment of Compensation.

The District agrees to pay the Contractor for home-to-school and activity transportation within ten (10) days following delivery of an itemized invoice from the Contractor to the District.

10. School District Facilities.

The Contractor will be entitled to the exclusive use and possession of District transportation facilities for the amounts provided below. The District will provide these facilities at no cost. As a part of this agreement Contractor will be responsible for all of the following costs: utilities, property (other than structural), casualty/liability insurance, improvements, interior maintenance (other than structural), and all maintenance including fencing and gates. District will be responsible for all exterior and roof maintenance, structural repairs, and structural fire insurance over deductible.

11. Contractor Personnel.

A. Contractor agrees to supply a primary driver to each bus. The driver shall perform all ordinary and usual requirements of the position of school bus driver and shall perform other acts necessary to meet the standards of service and performance under the terms of this agreement, fully complying with all state and District laws and regulations.

B. Contractor shall provide a Special Programs Manager experienced and knowledgeable in the field of transporting special needs and medically fragile students, and with the provisions contained in PL94-142. Special Programs Manager will be required to both understand and participate in the student IEP process as it relates to Section 504. The Contractor shall supply a resume for the Special Programs Manager.

C. Contractor shall provide a Maintenance Supervisor, and other maintenance personnel experienced and knowledgeable in the area of school bus maintenance. Maintenance Supervisor will be required to understand maintenance requirements and standards applicable to the Oregon State Department of Education.

D. The Contractor agrees to designate a safety and discipline officer, acceptable to the District, who shall work with students, drivers, school personnel and parents. It shall be the responsibility of the manager to implement the policies, rules and regulations of the District as directed by the District's representative. The Contractor may submit details regarding any company discipline policies, procedures or training programs for employees.

E. The students shall be transported to and from school regularly, promptly, safely and without interruption or incident. It is recognized that the primary obligation of the Contractor is to operate its affairs so that the District will be assured of this continuous and reliable service. For the protection of the children, drivers and other persons coming in contact with children must be of stable personality and of the highest moral character. The District places responsibility upon Contractor and Contractor agrees that it will not allow any person to drive a school bus whose moral character is not of the highest level or whose conduct might in any way expose any child to any impropriety of word or conduct whatsoever, nor shall Contractor allow any person to drive a school bus who is not at the time in a condition of mental or emotional stability.

F. The responsibility for hiring and discharging personnel shall be entirely upon the Contractor and the Contractor agrees that it shall enter into no agreement or arrangement with any employee, person, group or organization that will in any way interfere with its ability to comply with this requirement.

G. Notwithstanding the provisions of subparagraph E, above, the District shall have the right to require dismissal from the Contractor's employ of any person or driver who in the District's opinion is not qualified to operate a school bus under this agreement.

H. Contractor agrees to permit school buses to be operated only by trained and competent drivers who hold a valid, proper and appropriate Commercial Driver's License (C.D.L.) and school bus driver's license or permit issued by the State of Oregon.

I. Contractor shall develop a procedure to report all cases of student misbehavior on buses to the principal. All disciplinary matters will be handled in strict accordance with the District policy, including any acts of vandalism to the buses. In no case will a driver eject a student from a bus for misbehavior, unless the student is endangering the safety of other students or the driver.

J. Upon request from the District, Contractor agrees to make written reports within 24 hours of any accident resulting in \$500.00 or more in damages involving a school bus while operating for the District.

K. To provide maximum benefit to the District and its patrons, the drivers employed should have a commonality of interest in and with the District and should be employed, whenever reasonably possible, from the local Morrow County area.

L. Contractor shall implement and continue in effect, throughout the term of this agreement, a program of mandatory drug testing or screening for all newly hired employees and random and mandatory post-accident drug testing of all employees.

12. Safety Instruction.

A. Contractor shall make a bus safety presentation to each class of students within the District annually. This class will be in addition to the emergency evacuation drill required by the State of Oregon.

B. Contractor agrees to administer a satisfactory safety program, which is subject to the District's approval.

13. Insurance.

Contractor agrees to provide and pay premiums on insurance against bodily injury liability and property damage protecting the School District, its Board of Directors, and the individual members thereof, the owners of the buses, drivers of the buses, and supervisory personnel with the following coverage and sums:

- A. *Commercial General Liability*—Contractor shall obtain at Contractor's expense and keep in effect during the term of this contract. Commercial General Liability Insurance covering bodily injury and property damage. This insurance shall include products/completed operations liability coverage, personal injury liability coverage and contractual liability coverage for the indemnity provided under this contract.

Combined single limit per occurrence shall not be less than \$1,000,000 or equivalent. Each annual aggregate limit shall not be less than \$1,000,000 where applicable.

- B. *Automobile Liability*—Contractor shall obtain at Contractor's expense and keep in effect during the term of this contract, Automobile Liability Insurance Covering bodily injury and property damage.

Combined single limit per occurrence shall not be less than \$1,000,000 or equivalent.

- C. *Umbrella/Excess Liability*—Contractor shall obtain at Contractor's expense and keep in effect during the term of this contract Umbrella/Excess Liability Insurance.

Combined single limit per occurrence shall not be less than \$9,000,000. Aggregate limit shall not be less than \$9,000,000.

- D. *Additional Insured*—School District, its elected officials, departments, employees and agents shall be named as additional insureds on said policies.

- E. *Hold Harmless*—Contractor shall also defend, indemnify and hold harmless the District from and against any and all claims, suits, judgements and demands whatsoever, including without any limitation, cost, litigation expense, counsel fees and liability with respect to injury to or death of any person by reason of negligent operation of the buses of the contractor.

- F. *Upon Request*, Contractor shall deliver to District documents attesting to said coverage and shall promptly notify District of any and all changes and/or cancellations thereof.

14. Compliance with Laws.

During the entire term of this agreement, Contractor agrees to comply in every respect with all laws, rules and regulations of the State of Oregon affecting or regulating the transportation of school children, including but not limited to the Motor Vehicle Code and the rules promulgated by the State Department of Education.

15. Reports.

The Contractor agrees to furnish the District information necessary for the District to make transportation reports as needed and/or required by the State of Oregon. Contractor agrees to make other special reports, studies and surveys regarding pupil transportation as are reasonably necessary to the District.

16. Relationship of Parties.

In the interpretation of this agreement and the relationship between Contractor and the District, the same shall be construed as being an independent agreement with the Contractor furnishing transportation only, and Contractor shall not be held or deemed in any way to be an agent, employee, or official of the District.

17. Policies.

The District shall have the exclusive right and obligation to set standards or policies regarding pupil transportation in general and in particular as to the beginning and ending times, railroad crossings, current route descriptions and all other pertinent policies relating to transportation.

18. Public Relations.

Contractor agrees to cooperate with the District and maintain a good public relations program with the community and news media so that any pertinent items affecting the transportation program or the patrons of the District can be brought to the attention of the public. Contractor will be responsible for answering all inquiries from the public as to route and schedules.

19. Termination or Suspension of Services.

A. The District may terminate this agreement for good cause upon six (6) month's written notice of termination to Contractor or upon the occurrence of one or more of the following six events, provided that District has given Contractor written notice of default and such default has not been corrected within a period of sixty (60) days after receipt by Contractor of such notice. Such default shall occur only if Contractor has not commenced the remedying thereof within such period or is not proceeding with due diligence to remedy it.

B. The following events shall be deemed to the events of default by Contractor under this agreement:

- (1) Contractor should be or become insolvent.
- (2) Contractor should make a general assignment for benefit of creditors.
- (3) Contractor should repeatedly refuse or fail to supply enough properly-qualified drivers or buses to perform the transportation service required under this agreement.
- (4) Contractor should regularly fail to perform the transportation service required under this agreement in compliance with required time schedules.
- (5) Contractor should regularly fail to comply with District transportation policies.
- (6) Contractor should willfully disregard laws, ordinances, governmental rules or regulations or should repeatedly disregard the instructions of the District which are consistent with the agreement.

20. Funding.

It is understood that the District must go through the usual and customary budget process in order to obtain funds to pay the expense of transporting pupils, and any agreement shall only have force and effect to the extent that such funds are actually provided to the District. If insufficient funds are provided to the District for such pupil transportation in any fiscal year, the terms of the agreement may be opened for negotiation. If such funds are provided for a portion of the fiscal year only or for less than the amount required, then any agreement shall be of force and effect only to such extent (i.e. on a pro rata basis). Notwithstanding anything set forth above to the contrary, the rights and duties of both parties shall remain in full force and effect as to the home-to-school transportation portion of this contract throughout the term of this agreement if the District has funds available to it to budget and spend that equal or exceed the funds budgeted and available for it to spend for the prior year.

21. Contract Disputes.

A. Contractor agrees that any disagreement regarding the interpretation, meaning or effect of any provision of this contract shall be settled by arbitration if so requested by either party in writing. In case such a written request is made, the parties agree that within sixty (60) days, binding arbitration will be entered into, with each party having selected an arbitrator, and the parties together having selected a third. The decision of the majority of the arbitrators shall be binding upon each of the parties hereto. The cost of such arbitration shall be shared equally between parties.

B. In the event suit or action is instituted to enforce any of the terms of this agreement, the prevailing party shall be entitled to recover from the other such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal of such suit or action in addition to all other sums provided by law.

22. State or Federally Mandated Changes in Regulations

It is recognized by the parties hereto: (1) That compensation as provided in this Contract covers current state and federally mandated student transportation regulations, including school buses and motorcoaches: (2) That changes in current state and federal mandates regarding school bus and motorcoach transportation are subject to change during the term of the contract: (3) That such changes in cost cannot be determined in advance: (4) That confirmed costs due to mandated changes, not covered by other funding sources, shall be negotiated with the District as part of the rates at that time of the mandated changes.

23. Confidential Information.

Confidential attachments, data, documentation or other information supplied by the Contractor to the District shall be utilized in a prudent manner by the District so as to allow Contractor to maintain its competitive operative advantages and trade knowledge; however, the District shall not be held liable for any breaches of or relating to confidentiality, and should such a breach occur, Contractor agrees to hold the District harmless in such circumstances.

24. Assignment of Contract.

A. If the District's transportation should be united or consolidated with that of another school district(s) in the future, then this agreement shall be transferred or extended to or with such a district(s) for such term as deemed appropriate by the Board of Education.

B. Neither the contract nor any interest of the Contractor therein can be transferred to any other person or persons without the written consent of the District, and any such attempted transfer shall be utterly void and may be treated by the District as a willful failure or refusal on the part of the Contractor to perform the contract according to its terms and conditions.

25. Unavoidable Delay.

A. It is agreed by the parties that in the event Contractor is unable to provide transportation because of acts of God, fire, riot, war, picketing or civil commotion, the District shall excuse Contractor from performance hereunder and shall have the right to take over the operation of such buses that the Contractor is prevented from running with school employees, or other persons as the District may deem appropriate until Contractor is able to resume operations. The District shall pay Contractor the same amount specified in the rate schedule applicable for that year, less all expenses and cost incurred by the District in securing the services of such operating personnel.

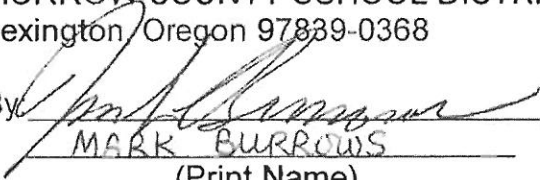
B. Contractor agrees to provide, in a timely manner, transportation in the event of a labor dispute by either District or Contractor employees.

26. Severability.

Should any provision of this agreement or the application thereof, be held invalid or unenforceable, the remainder of this agreement and the application thereof other than those provisions as to which it shall have been held invalid or unenforceable, shall not be affected thereby and shall continue valid and enforceable to the fullest extent permitted by law or equity.

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed pursuant to Resolutions duly adopted by their respective Board of Directors, all on the day and year first above written.

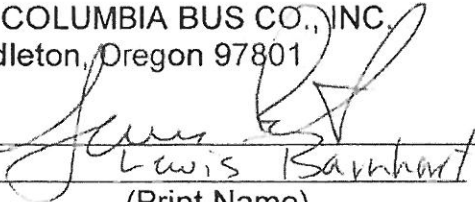
MORROW COUNTY SCHOOL DISTRICT NO. R-1
Lexington, Oregon 97839-0368

By: 

MARK BURROWS
(Print Name)
SUPERINTENDENT

(Print Title)

MID COLUMBIA BUS CO., INC.
Pendleton, Oregon 97801

By: 

Lewis Barnhart
(Print Name)
C.E.O.

(Print Title)