

SCHOOL BUS TRANSPORTATION SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of the _____, by and between Three Rivers School District with principal offices at 8550 New Hope Road, Grants Pass, OR 97527 (hereinafter called "District"), and First Student, Inc., with its regional offices at 201 NE Park Plaza Dr., Suite 240, Vancouver, WA 98684 and local business offices for purposes of this Agreement located at 126 Ringuette, Grants Pass, OR 97527 (hereinafter called "Contractor").

WITNESSETH

WHEREAS, District has selected Contractor to provide the pupil transportation services described herein; and

WHEREAS, Contractor desires to provide such transportation services,

NOW, THEREFORE, in consideration of the covenants hereinafter contained, the parties agree as follows:

SECTION 1: TERM

1.1 The term of this Agreement shall be for a period of three (3) years) beginning on July 1, 2017 and shall continue through June 30, 2020. This Agreement may be extended by mutual written agreement for additional periods, the negotiation process for each extension, including the negotiation of new economic terms, to occur before February 1st of the preceding school year. For purposes of this Agreement, the term "Contract Year" shall mean each one-year period commencing on July 1st during the term of this Agreement. If the parties are unable to reach an agreement to extend by February 1st of the then current Contract Year, the Agreement will terminate at the end of the current Contract Year.

SECTION 2: SCOPE OF SERVICES REQUIRED

2.1 Contractor shall, during the term of this Agreement shall provide and maintain for District the required number of school buses with drivers to transport conveniently, safely and legally any and all students, and other persons as designated by District, to be transported under the provisions hereof. During the term hereof, transportation shall be provided by the Contractor every day that school is convened and in accordance with routes, schedules and stops submitted by the Contractor to District, after approval thereof by District, and on such other days and at such other times and places as required by District. District reserves the right to revise, change or terminate any and all routes, schedules, stops and trips at any time or times during the term of this agreement.

- 2.2 District and Contractor will consult on a regular basis concerning the Transportation requirements of District. In the event of increases or decreases in the number of students requiring Transportation, or in routes or schedules, the number of buses and the number of spare buses will be adjusted accordingly. District may increase or decrease services to be provided by Contractor under the Solicitation. However, where such changes impact by greater than 5% the service levels, personnel levels, or equipment levels required of Contractor under the assumed routes, schedules, days or service, hours or miles, or vehicle requirements contained in the Solicitation, Contractor shall be permitted to adjust rates commensurately to cover increases or decreases in cost structure associated with such changes by District.
- 2.3 District represents, warrants and covenants that from and after the effective date of this Agreement, District will use Contractor as District's sole and exclusive provider for all of District's home-to-school and Charter Transportation at rates as set forth in Exhibit A. "Charter Transportation" shall mean the outsourced transportation of any and all persons to be transported for field trips, excursions, extracurricular, athletic, creative or academic activities, or any similar purpose.
- 2.4 School Year Calendar – Without binding District, but for the information for Contractor, the ordinary school calendar year runs from late August or early September of each year to the following June. During the school calendar year, Contractor shall transport all pupils and other personnel in the manner set forth in section 2.7. and Contractor may be required from time to time to furnish said transportation during months which are not part of the school calendar year.

Minimum Operating Days

It is understood that the Contractor's fixed costs and transportation rates, have been calculated based on 170 operating school days. Contractor will apply a minimum day's charge for all transportation days less than 163 school days. Said minimum days' charge will allow Contractor to cover the Contractor's fixed costs, which are budgeted to be spread over 170 revenue days. The Contractor will provide justification to substantiate the applicable fixed costs. The minimum day's charge as set forth in Exhibit A.

- 2.5 Routing and Scheduling – Contractor shall develop all routes, schedules and stops and submit to the District for approval. Once approved, the Contractor may not thereafter alter routes, schedules or stops without prior approval of the District. District shall provide the Contractor, on or before June 30 of each year a list of eligible riders and their addresses for home-to-school transportation as the same existed as of the last day of the immediately preceding school year. Contractor shall propose routes, schedules and stops to District on or before August 15th annually. Contractor will work with the District on updating rider addresses at any time. In the designation and selection of routes, Contractor is limited to operation of equipment on highways, roads and streets that are owned by any state, county, city or town. Some transportation may be required outside the District and outside of

Josephine County and the State of Oregon in order to efficiently and completely transport all pupils enrolled in District.

- 2.6 Bus Stops – Bus stops shall be established so that no student will have to walk or otherwise be transported more than one-quarter of one mile along any public highway, road or street on which the buses travel from the point of connection thereof with any driveway, lane or other private way or other access from said public way to the pupil's residence. Stops shall also be located in safe and easily accessible places giving due consideration to road and traffic conditions.
- 2.7 Transportation Services - Contractor shall provide all bus transportation so as to transport all students and other passengers in accordance with the following provisions;
 - 2.7.1 Home- to-school Transportation (HTS): District and Contractor will consult on a regular basis concerning the Transportation requirements of District. In the event of increases or decreases in the number of students requiring Transportation, or in routes or schedules, the number of buses and the number of spare buses will be adjusted accordingly. District may increase or decrease services to be provided by Contractor under the Solicitation. However, where such changes impact by greater than 5% the service levels, personnel levels, or equipment levels required of Contractor under the assumed routes, schedules, days or service, hours or miles, or vehicle requirements contained in the Solicitation, Contractor shall be permitted to adjust rates commensurately to cover increases or decreases in cost structure associated with such changes by District. Buses shall be scheduled to deliver students to their school not more than thirty (30) minutes and not less than five (5) minutes prior to the start of their regular class sessions. Students shall be picked up at school not more than fifteen (15) minutes after the close of their regular class sessions. Bell times shall be submitted to the Contractor before each school year by the District, but such times are subject to modification thereafter at any time or times in the sole discretion of District.
 - 2.7.2 Special Education Student Transportation: Special education pupils shall be transported as required by federal or state regulations, or as otherwise required by the particular circumstances involving the individual student. Any such transportation is subject to District approval at all times and in all respects. The compensation to be paid Contractor for transportation of special education pupils shall be as set forth in Exhibit "A".
 - 2.7.3 Late Activity Runs: Students participation in after school athletic practices, and other after school activities, such as school clubs or dances, shall be transported from their respective school to a straight-lined bus stop at a release time designated by District. The scheduling of said runs shall be

required of Contractor by District with the compensation set forth in Exhibit "A'.

2.7.4 During School Activity & Field Trips: This transportation includes transporting students and other District personnel accompanying students from any school or schools to places such as local libraries and farms for agricultural instruction and the like, and the return of said passengers to their respective schools, with all said transportation to take place during school hours and as required of Contractor by District from time to time. The charges for this serve to be paid by District to Contractor are as set forth in the other provisions of this agreement of Exhibit "A" hereto.

2.7.5 Activity trips: District represents, warrants and covenants that from and after the effective date of this Agreement, District will use Contractor as District's sole and exclusive provider for all of District's home-to-school and Charter Transportation at rates as set forth in Exhibit A. "Charter Transportation" shall mean the outsourced transportation of any and all persons to be transported for field trips, excursions, extracurricular, athletic, creative or academic activities, or any similar purpose. Activity trips include field trips, excursions, athletic team and band activities, and trips for any other purpose, as designated or scheduled by the District from time to time. Said transportation may be either within the District or to and from points outside the District, and the routing and stops shall be as approved by District. Contractor shall provide pupils and other personnel authorized by District with activity trip transportation as required by District upon prior notice to Contractor. The compensation to be paid Contractor by District for this transportation shall be as set forth in the other provisions of this agreement of Exhibit "A" hereto and for such activity trips, including overnight and other trips, the hourly rate to be paid Contractor for drivers shall be only for the time when bus is moving or waiting and provided further, in regard to overnight trips for each of the day of departure and the day of return, and if the driver has not performed any other driving service pursuant to this agreement in such day, then the minimum to be paid Contractor shall be the greater than the actual driving and waiting time or six (6) hours driving and waiting time for such day, using the rate provided in Exhibit "A". The hours when the bus is not required, such as when released at the end of the day by the student supervisor until needed the next day, are not to be charged to District, except that for each full day between the first and last day of a three-day or longer trip a minimum of eight driving and waiting hours will be paid by District for the driver's services. Overtime wages payable for driving and waiting time in excess of eight hours per day or shift during an activity trip shall be billed to District at Contractor's actual cost. District shall pay the reasonable cost of the driver's meals and motel expenses, provided such are approved by District in advance of any said trip.

In-Kind Athletic Trips

Contractor will provide free Athletic Transportation up to \$125,000 for each year of the Agreement. District shall coordinate the use of this service with Contractor to assure proper accounting and allocation. Charge as set forth in Exhibit A.

SECTION 3: EQUIPMENT

- 3.1 All school buses supplied by Contractor in performance of this Agreement shall meet or exceed the standards established by the applicable laws and regulations. Contractor shall maintain the school buses used to provide transportation services under this Agreement in accordance with law and accepted industry maintenance standards. All school buses shall be kept clean and sanitary and at all times shall be open to examination and subject to approval of District.
- 3.2 In the event that District or any governmental agency imposes equipment requirements other than those set forth above on Contractor's vehicles during the term of this Agreement, which are specific requirements for the operation of this Agreement or immediate installation is required for continuing operation of the vehicles, Contractor and District in good faith shall negotiate price increases applicable to such equipment requirement. If the parties do not reach agreement regarding applicable price increases, either party may terminate this contract upon not less than 60 days' prior written notice to the other party.
- 3.3 Contractor agrees that all vehicles shall be equipped with two-way radios. All regular home-to-school and Special Education buses will be equipped with a digital video monitoring system.
- 3.4 School Bus types, as defined in Oregon Administrative Rule 501-53-507, no regular or standby school bus which is of Type A, B or C and is over thirteen (13) years old, nor any such school bus which is of Type D and is over twenty (20) years old may be used in performance by Contractor of the agreement herein. The age of any bus shall be determined from and including the year of manufacture through June 30 of that year immediately following the expiration of 13 or 20 years, as aforesaid, thereafter.
- 3.5 Standby Buses – Contractor shall keep ample standby buses available to assure Contractor can provide uninterrupted service hereunder and standby buses shall meet the same requirements for buss as otherwise provided herein.
- 3.6 District may direct Contractor to perform additional tasks under this Agreement. Contractor may perform such assignments in accordance with an agreed upon schedule and level of effort.
- 3.7 Upon cancellation of this Agreement the District may buy from the Contractor not less than all regular service and spare buses which are being used by the

Contractor. The price for sale and/or lease shall be determined by appraisal. The value of said buses shall be determined by appraisal by three appraisers, one to be selected and paid by the District, one to be selected and paid by the Contractor, and the third by the two said appraisers with payment for the third appraiser to be mutually shared by the parties hereto. The value of each vehicle shall be established by majority vote of the three appraisers.

- 3.8 The Contractor provides no warranties hereunder, however, if required by the Solicitation, the Contractor shall administer all manufacturer warranties for both equipment and parts that are associated with maintenance and repair of the fleet utilized in the performance of services under this Agreement. The Contractor will seek authorization from various vehicle and equipment manufacturers to perform warranty work on such equipment.
- 3.9 District and Contractor agree that the prices contained in the Agreement, as amended and extended, do not reflect equipment requirements which may be imposed at some future date under state law, such as seat belts or three-point lap belts for all students being transported on a vehicle. District has been advised by the Contractor that as of the effective date of this, retrofitting of a school bus fleet to accommodate seat belts has not been approved by the school bus manufacturers, so that any seat belt requirements would impose additional financial requirements on Contractor to meet any enacted state law requirement. In the event the state imposes a seat belt or three-point lap belt requirements on school bus transportation, the parties will negotiate in good faith to determine the most effective way to meet the state requirements, which may include compensation to Contractor related to replacement of deployed fleet under this Agreement.

SECTION 4: MANAGEMENT PERSONNEL

- 4.1 Contractor shall employ management personnel who shall be responsible for the efficient operation of the transportation services furnished hereunder and who shall be Contractor's liaison to District. Contractor will designate a crisis management contact person for emergency contact with District. Prior to the start of the school year, Contractor shall inform District of the name(s), contact telephone number(s) and address(es) of such management personnel.
- 4.2 District shall employ management personnel who shall be responsible for coordination of the student transportation requirements of District to be furnished under this Agreement and who shall be District's liaison to Contractor. District will designate a crisis management contact person for emergency contact with Contractor. Prior to the start of the school year, District shall inform Contractor of the name(s), contact telephone number(s) and address(es) of such management personnel.

SECTION 5: OPERATIONS PERSONNEL/DRIVERS

- 5.1 Contractor shall employ a sufficient number of qualified drivers and support personnel to assure District of continuous, reliable, safe, and on time service.
- 5.2 Contractor shall take reasonable steps to prevent its employees from exposing any pupil to impropriety of word or conduct. Contractor shall not knowingly permit its drivers to smoke on the bus, to drink any intoxicating beverage, or to be under the influence of drugs or alcohol while operating any bus.
- 5.3 Contractor shall be responsible for hiring and discharging personnel employed by Contractor to perform its obligations hereunder. However, District shall have the right to request Contractor to remove from service to District any employee who, in District's sole discretion, is deemed unsuitable for the performance of transportation services for District; provided that District shall make such request in writing, state the reasons therefore and include any supporting documentation, and provided further that such request does not violate applicable local, state or federal laws, rules or regulations. To the extent permitted by law, District shall indemnify, defend, and hold Contractor harmless from and against all claims, expenses, or liabilities by or to a removed Contractor employee arising from the removal of that employee based on the District's request.
- 5.4 Contractor shall provide qualified driver trainers and qualified drivers, trained and licensed in accordance applicable laws and the rules and regulations of District. Contractor will, to the extent such requirements do not conflict with state or federal laws, implement such requirements into its hiring and training programs for drivers servicing District's students. Contractor agrees that each driver shall:
 - 5.4.1 Possess a valid license or permit issued by this State authorizing such person to operate a school bus.
 - 5.4.2 Be certified by a duly licensed medical practitioner as medically qualified and free of medical or physical conditions, which, absent reasonable accommodation, would limit safe operation of a school bus. The physical examination shall be conducted prior to employment and periodically thereafter.
 - 5.4.3 Possess a satisfactory driving record and criminal history record, after review of such records prior to employment and periodically thereafter to the extent permitted or available by law.
 - 5.4.4 Prior to employment and from time-to-time thereafter, to the extent permitted by law, undergo such tests as may reveal, within a reasonable degree of medical or scientific certainty, the presence or absence of drugs or controlled substances in the body and such tests as may clinically reveal alcoholism or alcohol abuse. Negative findings for such tests shall be a condition of employment.

5.4.5 Meet any other criteria required by law or by District's policies, rules or regulations.

SECTION 6: SAFETY PROGRAM

- 6.1 Contractor shall be responsible for implementing, maintaining, and reviewing annually a comprehensive pupil transportation safety program.
- 6.2 Contractor's employees shall not be required to perform any medical functions for passengers.
- 6.3 Contractor shall employ a Student Behavior Management Coordinator, who will, among other duties, provide behavior modification training for Contractor's drivers/monitors and coordinate behavior management activities as required by the District. Such person shall not be an employee or agent or under the control of District.

SECTION 7: TRAINING REQUIREMENTS

- 7.1 Contractor shall provide thorough instruction to drivers in compliance with state and federal safety and operations guidelines and regulations. The District shall have the right to review course content.
- 7.2 Prior to the start of the school year, Contractor will provide time at one of its driver orientation sessions so that District administrators may address drivers assigned to work under this Agreement on matters relating to the expectations for student conduct and to familiarize drivers with members of the school administration. Such orientation will be at a time and place mutually agreed upon by Contractor and District. District may not distribute materials to drivers without Contractor approval.

SECTION 8: PUPIL DISCIPLINE/VANDALISM

- 8.1 The ultimate responsibility and authority to suspend or expel any pupil from transportation services hereunder shall rest with District. Contractor's drivers are responsible only for such discipline as is required to properly and safely operate Contractor's buses. Each driver shall handle all disciplinary matters in strict accordance with District policy. In no case will a driver eject a pupil from a bus for misbehavior except in the event of an extreme emergency endangering the safety of other pupils or driver and then only after radio notice to Contractor's terminal and to the pupil's building or school principal. In all cases of disciplinary ejection, the bus shall remain at the approximate area of student discharge until authorities arrive on site and authorize it to proceed on route. All discipline problems shall be reported in writing by the next school day following completion of the route. The District and Contractor will, in the event Contractor determines that a pupil poses a

danger to himself/herself or other passengers, cooperate to provide a safe transportation environment prior to Contractor being required to transport such pupil. Further procedures and regulations for the administration of discipline shall be established cooperatively between District and Contractor.

- 8.2 Vandalism, damage to Contractor's equipment or facilities shall be the responsibility of Contractor. District shall give Contractor reasonable assistance in obtaining restitution for damaged equipment or facilities where damage is determined to be caused by District students or personnel. Contractor may, with the written concurrence by District, refuse to provide a pupil with transportation services until vandalism damages caused by such pupil are paid.

SECTION 9: SCHOOL CLOSINGS OR CHANGES IN SCHEDULE

- 9.1 Whenever (a) school is canceled or delayed, (b) the school day is scheduled for other than regular start or end times, or (c) school is dismissed early for any reason, District shall notify Contractor not later than 5:30 a.m. on the day of such cancellation or delay or not later than two (2) hours before early dismissal or the cancellation of Supplemental Transportation. If the aforementioned requirements were not met, the District shall pay Contractor and drivers actual time, or minimum call-out time of one (1) hour, whichever is less.
- 9.2 Activity Trips – District may notify Contractor verbally not less than 90 minutes before the scheduled student transportation departure time for any such trip, and whether such trip originates from a school or any other location. If such notice is not given by District, Contractor may charge District for two (2) hours of driver time using the current Activity Trip rates.
- 9.3 Notwithstanding the foregoing, in the event of circumstances in the operation of any school which necessitate early dismissal for student health or safety reasons, the Contractor and District shall cooperate to facilitate orderly transportation of students in the most efficient manner possible in light of the circumstances presented.

SECTION 10: Annual Academic Scholarship

- 10.1 First Student will provide a \$5,000 annual Academic Scholarship to be used at the Superintendent's discretion for the benefit of the Three Rivers School District students and community.

SECTION 11: FORCE MAJEURE

- 11.1 In the event Contractor is unable to provide the transportation services as specified in this Agreement because of any act of God, civil disturbance, fire, riot, war, terrorism, picketing, strike, labor dispute, labor shortages, governmental action or

any other condition or cause beyond Contractor's control, District shall excuse Contractor from performance under this Agreement.

SECTION 12: STATUS OF CONTRACTOR

12.1 In the interpretation of this Agreement and the relations between Contractor and District, Contractor shall be construed as being an independent contractor employed to provide transportation services only. Neither Contractor nor any of its employees shall be held or deemed in any way to be an agent, employee or official of District. Contractor shall be responsible for, and hold District harmless from any liability for unemployment taxes or contributions, payroll taxes or other federal or state employment taxes.

SECTION 13: INSURANCE

13.1 Contractor shall, at its expense, procure and keep in force during the entire term of this Agreement for claims arising under this Agreement, General Liability and Automobile Liability Insurance to protect Contractor, its drivers and other personnel. Contractor shall provide General Liability limits of not less than \$10,000,000.00 each occurrence and aggregate bodily injury and property damage and \$10,000,000.00 Personal Injury each occurrence and aggregate; Automobile Liability limits of not less than \$10,000,000.00 combined single limit for bodily injury and damage to property for all owned, hired and non-owned autos; Upon request, Contractor agrees to provide to District a certificate of insurance evidencing such coverage and designating District as an additional insured as its interest may appear for both the General and Automobile Liability programs, such certificate to be provided by July 1st of each Contract Year, or on renewal of such policies. All insurance policies shall provide that no coverage shall be canceled except by thirty (30) days' written notice to Contractor and District. Insurer shall maintain a minimum A.M. Best's & Company rating of A or Contractor shall obtain insurance from a company mutually agreed upon between Contractor and District. Upon request, Contractor shall provide District with a certificate of insurance as evidence of having statutory workers' compensation coverage at levels and in forms required by the laws in which Contractor shall operate for this Agreement.

13.2 District will, at its own expense, procure and keep in force general liability insurance as is customary in the business and at limits of not less than \$2,000,000.00.

SECTION 14: COMPENSATION AND BILLING

14.1 In consideration for services rendered hereunder, District shall pay to Contractor all undisputed sums due and owing in accordance with the rates set forth in Exhibit A, as may be adjusted from time to time as provided herein.

Contractor will submit to District a monthly statement before the 10th day of the month immediately following the school month in which said transportation service is rendered. After verification of the statement, District shall pay the full amount due to Contractor on or before the 10th business day following the date on which the statement has been submitted. The monthly statement will include an itemized listing of charges and any supporting documentation as required by the District.

All charges based upon time shall be computed and charged to the nearest minute and shall be computed on a portal-to-portal basis, that is, from bus parking location until return to bus parking location and any said bus parking location is the permanent assigned parking location where the bus is kept when not in use. Any and all such bus parking locations are subject to District's approval.

In the event that customer fails to make a payment on any sums due hereunder, and such sums remain unpaid for 20 days following receipt of the invoice by Customer, Contractor shall be entitled to: a) charge interest on unpaid amounts at the rate of 1.5% per month of the outstanding balance. In the event such sums are not received within thirty (30), service under this Agreement may be discontinued until all amounts due have been paid in full.

SECTION 15: COMPENSATION ESCALATION

- 15.1 District and Contractor recognize that certain of Contractor's costs are subject to change during the term of this Agreement. Rate change requests shall be submitted in writing to the District by January 1st of each year. On July 1st of each Contract Year, the rates will be adjusted upward by the percentage increase in the November to November Average Consumer Price Index (CPI-W) for the West. In no event shall the percentage increase be less than 0%.
- 15.2 In the event of unusual circumstances, such as changes in state or federal taxes, laws or specifications, increased insurance or surety premiums or any other condition which causes any of Contractor's operating costs hereunder to increase at a rate in excess of any negotiated escalation, then the parties shall determine a reasonable and just amount to cover such increase, and rates of Contractor compensation set forth in Exhibit A shall be adjusted to reflect such increase.

SECTION 16: FUEL

- 16.1 Contractor will be responsible for the purchase of all fuel used in providing transportation services in the agreement. Such fuel shall be subject to a fuel cap of which amount is listed in Exhibit A. The net cost to Contractor as referred to in this section is the Contractor's actual net purchase cost per gallon for fuel, and does not include any federal and state taxes, tax and other rebates, allowances, deductions and the like without limitation. If the net cost to the Contractor for any month is in excess of the fuel cap, then Contractor shall charge the District for said excess as a

separate charge in the next following monthly statement. If said net cost to Contractor is less than the fuel cap, then Contractor shall credit said amount as a separate credit in the next following monthly statement. Contractor shall provide a detailed summarization each month pertaining to fuel purchase, miles and gallons used in support of the fuel cap calculations.

SECTION 17: RECORDS AND REPORTS

- 17.1 Contractor shall provide within 30 business days of any request, those reports and records which may be reasonably requested by District pertaining to students, routes, stops, mileage audits and other information having to do with daily operations. In reviewing Contractor's records, District shall protect the confidentiality of Contractor's proprietary or confidential information included in the data provided.
- 17.2 Contractor shall maintain such records and submit such reports, as are deemed necessary by District and as negotiated between Contractor and District from time to time. All reports required by District shall be submitted on forms mutually agreed upon by both parties. Contractor will not be responsible for filing on behalf of District any state or regulatory reports concerning ridership or reimbursement.
- 17.3 Contractor shall immediately notify the Superintendent of Schools, or his or her designated representative, by telephone and confirmed as soon as practicable in writing, of the occurrence of any incident involving student riders, or a traffic violation or accident reportable by law that involves a vehicle with passengers that is being used to provide transportation services pursuant to this Agreement. Written notification shall contain a full and complete statement of all relative facts including police case number when available.

SECTION 18: INDEMNIFICATION

- 18.1 In addition to the insurance requirements included as part of this Agreement, the Contractor shall also defend, indemnify and hold harmless the District and its agents and employees acting in their official capacities as such from and against any and all claims, suits, judgements and demands whatsoever owned, arising out of or caused by the grossly negligent acts or omissions of the Contractor, any subcontractor, or any other person employed by them or any of them, while engaged in the performance of this Agreement, except to the extent that such claim or demand arises from or is caused by the negligence or willful misconduct of District, its agents or employees, student-upon-student violence; routing; or Contractor's good faith adherence to District's policies, procedures, directives.

SECTION 19: ASSIGNMENT

- 19.1 This Agreement shall not be assigned by the parties hereto, without the written consent of District, which consent shall not be unreasonably withheld or delayed.

However, Contractor may assign this Agreement if the assignment is made to a parent, subsidiary, related or affiliated company.

SECTION 20: TERMINATION

- 20.1 If either party violates any of the covenants or duties imposed upon it by this Agreement, such violation shall entitle the other party to terminate this Agreement in accordance with the following procedure: The non-defaulting party shall give the offending party thirty (30) days' written notice of default and the opportunity to remedy the violation or take steps to remedy the violation. If at the end of such 30-day default notice period, the party notified has not remedied the purported violation or taken steps to do so, the non-defaulting party may terminate this Agreement as follows: within ten (10) business days following the last day of the 30-day default notice period, the non-defaulting party shall give the defaulting party not less than (fifteen) 15 business days' notice of termination. If the non-defaulting party does not provide the notice of termination within ten (10) business days, the default notice shall be deemed rescinded.
- 20.2 District has the ability to cancel this Agreement effective at the end of any Contract Year on the failure of the state legislature or other applicable governmental entity to provide adequate funding to allow District to provide transportation services to students within District. In the event District shall elect to terminate this Agreement due to state legislative funding deficiencies, District shall give written notice to Contractor on or before February 1 prior to the end of any Contract Year for services to be rendered in the following Contract Year. As the Contractor will make reasonable efforts to offset costs in the event of a termination, the District shall reimburse the Contractor in full for costs incurred by Contractor as the result of such early termination, including, but not limited to, retrofit and redeployment of vehicles, contract close-out costs, facility/property related expenses associated with closure of property and sale as appropriate, and fueling infrastructure related costs, and all other associated termination costs. In the event that funding inadequacies require a reduction in pay, the parties will negotiate a corresponding reduction in services, but should the parties fail to reach an agreement on the reduction in service, either party may terminate this Agreement upon 30 days' notice.
- 20.3 Either party may terminate this Agreement for convenience upon not less than 180 day prior written notice to the other party.

SECTION 21: LOCATION AND LEASE OF FACILITIES

- 21.1 Contractor, while performing this agreement and except as the parties may otherwise agree mutually, shall operate from a bus storage and maintenance facility or facilities located anywhere within Josephine County, OR. District Agrees to lease to Contractor certain bus service facilities which are in proximity to the Josephine County Fairgrounds at Grants Pass and also Districts Cave Junction

facilities. Any said lease of facilities shall be upon terms mutually agreeable to the parties but any such lease shall provide that Contractor will insure the premise as lessee thereof for fire with extended coverage to the actual value thereof and evidence of said insurance shall be provided District by Contractor in a form and such time or times as determined by the District. Such lease may only begin upon the initial effective date of this agreement and shall be for such term as Contractor may determine provided such term shall not extend beyond the time this agreement is in effect and that the lease may be terminated at any time upon not less than twelve (12) months' advance written notice from either party to the other. After termination of said lease it shall be Contractor's sole responsibility to obtain Contractor's own facilities in order to carry out the terms of the agreement herein.

SECTION 23: SEVERABILITY

23.1 In the event any provision specified herein is held or determined by a court of competent jurisdiction to be illegal, void or in contravention of any applicable law, the remainder of the Agreement shall remain in full force and effect.

SECTION 24: EXTENSION AND MODIFICATION

24.1 Contractor and District may extend or otherwise modify the terms of this Agreement in whole or in part as circumstances may justify by mutual written agreement executed by the duly authorized representatives of the parties.

SECTION 25: NOTICE TO PARTIES

25.1 All notices to be given by the parties to this Agreement shall be in writing and served by depositing same in the United States mail, postage prepaid, registered or certified mail.

Notices to District shall be addressed to:

Three Rivers School District
Attn:
8550 New Hope Road
Grants pass, OR 97527

Notices to Contractor shall be addressed to:

First Student, Inc.
Attn: Area General Manager
90518 Highway 99
Eugene, OR 97402

With a copy to:

FirstGroup America
600 Vine Street, Suite 1400
Cincinnati, OH 45202
Attention: General Counsel

- 25.2 District or Contractor may change its address of record for receipt of official notice by giving the other written notice of such change and any necessary mailing instructions.

SECTION 26: ENTIRE AGREEMENT

- 26.1 This Agreement sets forth the entire agreement between District and Contractor concerning the subject matter hereof. There are no representations, either oral or written, between District and Contractor other than those contained in this Agreement.

SECTION 27: COMPLIANCE WITH THE LAW

- 27.1 Notwithstanding any contrary provision in this Agreement, Contractor shall comply with federal, state and local laws, rules and regulations in providing transportation services described herein.

SECTION 28: DISPUTE RESOLUTION

- 28.1 The parties shall negotiate in good faith in an attempt to resolve any dispute that may arise under this Agreement. Disputes that cannot be resolved by negotiation shall be submitted to mediation using a mutually agreed upon mediator. In the absence of an agreement on a mediator, each party shall select a temporary mediator and those mediators shall jointly select the permanent mediator. If mediation is not successful, the parties may pursue their remedies as they choose. Nothing in this Agreement shall be deemed to prevent the parties from agreeing in the future to submit a dispute to arbitration.

SECTION 29: PLACE OF CONTRACT/CONTROLLING LAW

- 29.1 This Agreement shall be governed by the laws of the State of Oregon, without regard to conflicts of law principles. All references in this Agreement to the "state" shall mean the State of Oregon. All regulations, laws and requirements of the state shall mean the regulations, laws or requirements of the State of Oregon. The parties agree that any action instituted against either party to this Agreement shall be commenced in Josephine County, Oregon.

SECTION 30: AUTHORITY

30.1 Both parties warrant that they are properly authorized to enter into this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement the day and year first hereinabove written.

First Student, Inc.

By: _____
Title:

Attest:

By: _____
Title:

District

By: _____
Title:

Attest:

By: _____
Title:

Exhibit A
Rate Sheet