

LEASE

THIS LEASE, made and entered into as of the 1st day of July, 2017, by and between THREE RIVERS SCHOOL DISTRICT, Josephine County, Oregon, hereinafter known as "Landlord," and FIRST STUDENT, INC., a California corporation, hereinafter known as "Tenant,"

WITNESSETH:

Landlord does hereby demise and lease to Tenant and Tenant does hereby rent from Landlord the real property described in Exhibits "A," "B" and "C," and all such exhibits are hereby incorporated herein by this reference.

TO HAVE AND TO HOLD the above described premises for a term beginning July 1, 2017, and terminating June 30, 2021, subject to earlier termination and option for renewal as set forth herein-below.

1. POSSESSION: Tenant's right to possession is to commence as of July 1, 2017.
2. OPTION FOR RENEWAL: Upon mutual agreement of Landlord and Tenant, the lease herein may be extended by a writing executed by the parties for an additional term.
3. RENT AND TERM OF LEASE: Tenant shall pay Landlord for the Grants Pass facility at the Josephine County fairgrounds the sum of \$935 per month and for the Cave Junction facility at Evergreen Elementary School the sum of \$330 per month, being a total of \$1,265 per month subject to annual adjustment as provided in paragraph 29 below, and further provided no rent shall be due for those days when transportation services are temporarily suspended pursuant to paragraph 27 of the Transportation Services Agreement of July 1, 2017 referred to herein. Rent shall be payable on the first day of each month, in advance, and shall be paid at Landlord's office at 8550 New Hope Rd., Grants Pass, Oregon 97526, or at such other place as Landlord may designate and so inform Tenant hereafter. The term of this lease is for five (5) years beginning July 1, 2017, and ending June 30, 2021, provided that Tenant may terminate this lease on or before said termination date, and said termination shall be effective on the July 1 immediately following such June 30 termination date. This lease shall also terminate automatically as of the date of termination of the Transportation Services Agreement of the parties of July 1, 2017, should any termination occur during the term of this lease or during any period of renewal hereof. This lease may also be terminated at any time during the term hereof upon not less than twelve (12) months' advance written notice from either party to the other.
4. USE: The premises shall be used for a school bus storage and school bus maintenance facility. Any other use of said premises by Tenant shall be subject to Landlord's written consent.
5. TENANT'S DUTIES: Tenant shall not commit nor suffer any strip or waste upon or of the above described premises. Tenant will not permit any nuisance on the premises or make any unlawful, unsanitary, or offensive use of the premises, nor permit any objectionable noise or odor to escape or to be emitted from the premises creating a nuisance or disturbing any other tenant or user of the building. Notwithstanding anything contained herein to the contrary, Landlord in letting the premises to Tenant hereby represents and warrants the business of Tenant permitted to be conducted thereon in accordance with the provisions and conditions hereof,

when carried on in the ordinary course and usual manner for a business of such nature, shall not be in conflict with the provisions and conditions of this lease.

Tenant in the operation of Tenant's business on the premises shall comply with the laws, ordinances, rules, and regulations of the State of Oregon, Josephine County, and the City of Grants Pass, and any governmental agency having jurisdiction of Tenant's operations, provided Landlord represents and warrants that the said premises shall meet, comply with, and conform to any covenants, conditions and restrictions of record, to all applicable insurance regulations, and to all local, state and federal ordinances, codes, laws, and rules pertaining to and including, but not limited to, zoning, occupation, health, safety, fire and building standards affecting the said premises or the use thereof for so long as Tenant shall continue to use such for only those purposes set forth herein; however, in the event that a federal, state, municipal, insurance, or any other authorized regulatory body should declare the premises to be in violation and/or non-conformance as aforementioned, through no fault of Tenant and Landlord should elect by giving written notice to Tenant within ten (10) days from the receipt of notice thereof not to correct the particular condition and/or conditions causing the alleged violation and thereafter Tenant should also refuse to cure such violations at its expense, then either Landlord or Tenant may within thirty (30) days after the date of the said notice of Landlord to Tenant elect to terminate this lease by giving the other at least ninety (90) days prior written notice thereof.

Tenant shall not permit nor suffer any mechanics' or materialmen's or other liens of any kind or nature to attach to or to be enforced against the premises for any work done or any material furnished thereon at the instance or request of or on behalf of the Tenant, or anyone claiming under the Tenant. Tenant agrees to indemnify and hold harmless the Landlord and Landlord's property from and against any and all liens, claims, demands and expenses of whatsoever nature which are based on any act or omission of the Tenant or any person claiming under Tenant, and Landlord, in addition to the foregoing, may terminate Tenant's occupancy of the premises upon fifteen (15) days' written notice should any lien attach to or be enforced against the property.

6. LANDLORD'S OBLIGATIONS: The following shall be the responsibility of the Landlord, at Landlord's sole expense.
 - a. Structural and roof repairs and maintenance, and repairs necessitated by structural disrepair or defect.
 - b. Repair and maintenance of water, sewage, gas and electrical services from the utility service to any metering device servicing the premises leased by Tenant.
 - c. Repair of interior walls, ceilings, doors, windows, and floors, when such repairs are made necessary by failure to Landlord to keep the structure in proper repair.
 - d. All repairs or restoration made necessary by fire or other peril which could be covered by a standard fire insurance policy with extended coverage endorsement, or by reasons of natural casualty, and subject to other provisions of this lease.
7. TENANT'S OBLIGATIONS: The following shall be the responsibility of the Tenant, at Tenant's sole expense

- a. At Tenant's sole option, any interior redecorating or remodeling.
 - b. Any repairs necessitated by negligence of Tenant and Tenant's agents, employees, invitees, and customers.
 - c. Ordinary maintenance of the interior and exterior of the premises to keep such in reasonably clean condition.
 - d. Payment for repairs to any utility systems where the same in need of repair are located in the premises leased by Tenant.
 - e. Any and all maintenance to any equipment, including but not limited to lights, hoists, fans and other electrical and mechanical equipment, which is owned by Landlord but is upon or at the leased premises, whether or not used exclusively by Tenant and unless the same is required to be repaired due to any act or omission of Landlord occurring during the term hereof.
 - f. Tenant shall keep any sidewalk adjacent to the premises free and clear of ice, snow, rubbish, debris and obstruction.
 - g. Tenant shall promptly replace any and all broken glass on the leased premises with glass of comparable quality.
8. REPAIRS: Any repairs, replacements, alterations, other work performed on or around the leased premises by either party shall be done in such a way as to interfere as little as reasonably possible with any activities permitted the other party pursuant to the terms of this lease. Tenant shall have no right to an abatement of rent or any claim against Landlord for any inconvenience or disturbance resulting from either party's activities performed in conformance with the requirements of this lease, except for that abatement or apportionment of rent resulting from damage or destruction of the buildings as provided for herein.
9. INSPECTION OF PREMISES: Landlord shall have the right to inspect the premises at any reasonable time, preferably during Tenant's business hours, to determine the necessity of repairs called for pursuant to this lease or otherwise.
10. FIXTURES: Except as provided herein, all fixtures placed upon the leased premise by Tenant during the term of this lease, including but not limited to Tenant's trade fixtures, shall remain the property of Tenant. The foregoing include are not limited to counters, chairs, tables, drapes, furnishings and rugs. At the termination of this lease herein, Tenant shall remove all such fixtures and repair any physical damage resulting from said removal. Any false ceiling, wall paneling and linoleum or similar floor covering shall upon installation by Tenant become the property of Landlord, and may not be removed by Tenant without Landlord's prior written consent.
11. SIGNS AND PAINTING: Tenant shall not install any sign or signs upon the premises, or paint the premises without prior approval of Landlord. Tenant may obliterate any sign so permitted Tenant at the termination of this lease, and shall at Landlord's option, remove any said sign.

12. TENANT'S RESPONSIBILITY AFTER TERMINATION OF LEASE: Pursuant to paragraph 22 of the Transportation Services Agreement of the parties of July 1, 2017, it shall be Tenant's sole responsibility, after termination of the lease herein, to obtain Tenant's own facilities in order to carry out the terms of the said Transportation Services Agreement during the term and subject to the provisions thereof.
13. DAMAGE OR DESTRUCTION OF BUILDING: In the event 50% of the entire building of which the premises leased herein are all or a part, as the case may be, shall be destroyed or rendered untenable by fire or other cause, this lease shall thereupon terminate and end as of the date of such fire or other cause, and the Tenant shall not be liable for rent thereafter. In the event said building is damaged less than the percentage aforesaid by fire or other casualty, Landlord shall have the option to so repair said premises, with Tenant's rent to be abated or apportioned as aforesaid, and in such case the lease shall continue in full force and effect unless Tenant elects to cancel the same by giving Landlord written notice thereof if the period for repairs is estimated by the Landlord to exceed ninety (90) days.
14. LIABILITY AND LIABILITY INSURANCE: (we are checking with Justin to verify these paragraphs)
- a. Landlord shall not be liable for any damage, accident, or injury to any goods or property whatsoever, or persons whomsoever, in or upon the leased premises, at any time during the term of this lease, nor shall Landlord be liable for any damage or loss suffered at any time by the business or occupation of Tenant arising or resulting from any such accident or injury. Tenant shall be solely liable and responsible for any and all of the foregoing and at all times will save, protect and hold Landlord harmless from any and all fines, claims, damages, suits and actions arising out of or in any way connected with any or all of the foregoing, or with Tenant's use or occupancy of said premises, and from any and all losses, costs, expenses and damages that may or might occur to Tenant or any of Tenant's employees, invitees, customers, or the public in general in, upon, or about the leased premises, and in addition Tenant shall hold Landlord harmless as set forth in paragraph 10 of the Transportation Services Agreement of the parties of July 1, 2017. Notwithstanding anything contained herein to the contrary, Landlord shall not be relieved of liability or responsibility or held harmless by Tenant as aforesaid if in any circumstances the loss, damage, or injury is due solely to the negligence of the Landlord, its employees, or agents.
 - b. Tenant shall carry at all times during the term of this lease public liability and property damage liability insurance to cover all risks arising directly or indirectly out of Tenant's activities on or any conditions of the leased premises, and whether or not related to an occurrence caused or contributed to by Landlord's negligence, and such insurance shall save, hold harmless and protect Tenant against claims of Landlord on account of obligations assumed by Tenant hereinabove in paragraph 14.a, and such insurance shall save, hold harmless, and protect both Tenant and Landlord against claims of third persons, and shall be in the minimum sum of \$10,000,000 single-limit coverage for bodily injuries and property damage, and shall be that insurance required pursuant to paragraph 12 of the aforesaid Transportation Services Agreement of the parties of July 1, 2017. Evidence of said insurance coverage shall be furnished Landlord by Tenant, as deemed satisfactory to Landlord, pursuant to paragraph 12 of said Transportation Services Agreement.

15. LANDLORD'S WARRANTY: Landlord warrants it is the owner of the leased premises, and has the right to lease such, free from all encumbrances, and Landlord will defend Tenant's right to quiet enjoyment of the leased premises from the lawful claims of all persons during the term of this lease.
16. TIME IS THE ESSENCE OF THIS LEASE AND DEFAULT: Time is the essence of this lease in all respects. If Tenant shall fail to pay the rent as due, or in the event Tenant shall fail to perform any of the other terms or conditions of this lease on Tenant's part to be performed, and such failure to perform shall continue for a period of ten (10) days after Tenant has received written notice from Landlord of such default, Landlord may, at Landlord's option, declare this lease terminated and cancelled, and retake possession of the above described premises. Upon Landlord's retaking possession for default, Tenant shall vacate the property immediately and remove any property of Tenant, as allowed pursuant to the terms of this lease, and leave said premises in a clean condition, and deliver all keys to Landlord. Such entry and control shall not release Tenant from Tenant's obligations hereunder, or in any manner affect the rights of Landlord against Tenant. In the event of the reletting of such property by Landlord, the Tenant shall remain liable for any deficiency of rent that may arise from such reletting, the amount of such deficiency to be determined by the difference between the amount of rent herein reserved and the net sums actually coming into the possession of Landlord by virtue of such reletting. In the event the premises shall not be relet after Landlord's reasonable attempt to do so, Tenant shall remain liable for the full amount of the rent herein reserved, payable in the manner and at the times herein stated.
17. SURRENDER OF PREMISES AT TERMINATION: Tenant shall at the termination of this lease surrender possession to Landlord without any demand or notice to quit. If Tenant shall hold over and retain possession of said premises after expiration of this lease and without renewing the same as herein provided, such holding over shall not constitute a renewal of this lease, but Tenant shall thereupon become tenant from month to month at the monthly rental rate then in effect.
18. BANKRUPTCY OR INSOLVENCY: In case any petition in bankruptcy or insolvency is filed by or against Tenant, or in case a receiver of the assets of Tenant is appointed for any reason whatsoever, or in case Tenant shall make an assignment for the benefit of creditors or if Tenant shall make any other disposition of all or substantially all of Tenant's business assets, this lease will be deemed immediately breached and terminated by Tenant, without entry or other action by Landlord; and in such event Landlord shall be entitled to the same remedies and Tenant shall be responsible for rent in the same manner as set forth in the paragraph entitled "Time is of the Essence of This Lease and Deficit," above.
19. RETURN OF LEASED PREMISES: At the termination of the tenancy the premises shall be returned to the Landlord in as good condition as the same now are, reasonable wear and use excepted, and excepting any damage caused by fire or other casualty.
20. NON-WAIVER AND SPECIFIC PERFORMANCE: All remedies provided herein shall be considered as optional with Landlord, and cumulative, and not as a waiver of any other right or remedy, including but not limited to specific performance, which would otherwise exist in law or equity for the enforcement of the provisions of this lease or the protection of the rights of Landlord hereunder.

21. REIMBURSEMENT FOR EXPENSES ASSUMED: If Tenant shall fail to pay any of the expenses required of Tenant by this lease, Landlord shall have the right, but not the obligation, to pay such, and Tenant covenants and agrees to repay to Landlord the sum or sums so paid, with interest thereon at the rate of 10% per annum from the date of payment to the date of repayment thereof in full. The sum or sums so paid shall be added to the amount of the next installment of rent to become due hereunder, and shall be payable at the time of the payment of said installment of rent and as a part thereof. Upon failure of Tenant to pay the same to Landlord, with interest as aforesaid, Landlord shall be entitled to all rights and remedies provided herein as if Tenant had failed to pay the rent reserved herein, and may declare a default as herein provided.
22. EMINENT DOMAIN: If the premises, or the building in which the same are located, or any part thereof, shall be taken or acquired by any municipal or other corporation having the right of eminent domain, whether the premises or any portion thereof be voluntarily conveyed by the Landlord or otherwise, to said municipal or other corporation, the Landlord may, at Landlord's option, terminate this lease, without paying any consideration to Tenant except that any unearned rental in Landlord's possession shall be refunded to Tenant. Landlord shall give prompt written notice of any proceedings under eminent domain with respect to the premises or the building in which the same are located.
23. CONDITION OF PREMISES: Tenant has examined and knows the condition of the premises, and no representations as to the condition thereof have been made by the Landlord that is not herein set forth. Furthermore, this agreement, including any addenda attached hereto, constitutes the entire agreement of the parties hereto relating to the subject matter hereof.
24. NOTICES: Any notice required or permitted pursuant to this lease shall be given and deposited in the United States mail, with postage prepaid, addressed to the parties as shown herein, or to such other address as may be specified from time to time by either party in writing.

Landlord's address: 8550 New Hope Rd., Grants Pass, OR 97526

Tenant's address: PO Box 77119, Bitter Lake Station, Seattle, WA 98133 (?)

25. ATTORNEY'S FEES: In the event of any suit, action or other proceeding to enforce any of the terms or conditions of this lease, the prevailing party shall have and recover, in addition to other relief, such sum as the trial court and any appellate court or courts may adjudge reasonable as attorney's fees in such suit or action, plus the prevailing party's costs and disbursement herein.
26. PARTIES: This lease shall be binding upon and inure to the benefit of the successors and assigns of the parties, provided further that any assignment of the lease herein or subleasing of all or part of the leased premises to any third person is subject to Landlord's prior written consent, which consent may be denied with or without cause. This lease is person to Tenant, and Tenant's interests or any part thereof cannot be sold, assigned, transferred, seized or taken by operation of law or otherwise, or under or by virtue of any execution or other process, attachment or proceeding instituted against Tenant, or any other person or party, or under or by virtue of any bankruptcy or insolvency proceeding had in regard to Tenant or any other person or party, or in any other manner except as herein expressly authorized.

27. **UTILITIES:** The following sharing of utility expenses shall be made by the parties, provided that any utilities for which Landlord has contracted shall be billed to Tenant and Tenant shall make payment to Landlord therefor in full within ten days of receiving a billing pertaining thereto from Landlord. Landlord will furnish Tenant a copy of any invoice pertaining to said utility service supplier as required by Tenant of Landlord. Utility services such as garbage collection and the like which are not listed hereinbelow shall be paid for by Tenant as the same pertain to Tenant's use or occupancy of the premises.

a. Grants Pass facility: Landlord and Tenant shall each pay one-half of the total electric utility costs for the entire building as said building is shown at Exhibit "B" hereto, and likewise Landlord shall pay 25% and Tenant shall pay 75% for all oil used to heat all said building, and the parties shall each pay 50% of the sewer and water charges pertaining to said building.

b. Cave Junction facility: Tenant shall pay all of the charges for electrical utility service pertaining to the building shown at Exhibit "C" hereto, and Tenant shall pay all costs to heat said building. Tenant shall pay 10% of all sewer and water charges for Evergreen Elementary School since the same are not separately metered or otherwise determined for the leased premises as shown in Exhibit "C" hereto.

28. **FIRE INSURANCE:** Pursuant to paragraph 22 of the **Transportation Services Agreement** of the parties, referred to hereinabove, Tenant shall insure the leased premises as lessee thereof for fire with extended coverage to the actual value thereof and evidence of said insurance shall be provided to Landlord by Tenant in the form and at such time or times as determined by Landlord. Tenant shall bear the expense of any insurance insuring the property of Tenant on the premises against such risks, but shall not be required to insure. In further consideration of the foregoing, each of the parties hereto does hereby release the other from all liability for damages, costs and expenses occasioned by loss of or damage to property which either of the parties may own, which loss or damage is or might be incidental to or the result of fire or other casualty, whether or not caused by or contributed to the negligence of the other party or said party's agents, employees, invitees, or customers, for which the other party is now carrying or could carry fire or extended coverage insurance, and it is the intention of this sentence that each of the parties waives any right of subrogation each may have against the other for such losses or damages. In lieu of the aforesaid insurance to be purchased by Tenant for the leased premises, Tenant may, upon prior written consent of Landlord, obtain fire legal liability insurance in form and amount satisfactory to Landlord.

29. **RENT ADJUSTMENT:** Rent due shall be adjusted as of July 1 of each year beginning July 1, 2018, with any increase or decrease thereof to be computed using the same percentage of increase and decrease as is established pursuant to paragraph 16 of the **Transportation Services Agreement**.

30. **SPECIAL MAINTENANCE PROVISION:** Landlord at its expense will repair and grade the surface of the grounds of the leased premises and of any access ways from any public roadway serving the same prior to Tenant taking possession of the leased premises hereunder. It shall be the responsibility of Tenant, at Tenant's sole expense, at all times during the term hereof, to maintain the foregoing grounds and access ways by grading, graveling, sealing and chipping, or

by other reasonable means, to keep all the same dust free and free from holes and other obstructions impeding smooth and safe passage thereupon.

31. **SPECIAL JOSEPHINE COUNTY FAIR PROVISION:** In August of each year the Josephine County Fair takes place near the Grants Pass facility. For a period of some ten (10) days during the Fair, Tenant at Tenant's sole expense shall remove all Tenant's vehicles from the said Grants Pass facility and store the same at any other location or locations of Tenant's choice. Tenant is authorized to make any arrangement suitable to Tenant with the Fair authorities for storage of such vehicles upon property under the control of said Fair authorities. Any expense to return Tenant's vehicles to the Grants Pass facility shall be borne exclusively by Tenant.
32. **SPECIAL CONSTRUCTION PROVISION:** At any time during the term hereof Tenant, at Tenant's sole expense, may add space to the building at the Grants Pass facility which is further described in paragraph 1.a of Exhibit "A" hereto. **It is contemplated said addition will be made to the lubrication service bays on the northerly side of the building to accommodate longer buses than currently fit in the building.** The plans and specifications for any said addition are subject to prior approval of Landlord, and any said construction shall be done only pursuant to all applicable building codes and other legal requirements. Landlord reserves the power to approve any liability insurance, performance bond, or other security to protect Landlord from all claims of third parties, including liens of any contractors and subcontractors, as may arise due to said construction. Any and all parts of said addition as may be constructed or installed at, in or upon the said building shall become and remain the sole and exclusive property of Landlord upon said construction or installation taking place, without cost to Landlord.
33. **SPECIAL CAPITAL UPGRADE IN-LIEU OF RENT PROVISION: add paragraph here**
At the agreement of both parties, the tenant can request to fund capital improvements in lieu of rent payments. The rental amount would be deducted from the amount of the improvement until all costs have been covered.

IN WITNESS WHEREOF, Landlord, upon authorization of Landlord's School Board, and Tenant, upon authorization of Tenant's Board of Directors, owner, or other duly constituted authority, have caused this lease to be executed in duplicate originals as of the first day of July, 2017.

LANDLORD: Three Rivers School District

By _____ Dated _____
Chairman of the Board

Attest:

_____ Dated _____
Superintendent-Clerk

TENANT: First Student, Inc.,
a California corporation

By _____ Dated _____
Title _____

EXHIBIT "A"

The premises which are the subject of the lease are:

1. Grants Pass facility at the Josephine County Fairgrounds as shown in Exhibit "B," subject to the following:
 - a. Building: The building housing the Tenant's Shop shall be leased as follows:
 1. The Tenant's Shop and the area underneath the mezzanine at the east end thereof, and the west mezzanine, shall be in the possession of and leased to Tenant.
 2. Landlord shall have possession of the maintenance shop, maintenance department work bay, covered shed and the second floor of the east mezzanine of the Tenant's Shop and other remaining portions of the building.
 3. Restroom facilities will be shared by the parties upon a mutually agreed upon basis.
 - b. Grounds:
 1. Tenant shall have exclusive use for parking purposes of those areas designated "Tenant's Parking" behind "Tenant's Shop" and to and from "Tenant's Shop."
 2. Tenant may use the area designated "Landlord Use" for the purpose of access to and from the area designated "Tenant's Parking" behind "Tenant's Shop" and to and from "Tenant's Shop."
 3. Tenant and Landlord will share the use of the leased premises designated "Joint Usage Area" (except that area designated "Landlord Parking" which is reserved for exclusive use of Landlord), which Joint Usage Area is part of the leased premises.
 4. Tenant and Landlord will share the use of the access ways serving the property shown in Exhibit "B."

5. Landlord is reserving for its own use the area designated "Not part of leased premises" and access to and from the same over the leased premises.

2. Cave Junction facility at Evergreen Elementary School as shown in Exhibit "C," which includes a building of some 48 feet by 40 feet and the surrounding area. Tenant shall have access to West River Street to and from said premises.

EXHIBIT "B"

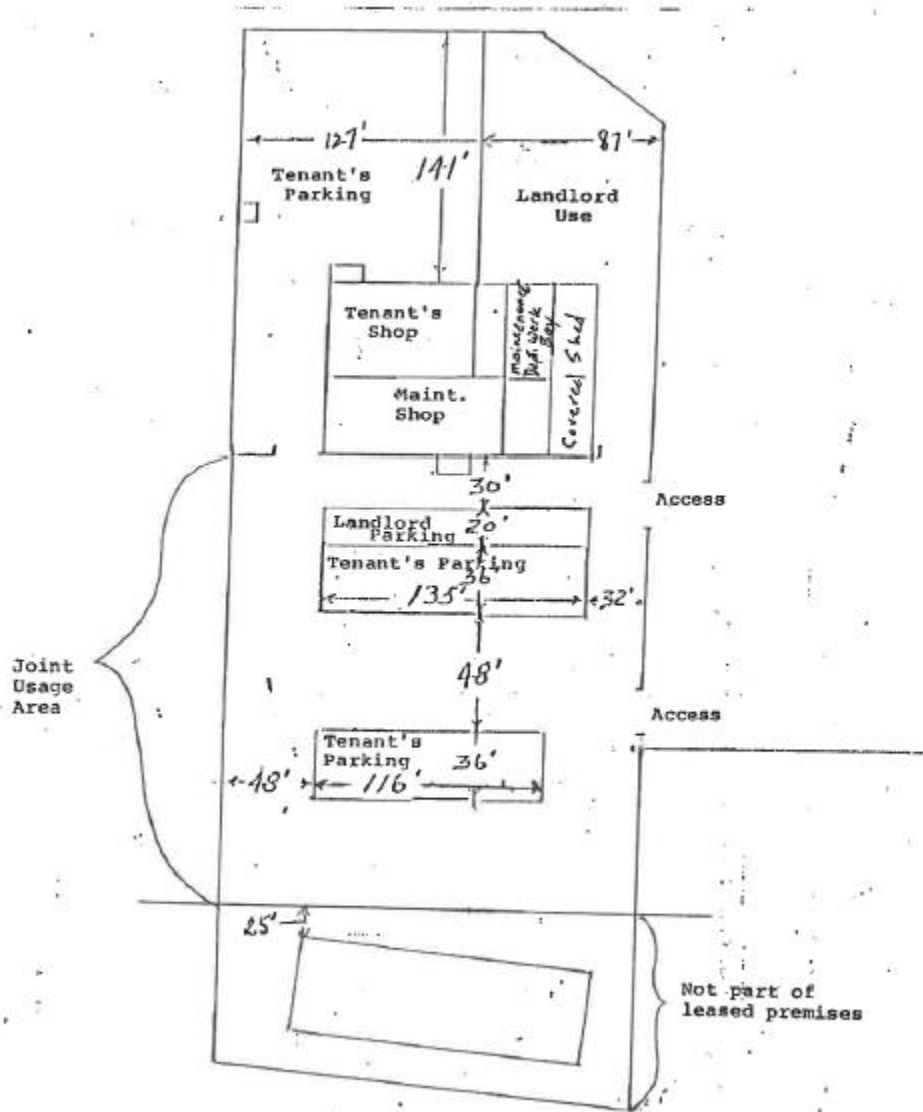
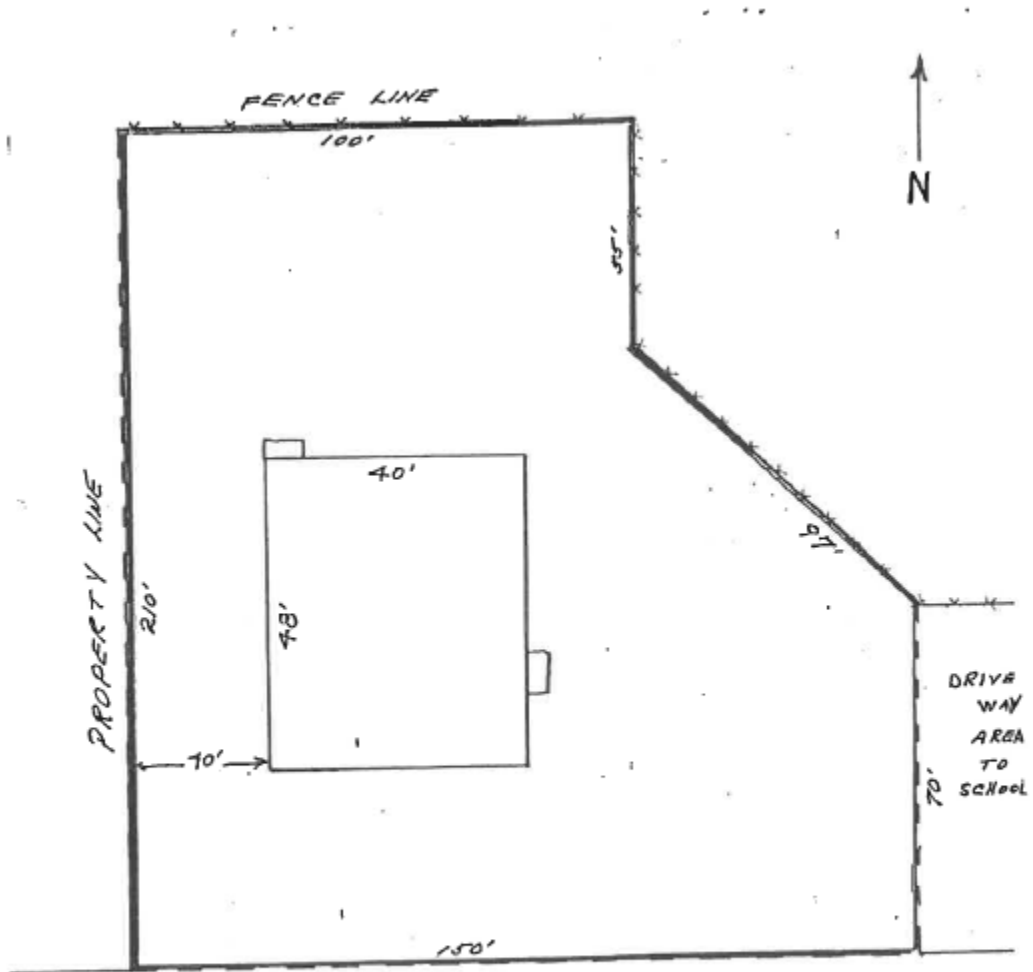


EXHIBIT "C"



WEST RIVER STREET
EVERGREEN BUS STOP
CANE JUNCTION, OREGON