

## CONTRACT

ENTERED into this 4<sup>th</sup> day of April, 2011 by and between EAST ALLEGHENY SCHOOL DISTRICT, hereinafter referred to sometimes as "EAST ALLEGHENY" or "SCHOOL DISTRICT",

AND

FIRST STUDENT, INC., hereinafter referred to sometimes as "CARRIER" or "CONTRACTOR".

WHEREAS, East Allegheny is a School District situate in Allegheny County, and

WHEREAS, Carrier is in the transportation business and will transport students of the East Allegheny School District.

AND NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. East Allegheny and Carrier hereby agree that Carrier shall perform transportation services by transporting students to and from school in the East Allegheny School District as directed for four (4) school years, beginning with the 2011-2012 school year and continuing through the 2012-2013, 2013-2014, and 2014-2015 school years. A school year can be less than, but shall not exceed 180 school days. Carrier will undertake to perform such "runs" as the School District shall, in its sole discretion, direct at those prices stated by the Carrier, all in accordance with the exhibit attached. The Carrier will perform all specified bus runs (three morning and three afternoon trips) in a timely, diligent and safe manner. The Carrier is fully aware of the District's needs and the geography of the District. The District reserves the right to alter runs and scheduling at its discretion. The Carrier shall further perform all transportation needs for special education students, field trips and special event trips as may be required in accordance with the Exhibits A attached. There shall not be any extra charge to the District for early dismissals. Runs and trips can be changed by the East Allegheny School District in any reasonable manner.
2. **FUEL:** As further consideration for the service provided herein, the School District agrees to purchase the fuel used by Contractor pursuant to this contract and to deduct the invoiced amounts plus the applicable state and local taxes from Carrier's monthly invoices. And further, East Allegheny may purchase fuel and sell it to the Carrier at cost plus five percent (5%) for administrative handling and it is agreed that the fuel must be used exclusively for Carrier's use in performing runs and trips under this contract.
3. **INSURANCES:** Carrier agrees to carry and keep in full force Worker's Compensation Insurance and all liability insurance per the Certificate of Insurance issued during the term of this contract. The East Allegheny School District will be listed as "additional insured" for claims arising under this Agreement on Carrier's policies. Carrier has obtained insurance with a company, which is an approved insurer in the Commonwealth of Pennsylvania, which is acceptable to East Allegheny, and will provide a current certificate of insurance by the insurance company to East Allegheny within ten (10) days hereof. A copy of the policy and certificates shall be made available to East Allegheny for each school year.

Carrier agrees to comply with all rules and regulations pertaining to school buses, the operation of school buses and all other applicable rules and regulations and rules of the road as ordained or promulgated by the Commonwealth of Pennsylvania as set forth in the Motor Vehicle Code and the School Code in a capable and professional manner. Carrier further warrants that its buses are and shall remain in good, operable, sanitary, safe condition and comply with all requisites of the Pennsylvania State Inspection Code applicable to motor vehicles, and specifically to school buses. Carrier warrants that it will maintain the buses in said condition. The School District may inspect any vehicle at any reasonable time.

4. **HOLD HARMLESS:** In the event any claim is made against the School District, its directors, officers, agents, servants, or employees by reason of conduct, pursuant to this contract or the Lease Agreement of Carrier, its agents, servants, employees, or subcontractors, Carrier agrees to defend, indemnify and hold harmless the East Allegheny School District, its directors, officers, agents, servants, and employees from all claims, suits, awards, judgments of any nature and to pay any judgments, liens or verdicts arising from such conduct, 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.
5. **REPORTING:** Carrier shall report all mileage by each bus, run and trip on a monthly basis by the tenth day of the next ensuing month; Carrier further shall record all other statistics as required by the School District, and submit written reports as and when directed.
6. **VEHICLE REQUIREMENTS:** In accordance with Exhibit, the School District shall have the right to designate to size and type of vehicle used by the Contractor in the performance of the work outlined in the terms of this agreement. Carrier will supply all equipment, personnel and supplies at its expense, including, but not limited to, buses, fuel, repairs, vans, operators, supervisors, cameras and radios.

The average vehicle age shall not exceed six (6) years and no vehicle shall be over eight (8) years at the end of the school year.

7. **DRIVERS:** All operators of vehicles used by the Contractor shall meet the regulations and rules of the Bureau of Traffic Safety of the Pennsylvania Department of Transportation in regard to fitness, competence, conduct, licensing, physical examination and continuing eligibility. An annual physical examination by a licensed physician is required of each driver and evidence of his ability to perform as a bus driver must be supplied to the School District.

The Contractor shall provide a competent, properly licensed operator for each vehicle operating for the School District; however, the operator shall remain the employee solely of the Contractor. The Contractor shall keep available standby drivers, who may be maintenance personnel or mechanics duly licensed to operate a school bus. The standby driver shall be used when the regular driver is not ready to start his/her run within ten (10) minutes of the regular departure time.

The Contractor shall keep a record of check-in and check-out times of all drivers in order to determine whether or not all buses have been dispatched, a copy of which is

to be presented to the School District each month prior to the third Thursday of the following month.

The School District reserves the privilege of meeting with the Contractor to discuss and request the removal of any driver who, in the reasonable judgment of the School District, is not rendering satisfactory service because of his/her physical or mental condition or driving record.

Before the start of the school year, the Contractor shall supply the School District with a list of names, addresses and phone numbers of the drivers it is planning to use. The first week of each month thereafter, any additional names, addresses and phone numbers of new drivers to be employed, and present drivers to be discharged, shall be supplied to the School District. All drivers must have Act 34, Act 151 and FBI Clearance~ prior to being hired or operating any school vehicle.

Copies of summaries of the completed annual physical examination form for each driver shall be submitted to the School District before the driver transports East Allegheny students. All operators will be subject to inspection of their entire motor vehicle operating record. In the event of an accident, drug and alcohol testing of the operator, and the mechanic if deemed necessary, will be mandatory (to the extent permitted by applicable law).

The Contractor shall require driver attendance to in-service safety meetings, as the School District shall determine. The Contractor shall have driver orientation of a route before assigning such route to the driver. Every driver shall thoroughly understand and be acquainted with his route.

8. **DISCIPLINE:** The School District hereby delegates to the Contractor the necessary authority to supervise and to control students on the buses operated by it while they are en route under such rules as are adopted by the School District, but such authorization shall not include the right to administer corporal punishment, or the right to eject any offender under circumstances that may or are likely to result in injury or danger to the offender. All incidents of disciplinary action are to be reported to the School District in writing.
9. **ROUTING:** Bus routes and bus stops shall be determined by the School District and may be modified by the School District in its sole discretion. The operator of the Carrier's vehicle shall not deviate from the designated route except by the consent of East Allegheny or in the case of an emergency, which shall be reported promptly to East Allegheny or its designated representative.
10. **SCHEDULING:** An operating schedule shall be prepared by the School District with the cooperation of the Contractor. The schedule shall designate the time and place of all bus stops, both morning and evening, and shall be posted in the appropriate bus and in the appropriate school. No bus shall depart from any designated stop before one minute after the scheduled time, unless all pupils to be transported from that point are aboard.

The time schedule may be modified by the School District as occasion demands but only after due notice has been given to parents and the Contractor. Carrier shall reimburse the School District for any losses or expenses suffered or incurred due to

Carrier's failure to comply with scheduling, when such failure to comply is due to factors within the control of Carrier.

11. **ROSTER**: The School District shall furnish a roster of students for each bus used under the terms of this agreement and the Contractor shall maintain this roster in the appropriate vehicle at all times during the term of this agreement.
12. **LOADING / DISCHARGING STUDENTS**: Pupils shall be taken on and discharged from the bus only at designated stops and at the extreme right side of the road. No pupils shall be permitted to get on or off the bus while it is in motion. No vehicle, which has stopped in compliance with the provisions of Section 3208 of the School Laws of Pennsylvania, shall proceed until after each child who may have alighted there from shall have reached a place of safety.
13. **PASSENGERS**: Only school pupils, goods or property shall be transported in a contracted vehicle except that a teacher, other school official, or parent may ride when approved by the School District's designated representative.
14. **SEATING CAPACITY**: Contracted vehicles, including Type A vehicles, shall not be loaded beyond the seating capacity as set forth in minimum standards and as indicated on the "Approved School Bus Sticker" or manufacturer's rated seating schedule/sticker.
15. **VEHICLE SPEED**: The speed of the vehicle shall at all times be consistent with the safety of the passengers and shall at no time exceed the posted speed limit or as set forth in the minimum standards of the Bureau of Traffic Safety, PennDot, as promulgated from the Vehicle Code.
16. **SAFETY EQUIPMENT**: The Contractor agrees to furnish in each contracted vehicle the following safety related items: Grade A first-aid kit, dry-chemical type tire extinguisher of at least a 3-lb. capacity, a pry-bar (or axe), warning flags, flares, tire chains, stop arm, crossing arm, two-way radio and camera.
17. **INDEPENDENT CONTRACTOR**: It is understood and agreed to by both parties hereto that the Contractor, its agents, servants, employees and bus drivers, while engaged in carrying out and complying with any of the terms and conditions of this contract, are Independent Contractors and not officers, agents or employees of the aforesaid School District.
18. **NON-ASSIGNMENT**: The experience, knowledge and reputation of Carrier is a material inducement to the District in entering into this agreement. Accordingly, this agreement, and Carrier's obligations and performance hereunder, may not be assigned to any other party without the prior written consent of the District and ratification of the same by recorded vote of a majority of the members of the District's Board of School Directors, which consent may not be unreasonably withheld or delayed. However, the Carrier may assign this Agreement if the assignment is made to a parent, subsidiary or affiliated company. Any assignment accepted by the District shall not relieve the Carrier from liability for the breach of any terms of this agreement. This provision encompasses, not only assignments to another entity, but any changes in the corporate ownership or transfer of effective control over the

operations of the Carrier, whether by corporate merger, stock acquisition or otherwise.

19. **TERMINATION**: Should the Carrier fail to comply with any of the terms or conditions set forth in this agreement when such failure to comply is due to factors within the control of Carrier, or should the District determine that the Contractor is in any other way unfit, unqualified or unable to perform all of the transportation needs of the District, under the Contract, then, and in that event, with thirty (30) days' written notice to the Carrier, this agreement may be terminated, if written notice of failure to comply was given to Carrier and Carrier failed to cure such failure within a reasonable amount of time. Notwithstanding the foregoing, the either party may terminate this agreement, without cause, upon giving the other party ninety (90) days' written notice.
20. **COMPENSATION AND BILLING**: In consideration for services rendered hereunder, District shall pay to Carrier all sums due and owing and calculated in accordance with the rates set forth in Exhibit A, as may be adjusted from time to time as provided herein. Not later than the 15th working day after the end of each month during the term of this Agreement, Carrier will submit to District a statement of its services rendered during the prior month. After verification of the statement, District shall pay the amount due to Carrier on or before the 10th business day following the date on which the statement had been submitted. Carrier reserves the right to terminate the agreement should District default by failing to pay invoices timely.
21. **FORCE MAJEURE**: In the event Carrier 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 Carrier's control or any other force majeure clause as defined by state law, District shall excuse Carrier from performance under this Agreement.
22. **SURVIVAL**: The mutual obligations described in Compensation and Billing, and Indemnification hereof shall survive the termination or expiration of the Agreement.
23. **SEVERABILITY**: 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.
24. **MODIFICATION**: Carrier 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.
25. **NOTICE TO PARTIES**: 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:

Ms. Toni Valicenti, Director of Fiscal Affairs  
East Allegheny School District  
1150 Jacks Run Road  
North Versailles, PA 15137

Notices to Contractor shall be addressed to:

Phil Eades  
Region Operations Manager / Western PA  
FirstGroup America (First Student)  
150 S. 24th St.  
Pittsburgh PA 15203

With a copy to:

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

26. **ENTIRE AGREEMENT:** 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.
27. **DISPUTE RESOLUTION:** 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 or pursue any action in a court of law.
28. **CARRIER APPROVAL:** This contract was approved by the Board of Directors of Carrier at a regular meeting duly convened at which a quorum was present and voted thereon.
29. **SCHOOL DISTRICT APPROVAL:** This contract was approved by the East Allegheny School District at a meeting duly convened at which a quorum was present and voted in favor thereof.
30. **LEASE:** The lease agreement entered into between the parties of even date herewith for the District's bus garage. If either the Lease Agreement or this Contract is terminated, the other is also terminated.
31. **PDE APPROVAL:** This Contract is subject to the approval of the Pennsylvania Department of Education.

WITNESS, the hands and seals of the parties the day and year aforementioned.

ATTEST:

FIRST STUDENT, INC.

by N/A  
Secretary  
(Seal)

by [Signature]  
Vice President

EAST ALLEGHENY SCHOOL DISTRICT

by Tonil Valente  
Secretary  
(Seal)

by Harri C. McCullagh  
President

**EAST ALLEGHENY SCHOOL DISTRICT**  
**PROPOSAL FOR CONTRACTED DAY-TO-DAY SCHOOL BUS TRANSPORTATION**  
**Exhibit A Final Pricing**

**Cost Breakdown of "Daily Runs"**

		Year 1 2011-2012	Year 2 2012-2013	Year 3 2013-2014	Year 4 2014-2015
<b><u>Base Contract</u></b>		<b><u>Current</u></b>			
72 PAX Buses	\$	195.94	\$ 197.95	\$ 199.99	\$ 199.99
20 PAX Buses	\$	184.45	\$ 191.83	\$ 199.50	\$ 199.50
Small Wheelchair Bus	\$	189.59	\$ 194.33	\$ 199.19	\$ 199.19
<b><u>Additional Billing/ Extra Curricular</u></b>					
Monitor / Daily	\$	45.54	\$ 46.56	\$ 47.61	\$ 47.61
Forbes, Activities, middays, Dart, Tillotson	\$	80.00	\$ 61.35	\$ 62.73	\$ 62.73
Brightside, Starbase, Shuttles	\$	195.94	\$ 197.95	\$ 199.99	\$ 199.99
Summer Runs	\$	184.45	\$ 197.95	\$ 199.99	\$ 199.99
Alt Ed Shuttle and middays under one (1) hour.	\$	46.81	\$ 61.35	\$ 62.73	\$ 62.73
Field Trips / Extra Curricular / Sports		Various pricing based on destination	\$ 174.25	\$ 178.61	\$ 183.07
*Flat rate covers the first 5 hours.					
Additional Hours over 5	\$	34.00	\$ 34.85	\$ 35.72	\$ 36.61

The above rates include the following changes, made at East Allegheny's request:

1. Average vehicle age shall not exceed 6 years and no vehicle shall be over 8 years at the end of the school year.
2. Facility rent shall increase 2.5% per year.
3. East Allegheny will be permitted to charge First Student a 5%, handling per invoice, for fuel.(As per current contract)



COPY

## LEASE AGREEMENT

This Lease Agreement entered into this \_\_\_\_ day of December, 2011 by and between EAST ALLEGHANY SCHOOL DISTRICT, hereinafter referred to "Lessor", and, FIRST STUDENT, INC., hereinafter referred to as "Lessee".

### PROPERTY LEASED

1. In consideration of the mutual covenants and agreements herein set forth, Lessor does hereby lease to Lessee, that bus garage and parking lot, on Wall Avenue, Borough of Wall, County of Allegheny, Commonwealth of Pennsylvania, hereinafter referred to as "leased premises", as the same is shown in Schedule "A" attached hereto and made a part hereof, together with land leased by Lessor from Conrail. Lessee acknowledges receipt of the lease from Conrail and agrees to be bound by all the terms thereof. In addition, the land leased from Conrail will only be leased to Lessee so long as Conrail does not terminate the Leasehold. If the same is terminated for any reason whatsoever, then Lessee shall immediately vacate that portion of land; in such event there will be no reduction of rent payable hereunder and no diminution of any of Lessee's duties.

2. This lease is for a four (4) year term and shall commence on August 1, 2011 and end on July 31, 2015, unless sooner terminated by agree of the parties, at which time Lessee will vacate the premises, unless renewed or extended by written agreement between the parties. Provided, however, if the busing contract is terminated other than due to a material breach by Lessee, then this lease shall terminate without further liability of either party to the other. Lessor covenants and warrants that it has the right to execute and perform this Lease Agreement, and further covenants that Lessee shall peaceably and quietly have, hold and enjoy the leased premises and all rights, easement, appurtenances and privileges belonging or in any wise appertaining thereto, during the full term of this Lease Agreement, subject to the terms of this Lease Agreement and to the terms of all financing to which this Lease Agreement may become subordinate.

3. This lease is written in conjunction with a contract of even date herewith between Lessor and Lessee relative to bus service to be provided to Lessor. All terms of that contract are incorporated herein and made a part hereof.

In the event the agreement for bus service is terminated prior to its full term, this Lease Agreement shall terminate coincident therewith without further liability of either party to the other. Conversely, termination of this Lease Agreement prior to its full term for any reason shall not terminate, diminish or otherwise affect the term of the separate agreement for bus service.

4. Lessee and Lessor hereby agree that rent shall be payable in nine consecutive monthly payments commencing the first day of August of each year of this contract as set forth in the following schedule:

- a. From August 1, 2011 through July 31, 2012, the sum of \$60,995.94 plus 2.5% payable in nine (9) equal monthly installments.
- b. Each subsequent year, the rent shall be the previous year's rate plus 2.5%, paid in nine (9) equal monthly installments.

5. Lessee and Lessor hereby agree that Lessee shall also pay all real estate taxes imposed on that portion of the leased premises owned by East Allegheny, if any. If the property is deemed to be taxable, Lessee shall pay all such taxes imposed. Lessor will excuse School District taxes only, but only if the entire leased premises are used only for servicing Lessor's busing needs for the entire year. No other use may be made of the leased premises, without the express written consent of East Allegheny School District.

6. Except as provided in paragraph five, Lessee shall pay all taxes, business privilege taxes or any other applicable taxes for its occupation of the leased premises.

7. Lessee shall not violate any laws, ordinances or regulations of Wall Borough, Allegheny County, Commonwealth of Pennsylvania or the United States of America. It shall be Lessee's obligation to apply for, obtain and pay all attendant fees for occupancy permits, or any other permits or licenses required by any governmental authority.

8. Lessee shall maintain the premises, including the compressor system, heating, air conditioning, fuel pump and tank, the outdoor premises in good repair and condition, including but not limited to routine repairs and parts replacements. Lessee shall be responsible to maintain all plumbing and electrical wiring within the leased premises, and all windows, interior walls, floors and ceiling. Lessee shall also be responsible for the reasonable care of landscaping and regular mowing of grass, and keeping the walkways, parking lot and sidewalks free of snow, ice and debris. Lessor will be responsible for the roof, foundation and structural soundness of the exterior walls of the building.

9. Lessee shall throughout the lease term maintain the leased premises and equipment therein and keep them free from waste or nuisance, and shall deliver possession of the same in a clean and sanitary condition at the termination of this lease in good repair and condition, reasonable wear and tear, and, damage by fire, tornado, or other casualty only excepted. In the event Lessee should neglect to reasonably maintain the leased premises, and such neglect shall continue for thirty (30) days after written notice, Lessor shall have the right, but not the obligation, to cause repairs or corrections to be made, and any reasonable costs therefore shall be payable by Lessee to Lessor as additional rent on the next rental installment date. In the event of any damage to the leased premises, Lessee shall give prompt written notice to Lessor.

10. Lessee shall not create any openings in the roof or exterior walls, or make any alterations, additions, or improvements to the leased premises without the prior written consent of Lessor. Consent for non-structural alterations, additions, or improvements shall not be unreasonably

withheld by Lessor. Lessee shall have the right at all times to erect or install shelves, bins, equipment, air conditioning and trade fixtures, provided that Lessee complies with all applicable laws, ordinances, and governmental regulations. Lessee shall have the right at the termination of this lease to remove such items so installed; however, Lessee shall repair any damage caused by such removal.

11. Lessee takes leased premises and all equipment "as is". There are no warranties of any nature regarding the leased premises or any equipment on the leased premises. Lessee has made its inspection. At Lessee's sole expense, it may remodel, carpet, paint or otherwise improve the leased premises or prepare the leased premises for Lessee's occupancy and use. However, all such improvements and installations must first be approved by Lessor, which approval will not be unreasonably withheld. Lessor is unaware and has no notice of any defects in the premises.

12. Lessee may erect identification name signs on the leased premises, subject to applicable laws, but only with the express written consent of Lessor, which consent shall not be unreasonably withheld. Lessee shall remove all signs at the termination of this lease, and shall repair any damage and close any holes caused by such removal.

13. Lessee shall pay all utility charges for water, gas, electric, sewage, garbage and trash removal for the premises.

14. Lessee at its expense, shall maintain comprehensive general liability insurance, having combined single limit for anyone occurrence of not less than Five Hundred Thousand Dollars (\$500,000.00) for any personal injury, bodily injury, death, disease, damage or injury to or destruction of property (including loss of use) occurring upon, in, or about the leased premises. Lessor shall be an additional named insured on each such policy. Lessee shall pay for general casualty, fire and extended peril for full value coverage of the premises and East Allegheny School District equipment naming Lessor as an additional named insured insuring the same for no less than Two Hundred Fifty Thousand Dollars (\$250,000.00). This liability and property damage insurance obtained by Lessee shall be issued by an entity and in form, which is approved by Lessor, which approval will not be unreasonably withheld. Each party waives subrogation against the other, but only to the extent that the loss is covered by insurance. All insurance policies required by this provision shall be "occurrence" policies.

15. (A) If the building on the premises should be totally destroyed by fire, flood, casualty, or if it should be so damaged from any cause that rebuilding or repairs cannot reasonably be completed within ninety (90) working days from the date of the occurrence of the damage, this lease shall terminate and rent shall be abated for the unexpired portion of this lease, effective as of the date of written notification. Lessor's duties under the bus service contract shall not abate, and there shall be no change of duties or rights there under. Lessee shall give Lessor prompt written notice of such damage.

(B) If damage to the premises can be reasonably completed within ninety (90) days, then Lessor shall repair the same to the extent of insurance proceeds available. This determination shall be made at the Lessor's sole discretion. Rent shall proportionately abate during the period when repairs are being made.

(C) If damage is caused by the fault of Lessee, its agents, servants, employees or visitors, then Lessee shall repair or rebuild at its expense. Rent shall not then abate.

16. (A) If, during the term of this lease or any extension or renewal thereof, the premises should be taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or should it be sold to a condemning authority under threat of condemnation, this lease shall terminate and the rent shall be abated during the unexpired portion of this lease, effective as of the date of taking of said premises by the condemning authority.

(B) Lessor and Lessee shall each be entitled to receive and retain their separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings as provided in the Pennsylvania Eminent Domain Code. The termination of this lease shall not affect the rights of the respective parties to such awards, or to any rights or awards allocated to each under the Eminent Domain Code. However, Lessor shall receive the full award for value of the fee simple ownership of the premises without diminution or reduction for the value of leasehold interests.

17. (A) Lessee agrees to indemnify, defend and hold Lessor, its agents, officers, servants and employees harmless against any and all claims, demands, injuries, damages, costs and expenses, including reasonable attorney's fees for the defense thereof, arising from the conduct or management of Lessee's occupation of the leased premises or from any breach on the part of Lessee of any conditions of this lease, or from any act of omission or negligence of Lessee, its agents, contractors, servants, employees, licensees or invitees. In case of any action or proceeding brought against Lessor by reason of any such claim, Lessee, on notice from Lessor, covenants to defend such action or proceeding by counsel selected by Lessor.

(B) Each party shall indemnify and hold the other harmless including its successors and assigns against and from any claim liability, judgment, damage, cost or expense (including, without limitation, reasonable attorney's fees and disbursements) arising, directly or indirectly from any violation of any Federal, state or local law, regulation, rule, ordinance, order or notice applicable to the leased premises or relating to the environment or the use or disposal of hazardous substances, hazardous waste or pollutants (each as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) on or at the leased premises by Lessor at any time prior to the term of this Lease Agreement by Lessee during the term of its possession of the leased premises.

18. (A) The following events constitute defaults by Lessee:

1. The storage by Lessee of any unapproved product in the fuel tanks;
2. The use of fuel stored in the fuel tanks for any purpose other than the transportation of pupils in accordance with the transportation agreement between Lessor and Lessee;
3. Use of the property or any part thereof, by operation of law or in any manner whatsoever, by any person other than Lessee, without prior approval by Lessor;
4. The nonpayment of rent or any other money due to Lessor for more than thirty (30) days;
5. The nonperformance by Lessee of any other term, covenant or condition of this lease which is not cured within thirty (30) days after notice thereof from the Lessor.

Subject to the notice requirements and cure period in Paragraph 19, Lessor may at its option, with thirty (30) prior written notice to Lessee, terminate this lease, Lessor may further reenter and take possession of said leased premises and remove all persons and property there from, without being deemed guilty of any manner of trespass, and relet the leased premises or any part thereof, for all or any part of the remainder of said term, to a party satisfactory to Lessor, and at such monthly rental as Lessor may with reasonable diligence be able to secure. Should Lessor be unable to relet after reasonable efforts to do so, or should such monthly rental be less than the rental Lessee was obligated to pay under this lease, or any renewal thereof, plus the expense of reletting, the Lessee shall pay the amount of such deficiency to Lessor.

(B) In any legal proceedings between the parties, the successful or prevailing party shall be entitled to reasonable attorneys fees.

19. The rights and remedies provided by this lease agreement are cumulative and the use of anyone right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise. Lessee agrees that it will not terminate this Lease Agreement because of Lessor's default on its obligations hereunder until Lessee has given written notice to Lessor specifying the nature of the default by Lessor and allowing Lessor thirty (30) days after the date of such notice to cure such default if such default can be reasonably cured within said period of time, or such reasonable period of time in addition thereto if circumstances are such that such default cannot be reasonably cured within said thirty (30) day period.

20. Lessee shall permit Lessor and its agents to enter into and upon the leased premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining or making repairs or alterations to the building.

21. Lessee shall not have the right to assign or to sublet the leased premises without the express written consent of the Lessor. If Lessee's busing contract with the School District terminates for any reason, this lease shall terminate.

22. All notices provided to be given under this agreement shall be given by certified mail, addressed to the proper party, at the following address:

Lessor:

East Allegheny School

1150 Jacks Run Road North

Versailles, P A 15137

Lessee:

FirstGroup America (First Student)

150 S. 24th St

Pittsburgh P A 15203

With copy to:

Office of the General Counsel

FirstGroup America

600 Vine Street, Suite 1400

Cincinnati, Ohio 45202

23. No amendment, modification or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

24. No waiver by the parties hereto of any default or breach of any term, condition, or covenant of this lease shall be deemed to be a waiver of any other breach of the same or any other term, condition, or covenant contained herein.

25. Lessee agrees to subordinate its leasehold interest to any and all mortgages, debts and liens of the Lessor, existing at the time of this lease and all future advances and loans made hereafter. It is expressly understood that Lessee's interest in the leased premises will be junior and subordinate to any and all financial institutions with which Lessor contracts. Lessee agrees

to execute and deliver written statements to carry out the intent of this section acknowledging the superior rights of financial institutions. Lessee further names and authorizes Lessor to act as Lessee's attorney in fact to execute such written acknowledgment and waiver of rights in favor of any entity, which lends money to Lessor. Provided, however this paragraph shall not give any person or entity the right to interfere with Lessee's rights or possession of the premises.

26. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns where permitted by this agreement.

27. This lease was duly approved at a meeting of the governing body of each party hereto.

IN WITNESS WHEREOF the undersigned Lessor and Lessee hereto execute this agreement as of the day and year first above written.

ATTEST:

EAST ALLEGHENY SCHOOL DISTRICT

by Toni Valente

by Heidi C. McElroy

FIRST STUDENT, INC.

by [Signature]

by [Signature]

(SEAL)