

## LEASE FOR PUPIL TRANSPORTATION EQUIPMENT

THIS LEASE FOR PUPIL TRANSPORTATION EQUIPMENT, hereinafter referred to as the "Lease", is made and entered into this 21st day of May, 2013, by and between IOWA CITY COMMUNITY SCHOOL DISTRICT, an Iowa public school corporation, with its principal office located at the Educational Services Center, 1725 North Dodge Street, Iowa City, Iowa 52245, hereinafter referred to as the "LESSEE", and DURHAM SCHOOL SERVICES, L.P., a Delaware limited partnership, with its principal office located at 4300 Weaver Parkway, Warrenville, Illinois, 60555, hereinafter referred to as "LESSOR".

In consideration of the mutual covenants hereinafter contained, LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR, the equipment as described herein, upon the terms and conditions set forth below:

1. Equipment. The equipment provided by LESSOR shall consist of such buses, automobiles, trucks and other vehicles necessary for day-to-day operation, supervision, and maintenance of pupil transportation for LESSEE, specifically including the Vehicles described on the Schedule attached hereto and made part of this Lease. The term "Vehicles", as used herein, shall mean such buses or other vehicles as are leased hereunder together with all additional equipment and accessories. All Vehicles supplied under this Lease shall meet Iowa vehicle construction requirements for school buses as well as applicable federal motor vehicle safety standards, and must meet with the approval of LESSEE.

1.1 The Vehicles shall be equipped with LESSEE-owned two-way radios and a LESSEE-owned base station at the LESSOR'S terminal.

1.2 The Vehicles shall be equipped with live GPS technology in order to identify immediate location during the routes. GPS technology must record relevant information (speed, time, location) to be stored for at least 180 school days. LESSEE must have access to the GPS system at all times.

1.3 The Vehicles shall be equipped with an electronic child sleeper check system to ensure each bus is checked at the end of each shift.

1.4 The Vehicles shall be equipped with three digital cameras per bus for video and audio recording with clear view of inside of bus.

1.5 The Vehicles shall be equipped with a stop arm camera per bus for video recording of stop arm violators.

1.6 The Vehicles shall be equipped with an automatic video uploading system per bus, which automatically uploads video recordings to a LESSEE-accessible server upon return of each bus to the bus lot.

1.7 The Vehicles shall be equipped with a student ridership management system per bus, to include RFID cards issued to student riders, real-time accessibility to

individual student status by the LESSEE, LESSOR, and the student's parent(s)/guardian(s), and reporting to the LESSEE and LESSOR on daily bus ridership data.

1.8 The Vehicles shall be equipped with a rear stop sign per bus in addition to the standard front, driver-side stop sign.

2. Lease Documents. The Lease shall consist of the general terms and conditions stated herein which shall be applicable to every Vehicle leased hereunder described on the Schedule attached hereto, which is incorporated herein by reference and made a part of this Lease. The Schedule may be updated or amended from time to time upon mutual written agreement of the parties. The complete Lease consists of this Lease, and the DISTRICT's Request for Proposals 13004 and the CONTRACTOR's Proposal, which are hereby incorporated herein by reference, as applicable to pupil transportation equipment. The foregoing documents are listed in order of precedence. In the event of any conflict between the terms of this Lease, the Request for Proposals, or the Proposal, the terms set forth in the document first listed shall govern.

3. Official Fees and Taxes. LESSOR agrees to pay when due all official fees, registration fees, and taxes imposed on this Lease or on the Vehicles.

4. Payment of Rent. LESSEE agrees to pay LESSOR all monthly rent payments for the Lease of the Vehicles as specified on the Schedule, beginning on July 1, 2013 (or as thereafter agreed) and continuing on the same day of each month thereafter for the term of this Lease.

5. Term. The term of this Lease shall be for a period of three (3) years beginning July 1, 2013 and ending June 30, 2016. The Lease shall be renewable for one additional three (3) year term, at the option and mutual written agreement of both parties with a notice of intent to extend the Lease given in writing to the other party on or before December 1, 2015, taking into consideration LESSOR'S performance under the Lease and cost negotiations, and subject to applicable statutes and regulations.

6. Termination of Contract. If LESSOR at any time fails to comply with and fully perform any terms and conditions or covenants contained herein to be performed by LESSOR, LESSEE shall give prompt notice in writing to LESSOR of such failure and in the event LESSOR does not remedy such failure within thirty (30) days from the receipt of such notice, then at the option of LESSEE, the Lease may be terminated immediately by delivery to LESSOR of written notice of such election to terminate. LESSOR shall remain liable for any costs to LESSEE directly resulting from LESSOR'S failure. Notwithstanding the foregoing, if LESSOR'S failure to perform as required by the Lease jeopardizes the safety or welfare of the students or LESSEE, immediate action will be taken by LESSOR to remedy the failure following notice from LESSEE. If LESSOR fails to remedy the said situation immediately, LESSEE may at its option terminate the Lease immediately upon notice to LESSOR.

The Lease may be terminated by LESSEE or LESSOR at any time, for convenience and

without cause, upon ninety (90) days written notice in conformity with Iowa Code Section 285.5.

6.1 If LESSOR terminates the Lease for convenience upon 90 days' notice, LESSEE may recover from the performance bond, or from LESSOR, the sum of \$5,000.00 per day as liquidated damages for a period of 90 days or until LESSEE obtains other transportation equipment on terms as favorable to LESSEE as the terms of this Lease, whichever first occurs.

6.2 *Purchase Option* – Should LESSOR terminate the Lease, and should LESSEE's Board of Education desire to purchase any or all of the Vehicles provided hereunder, LESSOR shall sell to LESSEE the Vehicles provided hereunder at a price to be determined by an appraisal board composed of one person appointed by LESSEE's Board of Education, one person appointed by LESSOR, and a third person selected by LESSEE and LESSOR, all as required by Iowa Code Section 285.5.

During any termination notice period in this Section, LESSEE reserves the right, without waiver of other rights against LESSOR and its surety, to arrange for the transportation of students itself, or to enter into a contract with another person, firm or corporation, or to do any other act or thing necessary to assure continuity of transportation operations. If LESSOR is unwilling or unable to provide the necessary equipment, LESSEE shall have the emergency authority to take possession of and use the buses and other physical assets until such time as alternate transportation arrangements can be made by LESSEE.

7. Vehicle Return. Upon the expiration or termination of the Lease, if LESSEE does not purchase the Vehicles, LESSEE must return the Vehicles to LESSOR at an agreed upon location in Iowa City, Iowa.

8. Insurance. LESSOR shall be required to maintain insurance coverage which is satisfactory to LESSEE's Board of Education. Minimum limits for said coverage shall be:

8.1 Automobile Liability combined single limit for bodily injury and/or property damage shall equal ten million dollars (\$10,000,000.00).

8.2 Commercial General Liability combined limit for bodily injury and/or property damage shall equal ten million dollars (\$10,000,000.00) per occurrence.

8.3 Workers Compensation coverage to be statutory and include all employees of LESSOR.

8.4 Contractual liability coverage.

8.5 Catastrophic Umbrella Liability in the amount of \$10,000,000.

Conditions of coverage are to include the following:

8.6 All certificates must contain thirty (30) days' notice of cancellation to

LESSEE.

8.7 All insurance policies and/or bonds will be written with insurance companies licensed to do business in the state of Iowa and subject to the approval of LESSEE.

8.8 Commercial General Liability and Automobile Liability must include LESSEE as an additional insured. The policy shall be primary and non-contributory.

8.9 Commercial General Liability insurance shall include Broad Form Comprehensive General Liability Endorsement.

8.10 Insurance shall be provided by a company with a current Best's rating of "A+" or better.

LESSOR shall hold harmless and indemnify LESSEE, its Board of Education, Superintendent, and employees from every claim or demand by reason of injury to LESSOR, or to its employees and to third parties and injury to the extent caused by LESSOR or by direct employees of LESSOR.

LESSOR shall name LESSEE as an additional insured.

LESSOR shall provide a copy of all such insurance policies to LESSEE.

9. Performance Bond. A \$500,000 performance bond is required from LESSOR. The bond will be written in a form acceptable to LESSEE and underwritten by a bonding company approved to conduct business in the State of Iowa.

10. Indemnity/Hold Harmless Contract. To the extent permitted by law, LESSOR shall defend, hold harmless, and indemnify LESSEE, its Board of Education, officers, employees, and agents from any and all claims, demands, causes of action, liabilities, damages, losses, and expenses (including reasonable attorney fees) of every kind, nature and description as a result of injury to or death of persons or damage to property to the extent caused by or resulting in any manner from the acts or omissions of LESSOR, its employees, or agents in performing or failing to perform any of the obligations to be performed by LESSOR under this Lease.

11. Vehicle Condition. The Vehicles provided by LESSOR shall meet all federal and state requirements for school buses and vehicles for the term of the Lease.

The maximum age of the Vehicle fleet provided by LESSOR shall not exceed a retention cycle of ten (10) years for route and spare buses, and the average age of the fleet shall not exceed seven (7) years. The average age of the fleet shall be calculated on August 1<sup>st</sup> of each year.

12. Vehicle Upgrades. Any Vehicle upgrades mandated by law during the term of the Lease shall remain the responsibility of LESSOR, and all costs for such upgrades will be the responsibility of LESSOR.

13. Vehicle Damage or Loss. LESSOR shall be responsible for any damage, destruction, or loss of the Vehicles, and shall promptly restore or replace the Vehicles to the physical condition that existed prior to the damage, destruction, or loss of the Vehicles. In the event of any damage, destruction, or loss of a Vehicle(s) that precludes LESSOR from providing the Vehicle(s) under this Lease to LESSEE in accordance with LESSEE's requirements, LESSEE will have the right to terminate this Lease immediately as to said Vehicle(s) without any further payment obligation for said Vehicle(s).

14. Substitute or Spare Vehicles. Substitute or spare Vehicles will be kept in reserve to accommodate planned Vehicle maintenance and Vehicle breakdowns. Spares will be supplied by LESSOR, at a minimum of ten percent (10%) of the active fleet and one handicap bus and meet the same standards as the route buses. In addition, spare buses must be dedicated to LESSEE and be garaged with the active bus fleet. A complete Vehicle fleet listing shall be provided by LESSOR each year of the Lease. This listing shall indicate active route buses and substitute Vehicles.

15. Default. LESSEE will be in default under this Lease if LESSEE fails to make a monthly rent payment when due or LESSEE fails to fulfill any other obligation under this Lease, provided that LESSOR has given LESSEE prompt notice in writing of such failure and LESSEE does not remedy such failure within thirty (30) days from the receipt of such notice. In the event of such default, LESSOR may, but is not obligated, terminate the Lease by delivery to LESSEE of written notice of such election to terminate, or repossess the Vehicles wherever they are located.

16. Liens. LESSEE shall not permit the Vehicles or this Lease to become subject to any lien or encumbrance.

17. Assignment. Neither party may assign or transfer any interest in this Lease without the prior written consent of the other party.

18. Permitted Use. The Vehicles provided by LESSOR will be used, operated, and maintained pursuant to a separate Contract for Pupil Transportation Services. Fleet school buses shall be used only for transporting regularly enrolled students to and from school and to extracurricular and other activities approved and designated by the Chief Operating Officer.

19. General Provisions. It is further agreed as follows:

19.1 Notices to either party to this Lease shall be in writing and shall be considered duly served and delivered if such notice is delivered by hand; mailed via the United States mail, certified, return receipt requested; or sent via overnight service. All such notices shall be addressed to:

LESSEE: Iowa City Community School District  
Attention: Chief Operating Officer  
1725 North Dodge Street  
Iowa City, IA 52245

LESSOR: Durham School Services, L.P.  
Attn: Contract Administrator  
4300 Weaver Parkway  
Warrenville, Illinois 60555

19.2 Any waiver or delay in requiring performance of any obligation or in enforcing rights hereunder will not affect either party's ability to require performance of the other party's obligations or to enforce its rights thereafter.

19.3 The parties shall negotiate in good faith in an attempt to resolve any dispute that may arise under this Lease. Any litigation arising between the parties related in any way to this Lease shall be initiated and maintained only in the appropriate state or federal court for Johnson County, Iowa. In addition to any other remedy provided under this Lease or by law, LESSEE reserves the right to withhold, as liquidated damages, one month's total rental payment from LESSOR pending complete compliance with the terms of this Lease.

19.4 This Lease, and incorporated documents, between LESSEE and LESSOR contains the entire understanding between the parties and cannot be changed or terminated orally but only by an agreement in writing signed by both parties.

19.5 The LESSOR shall at all times observe and comply with all laws, ordinances, regulations and code of the Federal, State, County or other local agency and LESSEE'S policies, regulations and procedures which pertain to the delivery of pupil transportation equipment.

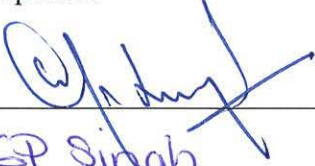
19.6 This Lease shall be governed by Iowa law. If any provision of this Lease is held by a court of competent jurisdiction to be invalid or unenforceable, then such provision shall be modified to the extent necessary to be valid and enforceable, and all other provisions shall remain in full force and effect.

19.7 The headings or captions in this Lease are for convenience of reference only and shall not be used to interpret or construe its provisions.

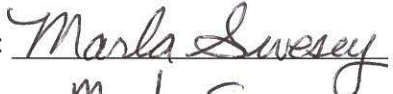
19.8 This Lease is binding upon and will inure to the benefit of the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first written above.

DURHAM SCHOOL SERVICES, L.P.  
By: Durham Holding II, L.L.C.,  
its general partner

By:   
Name: GP Singh  
Title: SVP Comm Dev  
Date: 8/1/13

IOWA CITY COMMUNITY SCHOOL DISTRICT

By:   
Name: Marla Swesey  
Title: Board President  
Date: 8/13/13

## Transportation Equipment Pricing

### Annual Cost per Equipment Item per Vehicle

Equipment	2013-14	2014-15	2015-16
35-71 Passenger Bus	\$13,100.99	\$13,363.01	\$13,630.27
84 Passenger Bus	\$14,288.73	\$14,574.51	\$14,866.00
Special Education Bus	\$12,453.10	\$12,702.17	\$12,956.21
Suburban	\$7,843.32	\$8,000.19	\$8,160.19
Single camera system (25.8, 25.9)	\$314.69	\$320.98	\$327.40
GPS (25.10)	\$92.63	\$94.48	\$96.37
Child Sleeper Check System (25.11)	\$43.02	\$43.88	\$44.76
<b>OPTIONS:</b>			
Auto video uploading (25.16.1)	\$24,611.08	\$24,611.08	\$24,611.08
Three camera system (25.16.2)	\$17,534.33	\$17,534.33	\$17,534.33
Addition of stop arm camera (25.16.3)	\$12,233.47	\$12,233.47	\$12,233.47
Student ridership management equipment (25.16.4)	\$53,016.31	\$53,016.31	\$53,016.31
Rear stop sign (25.16.5)	\$8,158.01	\$8,158.01	\$8,158.01

**\*Not to include costs of related services**