

LEASE AGREEMENT

BY AND BETWEEN THE PORT JERVIS CITY SCHOOL DISTRICT, with offices at 9 Thompson Street, Port Jervis, New York 12771 (hereinafter the "Landlord"), and **QUALITY BUS SERVICE, LLC**, with offices at 504 Route 42, P.O. Box 600, Sparrowbush, New York 12780 (hereinafter the "Tenant"), upon the following terms and conditions:

(1) Premises:

Landlord hereby leases to the Tenant a portion of a parcel of land delineated on map "A" ("Leased"/Demised Premises") attached herein which indicated land is located at 20 Route 209, Port Jervis, New York and consists of 25 parking spaces for buses owned by Tenant and 25 parking spaces for Tenant's employees. In addition to the Leased premises, the Tenant shall have the use of the common road access for the limited purpose of accessing the Leased Premises which said access shall also be subject to and included in, the terms and conditions of this Lease Agreement and description of leased Premises.

(2) Term:

This Lease shall be for the initial term of one (1) year to commence on July 1, 2014, and to end June 30, 2015 (the "Lease Term"), to be used, developed and occupied only for the storage of school buses not to exceed the storage of twenty-five (25) buses or 25 parking spaces for employees at any given time. Any other use shall be only with the written consent of the Landlord.

(3) Rent:

The Landlord will waive the rent in the fifth year of the lease 2014-2015 in exchange for the Tenant providing bus routing services to the Landlord for the 2014-2015 school year which services shall be at least equal in value to the rent that would have otherwise been paid to the Landlord by the Tenant.

(4) Repairs:

A. The Tenant shall take good care of the grounds and appurtenances; make all repairs in and about the same necessary to preserve them in good order and condition, including remediation of any hazardous material spills, which repairs shall be, in quality and class, equal to the original work; promptly pay the expense of such repairs; suffer no waste or injury; execute and comply with all laws, rules, orders, ordinances and regulations at any time issued or in force applicable to the demised Premises or to the Tenant's occupation thereof, of the federal, state and local governments; permit at all times during usual business hours, the Landlord to enter the Premises for the purpose of inspection, permit the Landlord to make

repairs and improvements to the Premises, and to comply with orders and requirements of governmental authority applicable to the Premises.

B. The Tenant shall deliver up the Leased Premises in good order and/or condition and in the same condition as it was initially delivered; damages by the elements, expected, at the expiration or termination of this Lease.

(5) Conditions:

A. The Tenant agrees, at its sole cost and expense, to keep the Leased Premises, in good repair and in clean and wholesome condition, and at all times, free of any garbage, to comply with all health and other regulations in force. The Tenant further agrees to keep the Leased Premises safe and secure and to comply with the lawful and valid requirements of the Landlord.

B. The Tenant shall promptly execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of the Federal, State and Local governments and of all their Departments and Bureaus applicable to said Leased Premises for the correction, prevention, and abatement of nuisances or other grievances, in, upon or connected with their respective portions of said Leased Premises during said lease Term and shall also promptly comply with and execute all rules, orders and regulations or any other body, at the Tenant's own cost and expense.

C. The Tenant is not allowed to store hazardous materials including fuel, oil, lubricants or other liquids, or to repair vehicles stored or parked on Leased Premises.

D. It is understood and agreed that if the Tenant does not keep the Leased Premises, in good state and repair, the landlord may, upon giving at least thirty (30) calendar days written notice, cause repairs to be made, the cost to be borne by Tenant(s), depending upon which portion of the Leased Premises must be repaired, and paid in addition to rent with the next following annual rent payment, or may declare such circumstance a condition of default under this Lease Agreement.

E. The Landlord shall not be responsible in any manner to secure the Premises or protect the property of the tenant or its employees that may be parked or stored on the premises.

(6) Fire or Dangerous Conditions:

The Tenant shall give the Landlord prompt notice of a fire, the occurrence of an accident, damage or the existence of a dangerous condition at the Premises. If part of the Premises cannot be used, Tenant must pay the rent for the usable part. If the fire or other casualty is caused by an act or neglect of the Tenant, its employees or invitees, or at the time of the fire or casualty, the Tenant is in default in any term of this Lease, then all repairs will be made at the Tenant's expense and the Tenant must pay the full rent with no adjustment. The cost of the repairs will be an additional rent. The Landlord may cancel this Lease within thirty (30) days after the substantial fire or casualty by giving the Tenant notice of the Landlord's intention to cancel.

(7) Assignment:

The Tenant, their respective successors, heirs, executors or administrators, shall not assign this Agreement, or underlet or underlease the lease premises, or any part thereof, or make any alterations on the Leased premises, without the Landlord's consent in writing, or occupy, or permit or offer the same to be occupied for any business or purpose deemed disreputable or extra-hazardous on account of fire, under the penalty of damages and forfeiture, and in the event of a breach thereof, the Lease Term herein shall immediately cease and terminate at the option of the landlord as if it were the expiration of the original Lease Term.

(8) Right of Entry:

The Tenant agrees that the Landlord and the Landlord's agents and other representatives shall have the right to enter into and upon leased premises, or any part thereof, at all reasonable hours for the purpose of traversing the premises, examining the same or make such repairs or alterations therein as may be necessary for the safety and preservation thereof.

(9) Default:

If the Leased premises, or any part thereof, shall be deserted or become vacant during the Lease Term, or if any default be made in the payment of the rent or any part thereof, or if any default be made in the performance of any of the covenants herein contained, the landlord or representatives may re-enter the Premises by force, summary proceedings or otherwise, and remove all persons therefrom, without being liable to prosecution therefore, and the Tenant hereby expressly waives the service of any notice in writing of intention to re-enter.

(10) Signs:

The Tenant shall neither place nor cause or allow to be placed, any sign or signs of any kind whatsoever at, in or about the entrance to leased Premise, or any other part of same,

except in or at such place or places as may be indicated by the Landlord and consented to by the Landlord in writing. And in case the Landlord's representatives shall deem it necessary to remove any such sign or signs in order to make any repairs, alterations or improvements in or upon Leased Premises or any building or any part thereof, the landlord shall have the full right to do so, providing that the same be removed and replaced at the Landlord's expense, whenever the repairs, alterations or improvements shall be completed.

(11) Liability:

The Landlord is exempt from any and all liability for any damage or injury to person or property caused by or resulting from steam, electricity, gas, water, rain, ice or snow, or any leak or flow from or into any part of Leased Premises or from any damage or injury resulting or arising from any other cause or happening whatsoever, including, but not limited to theft, damages, accident and/or destruction. The Tenant understands and agrees that the Landlord will not be liable for securing or the security of the leased premises and the equipment, vehicles or other items stored, parked, or places at lease premises by the Tenant and/or its employees, contractor's or invitees.

(12) Utilities:

The Tenant shall not have access to utility services or water and sewer services at the Leased Premises. The tenant does have access to 110 volt receptacle for lighting for the portable building.

(13) Waiver:

The failure of the Landlord to insist upon a strict performance of any of the terms, conditions and covenants herein, shall not be deemed a waiver of any rights or remedies that the Landlord may have, and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained. This instrument may not be changed, modified, discharged, or terminated orally.

(14) Default:

If, after default in payments of rent or violation of any other provision of this Lease, or upon the expiration of this Lease, the Tenant moves out or is dispossessed and fails to remove any fixtures or other property prior to such said default, removal, expiration of lease, or prior to the issuance of the final order or execution of the warrant, then and in that event, the said fixtures and property shall be deemed abandoned by the said Tenant and shall become the property of the Landlord.

(15) Indemnification:

The Landlord shall not be liable for liability or damage claims for injury to persons or property from any cause relating to the construction on or occupancy of the premises by Tenant, including those arising out of damages or losses occurring on sidewalks, streets, parking or storage areas and other areas adjacent to the Leased Premises, including damage to adjoining property owners.

The Tenant at its sole expense shall defend, indemnify and save harmless the Landlord for and against any and all liability, loss, penalties, damages, expenses, obligations or judgments (including reasonable attorneys' fees, costs and expenses) arising out of the use of the subject Premises from injury or damages during said Lease term to person or property of any nature, occasioned wholly or in part by any act(s) or omission(s) of the Tenant, or if its employees, guests, invitees or agents.

(16) Insurance:

The Tenant shall maintain the following insurance coverage for the term of the lease: (i) comprehensive general liability and such other insurance in an amount not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, as is appropriate for the Tenant's lease of access to the Leased Premises, and as will provide protection from and against claims for damages due to bodily injury, sickness, death, and/or property theft, damage or destruction, including the loss of use resulting therefrom which arises from the Tenant's lease of and access to the Leased Premises; (ii) Automobile Liability Insurance with a minimum limit of liability per occurrence of \$1,000,000 for bodily injury and a minimum limit of \$100,000 per occurrence for property damage or a combined single limit of \$1,000,000 unless otherwise indicated; and (iii) environmental damage from the spill of hazardous materials. The Tenant shall, prior to leasing the premises shall deliver to the Landlord, a certificate of insurance that evidences that such insurance naming the Landlord as an additional insured party is in full force and effect, and shall maintain such insurance throughout the term of this Agreement. The policies or certificates thereof shall provide that at least thirty (30) days prior to cancellation or material change in the policy, notices of same shall be given to the landlord by certified mail, return receipt requested, for all of the stated insurance policies. Upon failure of the Tenant to furnish, deliver and maintain such insurance, the Lease, at the option of the Landlord, may be suspended or terminated. Failure of the Tenant to take out or maintain any required insurance shall not relieve the Tenant from any liability under the Agreement, nor shall the insurance requirements be construed to conflict with otherwise limit contractual obligations of the Tenant concerning indemnification.

(17) Miscellaneous:

A. Claims, disputes or other matters in question between the parties of this agreement arising out of, or relating to this agreement, or breach thereof, shall be subject to and decided by the laws of the State of New York and any such claims or causes of action arising out of, or in connection with this agreement shall be commenced in a competent Court in the State of New York with jurisdiction over Orange County, New York.

B. Notice required under this agreement shall be sufficient if contained in writing and delivered by hand or sent by express or overnight mail or by registered or certified mail, postage prepaid, return receipt requested addressed to the parties as specified above. All notices or communications shall be deemed given when received by the attendance recipient.


C. The Landlord reserves the right to cancel this Agreement without cause at any time with not less than thirty (30) days written notice to the Tenant.

IN WITNESS HEREOF, the parties have interchangeably set their hands and seals this 1st day of July, 2014.

PORT JERVIS CITY SCHOOL DISTRICT

BY: _____
President, Board of Education

QUALITY BUS SERVICE, LLC

BY:  _____