

SCHOOL BUS REPLACEMENT MITIGATION PROJECT CONTRACT

THIS SCHOOL BUS REPLACEMENT MITIGATION PROJECT CONTRACT ("**Contract**") is made as of the [15] day of [November], 2016, by and between **Tesoro Refining & Marketing Company, LLC** ("**Tesoro**") and **Mount Diablo Unified School District** in Contra Costa County, California ("**Mount Diablo**"). Tesoro and Mount Diablo shall hereinafter be referred to each as a "**Party**" and collectively as the "**Parties**".

RECITALS

A. WHEREAS, Tesoro is party to a consent decree entered on July 18, 2016 in the matter of *United States of America, et al. v. Tesoro Refining & Marketing Co. LLC et al.*, Civil Action No. 5:16-cv-00722 (W.D. Tex.) ("**Consent Decree**") requiring Tesoro to implement certain environmental mitigation projects, including a School Bus Replacement Mitigation Project ("**Replacement Project**");

B. WHEREAS, Tesoro has selected the Mount Diablo Unified School District in Contra Costa County, California to implement the Replacement Project; and

C. WHEREAS, replacement of older diesel fueled school buses with new compressed natural gas ("CNG") buses will reduce emissions of nitrogen oxides, particulate matter, sulfur oxide, and greenhouse gases and reduce students' in-cabin exposure to diesel pollutants;

NOW THEREFORE, it is agreed that:

1. No later than one year following Date of Entry of the Consent Decree ("**Contribution Date**"), Tesoro shall contribute a total of \$1,000,000 to replace a minimum of 4 diesel powered school buses serving the Mount Diablo Unified School District in Contra Costa County, California, with a minimum of 4 new compressed natural gas (CNG) buses ("**Replacement Project School Buses**"). The contribution will be sent to the District within thirty (30) days of receipt by Tesoro of a purchase order or contract to purchase between the District and the agency selling buses to the District.

2. No later than 30 days from the Contribution Date, Mount Diablo shall initiate the purchase of a minimum of 4 Replacement Project School Buses in accordance with the California Education and Public Contracts Codes. Replacement Project School Buses shall meet all applicable engine standards, certifications, and/or verifications derived from environmental laws.

3. No later than 60 days from the date on which the Replacement Project School Buses are delivered to the District, Mount Diablo shall permanently retire from use all diesel powered school buses (4, at a minimum) that are being replaced, and shall dispose of the retired school buses in accordance with all applicable environmental laws.

4. Mount Diablo will provide Tesoro with written confirmation of the retirement of at least 4 petroleum diesel school buses from its fleet, and of the purchase of a minimum of 4 Replacement Project School Buses within 10 days of completion of the retirement set forth in Paragraph 3. Such written confirmation shall include:

a. A copy of the California Department of Motor Vehicles ("DMV") Dismantlers Notice of Acquisition/Report of Vehicle to be Dismantled (REG342), a copy of the DMV registration indicating the bus was dismantled, or other similar evidence that the school buses were disposed of in accordance with all applicable environmental laws;

b. The age, manufacturer, engine model, mileage, and description of the condition of each bus retired from use pursuant to this Contract; and

c. A per-bus expenditure report for the cost of retiring the petroleum diesel school buses, and for the costs associated with the purchase and licensing of the Replacement Project School Buses.

Mount Diablo acknowledges that Tesoro is legally obligated to provide the documentation required by this Paragraph 4 to the United States in a timely manner under the Consent Decree. A copy of Tesoro's obligations under the Consent Decree are set forth in Exhibit [A].

5. The timelines set forth in Paragraphs 2, 3 and 4 above may be modified by agreement of the Parties.

6. Mount Diablo acknowledges and confirms that it has legal authority to accept the funding set forth in Paragraph 1 and conduct the project described in Paragraphs 2, 3, and 4.

7. This Contract shall be governed and construed in accordance with the laws of the State of California without reference to any conflict of laws principles that would require the application of the laws of any other jurisdiction.

8. Tesoro may terminate the Contract at its sole election for any reason at any time up until the Replacement Project School Buses are purchased or the diesel powered school buses are retired, whichever occurs first. Any funds already contributed to the District will be returned minus any costs incurred by the District in carrying out this Agreement.

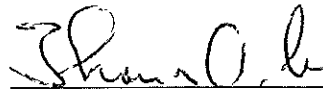
9. This Contract constitutes the entire agreement between the Parties, and shall supersede all other oral or written agreements between the Parties respecting the subject matter of this Contract.

10. References to any natural person, governmental authority, publication, website, regulatory proceeding, corporation, partnership or other legal entity include its successors and lawful assigns.

11. This Contract may be executed in one or more counterparts, and all of the counterparts shall constitute but one and the same agreement.

IN WITNESS WHEREOF, Tesoro and Mount Diablo have executed the School Bus Replacement Mitigation Project Contract as of the date first set forth above by their duly authorized representatives.

DATE: 11/21/2016



[Authorized signatory for Tesoro Refining & Marketing Company, LLC] Thomas A. Lu

DATE: November 15, 2016



Nance Juner
Director Budget & Fiscal Services
For the Superintendent, Mt. Diablo U.S.D.]

Patty Deutsche
Director, No CA Govt & Public Affairs



TESORO

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