

PENINSULA AIRPORT COMMISSION

MINUTES

December 21, 2017

PRESIDED: George Wallace

The regularly scheduled meeting of the Peninsula Airport Commission was held on Thursday, December 21, 2017 at 8:00 a.m. in the Commission Room at the Newport News/Williamsburg International Airport.

Commissioners present were:

Rob Coleman, Walter Jubien, Jr., Steve Mallon, Sharon Scott, George Wallace and David Wasson.

Executive Director

Mr. Michael Giardino, C.M.

Assistant Executive Director

Ms. Melissa Cheaney, A.A.E.

Director of Air Service, Marketing and P.R.

Ms. Jessica Wharton

Legal Counsel

James S. McNider, III, Esq.

Hon. Walter D. Kelley, Jr., Esq.

Executive Assistant

Ms. Rhonda Wissinger

Public in Attendance

Jeff Tarkington-Talbert & Bright

Jay Talbert-Talbert & Bright

Joel Rubin-Rubin Communications Group

Peter Dujardin-The Daily Press

Walter Hildebrand-Wavy-TV

Viveca Munger-Legal Assistant

COMMENTS FROM THE PUBLIC

None.

APPROVAL OF MINUTES OF COMMISSION MEETINGS HELD NOVEMBER 17, NOVEMBER 21, AND NOVEMBER 28, 2017

RESOLVED, that the Peninsula Airport Commission approve the minutes of the Commission meetings held November 17, November 21, and November 28, 2017.

Commissioner Rob Coleman made the motion to adopt the November 17, November 21, and November 28, 2017 minutes and Commissioner Walter Jubien, Jr. seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Steve Mallon, Sharon Scott, George Wallace, and David Wasson.

ASSISTANT EXECUTIVE DIRECTOR

Ms. Cheaney, Assistant Executive Director, gave the following report:

- The Real ID Act was enacted by Congress in 2005 and this required states to update their driver's license and state id's in order for passengers to be eligible to travel. The deadline for states to be compliant is January 22, 2018. Currently, there are twenty (20) states that are not compliant, including Virginia, but they have received an extension to 2020. There are three (3) states that are under review which are Michigan, New York and Louisiana.
- ABC License-we received our ABC license in December and were able to open the bar portion of our restaurant and it is doing well.

DIRECTOR OF AIR SERVICE, MARKETING AND PUBLIC RELATIONS

Ms. Jessica Wharton, Director of Air Service, Marketing and Public Relations, gave the following report:

- Passenger numbers for the month of November were decreased by .2%. Richmond passenger numbers were up by 5% and Norfolk passenger numbers were increased by 9%.
- On December 20, 2017, block leave for Fort Eustis soldiers began and we had 500 soldiers go home. We had good media coverage with Wavy Channel 10. The USO had tons of food and donations.
- Open House-We had a Holiday Open House on December 19, 2017 where we invited the community to come out and meet our new

Executive Director, Michael Giardino. It was very successful and we appreciate everyone who took the time to come out and meet him.

DIRECTOR OF FINANCE & ADMINISTRATION

Ms. Renee Ford, Director of Finance & Administration was not in attendance, therefore, Executive Director, Michael Giardino, reported that there is nothing to report at this time since the meeting was moved up to earlier within the month, the normal financial report was not yet completed.

We have received an audit report for the last fiscal year, due to the time and other matters that are before the Commission, we will wait to review the audit report when Ms. Ford is present and will brief the Commission at the next meeting.

EXECUTIVE DIRECTOR 'S REPORT

Mr. Michael Giardino, Executive Director, gave the following report:

2017 MASTER AGREEMENT ON TERMS & CONDITIONS FOR ACCEPTING STATE AVIATION FUNDING

The Commonwealth of Virginia has made revisions to the agreement on terms and conditions on how we receive grants and state funding. The Honorable Secretary Aubrey Layne had addressed when he was here that there had been some issues with the program and that changes needed to be made to it. We will comply with the rules and regulations that have been submitted to us and Mr. Giardino recommends that we approve the 2017 Master Agreement on Terms and Conditions for Accepting State Aviation Funding as presented.

RESOLVED, that the Peninsula Airport Commission approve and adopt the 2017 Master Agreement on Terms and Conditions for Accepting State Aviation Funding and to authorize Chairman George Wallace to sign the agreement.

Commissioner Rob Coleman made the motion and Commissioner Walter Jubien, Jr. seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Steve Mallon, Sharon Scott, George Wallace, and David Wasson

Mr. Giardino continued his report with the following:

- Update on Total of Wellness Reimbursement-The total amount of Wellness Reimbursement the Peninsula Airport Commission would pay to cover the taxes of employees that participated in the

Wellness program would be \$10,259.49. The Wellness Reimbursement program was supposed to be taxable and taxes for the program should have been deducted originally from employees' pay but was not, therefore, Mr. Giardino would like for the Peninsula Airport Commission to cover the taxes for the "rank and file" employees but the Executive Management team will cover their own. Commissioner Rob Coleman asked why the Executive Management Team should have to cover their own and stated he had concerns that he feels if we cover it for one we should have to cover it for all. Mr. Giardino reported that there is a vast difference in the salaries of the "rank and file" employees and the Executive Management Team. Also, the union type, trade type of work the "rank and file" employees do vs. the Executive Management team is the rationale behind the decision.

- Update on Amadeus Airport IT Americas- Mr. Giardino spoke to John Pearsall, President of Elite Airways and we are still on their radar. They are working on their spring schedule but there is nothing to report at this time. We may be using this equipment soon. Mr. Pearsall did say the news of 2017 impacted their decision and with the improvements that have been made, we are hoping to get on their spring schedule. Mr. Giardino also spoke with the American Airlines property manager and Delta's property manager and they are both happy with the service here. Mr. Giardino hopes to strengthen those relationships.
- Community Introductions-Mr. Giardino met with several community leaders since he has been here including: Virginia Aviation Board, Newport News City Manager, Cynthia Rohlf, Mayor of Newport News, McKinley Price, Hampton City Manager, Mary Bunting, York County Administrator, Neil Morgan, James City County Chief Administrative Officer, Bryan Hill, Williamsburg City Manager, Marvin Collins, City of Newport News Development Director, Florence Kingston, Federal Security Director, Chuck Burke, President Virginia Peninsula Chamber of Commerce, Mike Kuhns, President, Greater Williamsburg Chamber and Tourism Alliance, Karen Riordan, President of the Transportation Planning Organization, Bob Crum. In January, Mr. Giardino plans to meet with Acting Superintendent of Newport News Public Schools, Brian Nichols, Poquoson City Manager, J. Randall Wheeler and President of Christopher Newport University, Paul Trible.

Chairman Wallace asked if we were impacted by the power outage at the Atlanta airport and Mr. Giardino reported that we had three (3) cancellations as a result of the power outage.

CLOSED MEETING

BE IT RESOLVED, that the Commission enter into a Closed Meeting pursuant to the Virginia Freedom of Information Act; Section 2.2-3711.A. pertaining to:

Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.

Specifically, the closed meeting shall be held to discuss legal issues relating to the VDOT audit and the People Express Airlines, Inc. loan.

Commissioner Steve Mallon made the motion, seconded by Commissioner Walter Jubien, Jr. to hold a closed meeting.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Steve Mallon, Sharon Scott, George Wallace and David Wasson.

The Commission entered into a Closed Meeting at 8:30 a.m. and reconvened in Open meeting at 9:44 a.m. Upon reconvening, it was

RESOLVED, that to the best of the Commission's knowledge, only public business matters lawfully exempt from open meeting requirements, and only such public business matters as were identified in the motion by which the Closed Meeting was convened, were heard, discussed or considered in Closed Meeting.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Steve Mallon, Sharon Scott, George Wallace and David Wasson.

RESOLVED, that the Peninsula Airport Commission ("PAC") hereby accepts the offer of the "General Release and Contribution Agreement" dated December 21, 2017 (the "Agreement") from and signed by TowneBank and Jones, Blechman, Woltz & Kelly, P.C. (the "Offerees") (which shall be made a part of today's meeting minutes), and the Chairman of the Peninsula Airport Commission is hereby authorized to execute and deliver this fully-signed Agreement to the Offerees, provided that the Offerees have placed their initial \$1.65 million payment in escrow with a PAC attorney for simultaneous disbursement to the PAC.

Commissioner Rob Coleman made the motion and Commissioner Walter Jubien, Jr. seconded the motion.

Voting yes were:

Rob Coleman, Walter Jubien, Jr., Steve Mallon, Sharon Scott, George Wallace, and David Wasson

Commissioner Mallon stated that there was really good conversation regarding the settlement and though the agreement is not perfect, not many things in life are and he believes it is in the communities' best interest for the PAC to move forward.

Commissioner Scott stated that when the Honorable Secretary Aubrey Layne was here, he told us to come to a meaningful settlement and she hopes that this settlement is amenable to the Honorable Secretary Aubrey Layne and the State and she thinks this is an opportunity for the Airport to move forward.

Chairman Wallace stated that he would like to commend the Commission, staff and legal counsel on getting us to where we are today to be able to take this action and to get the airport ready for our next opportunities. He stated he wanted to give his thanks to everyone for the last months of hard work to get us to this point.

ADJOURNED

There being no further business, the meeting was adjourned at 9:49 a.m.

NEXT MEETING

The next regular meeting of the Peninsula Airport Commission will be held on Thursday, January 25, 2017 at 8:00 a.m. in the Commission Room.

GENERAL RELEASE AND CONTRIBUTION AGREEMENT

The **PENINSULA AIRPORT COMMISSION** (“the PAC”), **TOWNEBANK**, and **JONES, BLECHMAN, WOLTZ & KELLY, P.C.** (“JBWK”) (each individually, a “Party,” and collectively the “Parties”) hereby enter into this General Release and Contribution Agreement dated as of December 21, 2017 (“Agreement”) as a full and final compromise and settlement of all claims relating to the transaction entered into on June 18, 2014 in which TowneBank extended a \$5 million line of credit facility to People Express Airlines, Inc. that was guaranteed by the PAC including the provision by PAC of funds as collateral and/or payment for the guarantee (“the Transaction”). The Parties were aided in reaching the following Agreement by each acknowledging that at the time of the Transaction, all of the parties acted reasonably and in good faith. At the time of the Transaction, all involved believed the loan, the guarantee, and the actions leading up to its adoption by the PAC and decisions as to collateral were proper and for the benefit of the airport and the region. It is the hope of the Parties that this agreed resolution will clear the way for the PAC to focus on its true mission of providing the public with a viable airport and reliable, economic air service.

NOW, THEREFORE, in consideration of the following terms and conditions, the Parties agree as follows:

1. GENERAL RELEASE

Each Party, on behalf of itself and its past, present, and future agents, representatives, administrators, predecessors, and successors (individually a “Releasing Party” and collectively the “Releasing Parties”), hereby release and forever discharge each of the other Parties and each of their respective past, present, and future employees, stockholders, officers, directors, commissioners, partners, agents, brokers, contractors, servants, affiliates, subsidiaries, parents, departments, divisions, insurers, attorneys, predecessors, and successors (collectively, the “Released Parties”), and each of them, jointly and severally, from any and all claims or counterclaims, causes of action, remedies, damages (including but not limited to for attorney’s fees or costs), liabilities, debts, suits, demands, actions, costs, expenses, fees, controversies, set-offs, third party actions, or proceedings of whatever kind or nature, whether at law, equity, administrative, arbitration, or otherwise, whether known or unknown, foreseen or unforeseen, accrued or unaccrued, suspected or unsuspected, which any of the Releasing Parties may now have

or have ever had against any and each of the Released Parties, or which any other individual or entity may purport or attempt to assert on behalf of a Releasing Party, without exception or limitation, arising directly or indirectly from or in any way relating to the Transaction (collectively the "Released Claims"). The Parties further warrants that no Party shall attempt to assign any Released Claims.

2. CONSIDERATION

In consideration of the mutual covenants set forth herein and for other good and valuable consideration, the adequacy, sufficiency, and receipt of which is hereby acknowledged, the Parties agree to the mutual general releases set forth above, which are integral consideration for each Party hereunder, and TowneBank and JBWK hereby agree to and shall pay consideration to the PAC in the total amount of TWO MILLION DOLLARS (\$2,000,000.00). This consideration will be in the form of: (i) a check in the amount of \$1,650,000.00 to be issued by McGuireWoods LLP on behalf of TowneBank and JBWK to the PAC; and (ii) a reduction in interest payments in the amount of \$350,000.00 on a taxable bond with account number ending 0989 and previously issued by TowneBank to the PAC, with the reduction to be apportioned over 14 years beginning with the first payment of interest due after TowneBank receives the full and final execution of this Agreement, and with no additional enhancement of the PAC's liability to TowneBank on the relevant bond, and as further identified and set forth in Section 4 in this Agreement. The PAC accepts the consideration set forth in the foregoing paragraph in full satisfaction of the Released Claims.

3. REDUCTION OF INTEREST

The following representations, warranties, terms and conditions shall apply to and between TowneBank and the PAC only, and each of these Parties hereby agree as follows:

- a) TowneBank represents and warrants that it is the holder of and now owns the entire legal and beneficial interest in and to the PAC's Unsecured Taxable Bond in the original principal amount of \$3 million (Series 2005B) (see Exhibit A hereto) (the "Bond").
- b) There is no default existing under the Bond and the outstanding principal balance under the Bond as of December 21, 2017 is no greater than \$2,186,384.88.

- c) The Bond hereby is amended by changing the interest rate provisions in the first substantive paragraph of the Bond to read “the fixed rate of 3.95% per annum.” in lieu and in place of the following language: “provided, however, that from and after November 1, 2010, interest on this Bond shall accrue at a rate determined from time to time by the Lender in its sole discretion, The Commission shall receive written notice of any such rate adjustment at least 180 days prior to the effective date thereof and no more than two such rate adjustments may be made in any ten (10) year period.”
- d) The Bond hereby is further amended by substituting the new monthly payment of \$16,913.13 in lieu and in place of the original monthly payment of \$18,982.12.
- e) The allonge as Exhibit B hereto shall be signed by TowneBank and PAC today and shall be permanently attached to the original of the Bond held by TowneBank. Within two weeks from today’s date, TowneBank shall confirm that this has been done and shall send PAC a photocopy of the amended Bond. In the event TowneBank ever intends to sell or transfer an interest in all or any part of the Bond, TowneBank shall give thirty (30) days advance notice to the Executive Director of the PAC and its attorney via email, fax and first-class US Mail.
- f) TowneBank agrees that this modification shall not cause or result in the acceleration of the principal balance of the Bond.
- g) TowneBank agrees to pay and reimburse the PAC for all of its attorneys fees resulting from and in the event TowneBank defaults or threatens default on any of its obligations hereunder (especially any attempt to collect the \$350,000 of interest payments that otherwise would be due and paid under the Bond before its amendment herein).

4. FULL AND FINAL EXECUTION

This Agreement and the foregoing General Release shall be effective only upon the full and final execution of this Agreement, following the passage of a resolution by the PAC authorizing the execution of this Agreement, and the simultaneous delivery on behalf of TowneBank and JBWK of a check in the amount of \$1,650,000.00. Notwithstanding the foregoing General Release and any other provision or agreement to the contrary, upon full and final execution

of this Agreement: (i) TowneBank and JBWK shall not be released from the requirement herein to fully and finally pay PAC the sum of \$1,650,000.00; (ii) TowneBank shall not be released from its obligation to reduce that interest rate on the Bond (as defined below) so that, in the aggregate, PAC shall pay \$350,000 less in interest payments over the remaining life of the Bond, as is provided for in the remainder of this Agreement; and (iii) it is understood that People Express Airlines, Inc. is not being released or exonerated in any way by this Agreement.

5. AUTHORITY

Each Party hereby represents and warrants that such Party is duly authorized to enter into this Agreement and may lawfully bind the Party.

6. AGREED PUBLIC STATEMENT

The Parties agree to issue the joint statement agreed by the Parties and attached as Exhibit C to this Agreement. It is the understanding of the Parties that all Parties will limit public statements to the spirit of this Agreement. Nothing in this provision should be interpreted to prohibit a Party from communicating with a Party's attorney, accountant, taxing authority, or as compelled by process of law.

7. DISCLAIMER OF LIABILITY

This Agreement is made for the compromise and resolution of potentially disputed claims and is not, and shall not be construed to be, an admission of liability, an admission of the truth of any fact, or a declaration against interest on the part of any Party or any of the other Released Parties and all Parties expressly deny any wrongful acts, omissions or conduct on their part or the part of any Released Parties.

8. LEGAL ADVICE

All Parties represent and warrant that they have or had the opportunity to obtain the advice of counsel of their choice, and/or such other persons as they may have deemed appropriate; that they have carefully read and fully understand all of the terms of this Agreement, including the general release and obligations contained herein; and that they enter into this Agreement voluntarily.

9. CHOICE OF LAW AND WAIVER

This Agreement is to be construed in accordance with and governed by the laws of the United States of America and by the laws of the Commonwealth of Virginia without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of the United States of America or the laws of the Commonwealth of Virginia to the rights and duties of the Parties.

Any failure to enforce any terms or conditions of this Agreement by any of the Parties shall not constitute a waiver of any right to assert any of the terms and conditions of this Agreement.

10. SUCCESSORS AND COUNTERPARTS

This Agreement shall be binding upon and inure to the benefit of the Parties and their agents, next of kin, executors, administrators, legal representatives, and successors. This Agreement may be executed in counterparts, and may be delivered electronically, and as so executed shall constitute one agreement.

11. ENTIRE AGREEMENT AND SEVERABILITY

This Agreement reflects the entire agreement by and between the Parties, and no statement, promise, or inducement that is not contained herein shall be valid and binding. If any provision or portion of this Agreement is held invalid, void, or unenforceable under any applicable statute or rule of law, only that provision, or portion thereof, shall be deemed omitted from this Agreement, and only to the extent to which it is held invalid, and the remainder of the Agreement shall remain in full force and effect. As an exception to the foregoing sentence, the requirement that TowneBank and JBWK fully and finally pay PAC the sum of \$1.65 million in cash today is integral to this Agreement; accordingly, should this provision fail due to its invalidity or lack of enforceability, this entire Agreement shall fail and be unenforceable.

IN WITNESS WHEREOF, the Parties have hereunto set their signatures.

Date Executed: 12/20/17

TOWNEBANK

By: George P. Whitley

Printed Name: GEORGE P WHITNEY

Title: SEVP + CHIEF LEGAL OFFICER

COMMONWEALTH OF VIRGINIA
CITY
COUNTY OF SUFFOLK

The foregoing instrument was acknowledged before me this 20 day of December, 2017 by George P. Whitley, the SEVP & CHIEF of TowneBank, a Virginia corporation, on behalf of the corporation. LEGAL OFFICER

By Karen R. Minkoff

Notary Public in and for VIRGINIA

My commission expires: 3-31-2018

My registration number is: 207209

Seal



Date Executed: December 20, 2017 JONES, BLECHMAN, WOLTZ & KELLY, P.C.

By: [Signature]
Printed Name: Herbert V. Kelly, Jr
Title: Vice-President

COMMONWEALTH OF VIRGINIA

COUNTY OF City of Newport News

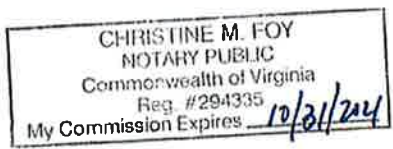
The foregoing instrument was acknowledged before me this 20th day of December, 2017 by Herbert V. Kelly, Jr., the Vice-President of Jones, Blechman, Woltz & Kelly P.C. a Virginia corporation, on behalf of the corporation.

By [Signature]

Notary Public in and for 10/31/2021 My commission expires: 10/31/2021

My registration number is: 294335

Seal



[Remainder of page intentionally left blank]

Date Executed: 12-21-17

PENINSULA AIRPORT COMMISSION

By: George E. Wallace

Printed Name: GEORGE E. WALLACE

Title: CHAIRMAN

COMMONWEALTH OF VIRGINIA
City
COUNTY OF Newport News

The foregoing instrument was acknowledged before me this 21st day
of December, 2017 by George E. Wallace, Chairman of Peninsula Airport
Commission, on its behalf.

By Rhonda Lynn Wissingner

Notary Public in and for City of
Newport News

My commission expires: 12-31-21

My registration number is: 7286975

Seal



[Remainder of page intentionally left blank]

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THIS BOND NOR ANY PARTICIPATION HEREIN MAY BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMMISSION THAT SUCH REGISTRATION IS NOT REQUIRED.

Dated Date: December 1, 2005
Date of Issuance: December 21, 2005

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

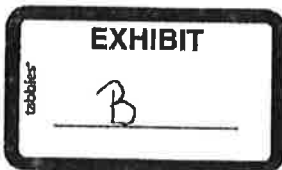
THE PENINSULA AIRPORT COMMISSION
\$3,000,000
UNSECURED TAXABLE BOND
SERIES 2005B

THE PENINSULA AIRPORT COMMISSION, a political subdivision of the Commonwealth of Virginia organized and existing under and by virtue of the laws of the Commonwealth of Virginia (the Commission), acknowledges itself indebted and for value received hereby promises to pay, solely from the source and as hereinafter provided, to TowneBank (the Lender) or assigns or legal representatives, at its principal office in Williamsburg, Virginia, the principal sum of Three Million Dollars (\$3,000,000), together with interest thereon accruing from the date of issuance hereof until payment and, to the extent permitted by law, interest on any overdue installments of such interest, at the fixed rate of 5.81% per annum; provided, however, that from and after November 1, 2010, interest on this Bond shall accrue at a rate determined from time to time by the Lender in its sole discretion, The Commission shall receive written notice of any such rate adjustment at least 180 days prior to the effective date thereof and no more than two such rate adjustments may be made in any ten (10) year period.

Interest on this Bond shall be computed on the basis of a 365/366 day year. Interest only on this Bond shall be payable on February 1, 2006, and on the first business day of each month thereafter to and including January 2, 2007. Principal and interest on this Bond shall be payable in equal monthly installments of combined principal and interest equal to \$18,982.12 on the first business day of each month beginning February 1, 2007. If not sooner paid, all principal and accrued interest will be due and payable in full on January 1, 2032.

In the event any installment of interest or principal is not paid within 10 days after the installment is due, the Commission shall pay the Lender a late charge equal to 5% of the installment of interest or principal then due.

This Bond is issued pursuant to a Bond Resolution duly adopted by the Commission on November 17, 2005 (the Resolution), and a Bond Purchase and Financing Agreement (the Agreement)



dated as of the dated date hereof between the Commission and the Lender for the purposes set forth in the Resolution and the Agreement.

This Bond is subject to prepayment in whole or in part at the option of the Commission at any time at par plus accrued interest to the prepayment date. Any prepayment of this Bond in part shall be applied to installments of principal in inverse order of maturity and shall not reduce the amount of the regularly scheduled payments set forth on the Schedule attached hereto. The Lender shall receive at least 30 days prior written notice of any optional prepayment of this Bond.

The principal of and premium, if any, prepayment fee, if any, and late charge and interest on this Bond are unsecured obligations of the Commission payable solely from available revenues of the Commission. The principal of and premium, if any, prepayment fee, if any, and late charge and interest on this Bond shall not be deemed to constitute a debt of the Commonwealth of Virginia or any political subdivision thereof, other than the Commission. Neither the Commonwealth of Virginia nor any political subdivision thereof, other than the Commission, shall be obligated to pay the principal of or premium, if any, prepayment fee, if any, or late charge or interest on this Bond or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or the City of Newport News, is pledged to the payment of the principal of or premium, if any, prepayment fee, if any, or late charge or interest on this Bond or other costs incident thereto. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any past, present or future commissioner, officer, employee or agent of the Commission in his individual capacity, and neither the commissioners of the Commission nor any officer or employee thereof executing this Bond on behalf of the Commission shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance hereof.

Upon default in the payment when due of any principal of or premium, if any, or late charge or interest on this Bond or upon the occurrence and continuation of an event of default under the Agreement, the owner hereof may at its option declare the entire principal balance and all accrued interest hereon to be due and payable.

IN WITNESS WHEREOF, The Peninsula Airport Commission has caused this Bond to be executed in its name by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary.

THE PENINSULA AIRPORT COMMISSION

By: 
Chairman

(SEAL)

ATTEST:


Secretary

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the attached Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the attached Bond on the books kept for registration thereof, with full power of substitution in the premises.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the attached Bond in every particular, without alteration or enlargement or any change whatever.

Transfer of Bond

The transfer of this Bond may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Lender, as Registrar, at its principal office in Williamsburg, Virginia, who shall make note of such transfer in the books kept by him for that purpose and in the registration blank below.

<u>Date of Transfer</u>	<u>Name of New Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Certificate of Principal Payments

The undersigned certifies that as owner of this Bond the undersigned has received payments of principal on this Bond in the aggregate amount of \$ _____ and interest has been paid on this Bond through _____.

Certificate of Prepayments


The principal amount of this Bond shall be reduced by an amount equal to the aggregate of prepayments noted hereunder. All prepayments shall be certified hereunder by an authorized representative of the owner of this Bond, and such certification shall constitute a cancellation of the principal amount due on this Bond in the aggregate of the amounts certified below.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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THE PENINSULA AIRPORT COMMISSION
\$3,000,000
UNSECURED TAXABLE BOND
SERIES 2005B

BOND REGISTER

<u>Date of Registration</u>	<u>Registered Owner & Address</u>	<u>Signature of Bond Registrar</u>	<u>Date of Transfer</u>
December 21, 2005	TowneBank 1312 Jamestown Road Williamsburg, VA 23185		_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____
_____	_____	_____	_____

ALLONGE

The attached Peninsula Airport Commission's Unsecured Taxable Bond in the original principal amount of \$3 million (Series 2005B)(the "Bond"), is hereby amended by changing the interest rate provisions in the first substantive paragraph of the Bond to read "the fixed rate of 3.95% per annum." in lieu and in place of the following language: "provided, however, that from and after November 1, 2010, interest on this Bond shall accrue at a rate determined from time to time by the Lender in its sole discretion, The Commission shall receive written notice of any such rate adjustment at least 180 days prior to the effective date thereof and no more than two such rate adjustments may be made in any ten (10) year period.", which is deleted.

The Bond hereby is further amended by substituting the new monthly payment of \$16,888.27 in lieu and in place of the original monthly payment of \$18,982.12, which is deleted.

IN WITNESS WHEREOF, the Parties have hereunto set their signatures.

Date Executed: _____

TOWNEBANK

By: _____

Printed Name: _____

Title: _____

Date Executed: _____

PENINSULA AIRPORT COMMISSION

By: _____

Printed Name: _____

Title: _____

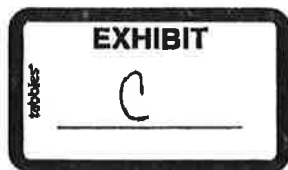


EXHIBIT C TO
GENERAL RELEASE AND CONTRIBUTION AGREEMENT

JOINT STATEMENT FOR RELEASE

December 21, 2017

The Peninsula Airport Commission, TowneBank and the law firm of Jones, Blechman, Woltz & Kelly, are pleased to have reached an agreement resolving any dispute related to the loan made to People Express Airlines in June 2014. The parties were aided in reaching a resolution by each acknowledging that all of the parties acted reasonably and in good faith at the time of the loan transaction. In fact, at the time of the loan transaction, all involved believed the loan, the guarantee, the actions leading up to its adoption by the PAC, and the decisions as to collateral were proper and for the benefit of the airport and the region. It is the hope of all parties that this resolution will clear the way for the PAC to focus on its true mission of providing the public with a viable airport and reliable, economic air service.