

LINE OF CREDIT NOTE

\$5,000,000.00

Newport News, Virginia  
June 18, 2014

**FOR VALUE RECEIVED**, and in consideration of such loans or advances (hereinafter referred to as an Advance or as Advances) as **TOWNEBANK** ("**Lender**"), may from time to time make to **PEOPLE EXPRESS AIRLINES, INC.**, a Delaware corporation, authorized to transact business in the Commonwealth of Virginia ("**Borrower**"), pursuant to the provisions of a Line of Credit Agreement dated as of June 18, 2014, (as in effect from time to time, "**Loan Agreement**") between Borrower and Lender, Borrower hereby promises to pay to the order of the Lender, at the Lender's office located at 1 Old Oyster Point Road, Suite 300, Newport News, Virginia 23602, or at such other place as the Lender may designate in writing, in lawful money of the United States of America, the principal sum of **FIVE MILLION DOLLARS** (\$5,000,000.00), or so much thereof as may be advanced by the Lender from time to time pursuant to the Loan Agreement and which remains unpaid. All amounts due under this Note or the Loan Agreement shall be due and payable **ON DEMAND**. Once the loan amount is fully advanced to or for Borrower in the aggregate, then Borrower may not borrow, repay and re-borrow up to the maximum principal amount of this Note; there is no revolver function of this Note.

The Borrower hereby promises to pay to the order of the Lender interest from the date of the Note on the principal balance of the Note from time to time outstanding at a fluctuating rate per annum ("**Interest Rate**") equal to the rate published by the Wall Street Journal as the "**Prime Rate**" plus a margin of 0.00% ("**Prime Rate**"). The Prime Rate is a reference rate only and does not necessarily represent the lowest rate of interest charged for such borrowings. Adjustments to the Interest Rate shall be effective monthly beginning July 15, 2014, and on the same day of each month thereafter. The Interest Rate shall remain fixed during each month based on the interest rate established on the applicable Interest Rate Determination Date. "**Business Day**" shall mean a day on which the Lender is open for business. "**Interest Period**" shall mean a period of one (1) month, provided that (i) the initial Interest Period may be less than one month, depending on the initial funding date and (ii) no Interest Period shall extend beyond the Maturity Date of the Note. "**Interest Rate Determination Date**" shall mean the date the Note is initially funded and the fifteenth (15<sup>th</sup>) day of each calendar month thereafter. "**Prime Rate**" shall mean the rate published by the Wall Street Journal from time to time, and if such publication is not available during the term of this Agreement, then the Prime Rate shall mean the publicly announced prime lending rate of the Lender from time to time in effect, which rate may not be the lowest or best lending rate made available by the Lender.

Interest on this Note shall be payable on the unpaid principal balance of this Note from time to time computed on the basis of the actual number of days elapsed over a year of 360 days. Such daily computation shall not be compounded. The Interest Rate on the Note may not exceed the maximum allowed by applicable law.

Any calculations or determinations by the Lender of the Interest Rate on this Note shall be conclusive and binding against the Borrower and the Lender, absent manifest error.

Accrued interest shall be payable monthly, in arrears, on the 1st day of each month beginning **July 15, 2014**, and shall continue on the same day of each month thereafter until this Note is paid in full. If not demanded sooner, all outstanding principal, unpaid Advances and accrued and unpaid interest and any other unpaid sums owed under this Note shall be due and payable in full on or before June 30, 2015 ("**Maturity Date**"). After the Maturity Date, or on the occurrence of an Event of Default, interest shall continue to accrue on this Note at the Default Rate set forth in the Loan Agreement.

This Note is the "Note" referred to in and issued pursuant to the provisions of the Loan Agreement. This Note evidences Advances made by the Lender under the Loan Agreement and is secured by the Collateral described therein. If any part of this Note cannot be enforced, this fact will not affect the rest of this Note.

Capitalized terms used herein but not defined herein have the respective meanings assigned to them in the Loan Agreement.

On the occurrence and continuation of an Event of Default, the principal hereof and accrued interest hereon may be declared to be, or may become, forthwith due and payable in the manner, upon the conditions and with the effect provided in the Loan Agreement. All rights and remedies of the Lender under the Loan Agreement for an Event of Default are fully incorporated herein.

The Lender is hereby authorized to maintain records of the date and amount of each Advance, the date and amount of any payment of principal or interest and the principal balance then remaining unpaid hereon. The Borrower hereby agrees that the amount so evidenced in such records shall, absent manifest error, for all purposes, constitute *prima facie* evidence thereof and shall be binding upon the Borrower; *provided*, that any failure by the Lender to make any such recordation shall not affect the obligations or rights of the Borrower hereunder or under the Loan Agreement.

The Borrower hereby waives presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note.

This Note shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia. This Note is given under seal and it is intended that this Note is and shall constitute and have the effect of a sealed instrument according to law.

Time is of the essence.

*[Remainder of page intentionally left blank; signatures on next page]*

IN WITNESS WHEREOF, PEOPLE EXPRESS AIRLINES, INC., has caused this Note to be executed in its name and on its behalf by the manual or facsimile signatures of its President & CEO and the corporate seal to be affixed hereto, imprinted hereon and attested by the manual or facsimile signature of its Chief Financial Officer.

PEOPLE EXPRESS AIRLINES, INC.

A Delaware corporation

By:  (SEAL)  
Jeffrey H. Erickson, CEO

[SEAL]

ATTEST:

By:

  
Jason A. Moulton,  
Chief Financial Officer

*[Signature Page to \$5,000,000 Revolving Line of Credit Note]*



## COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll MM	Account	Officer RSI	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

**Borrower:** People Express Airlines Inc. (TIN: 45-2935594)  
902 Bland Blvd  
Newport News, VA 23602

**Lender:** TowneBank  
Peninsula Business Lending Center  
1 Old Oyster Point Rd., Suite 100  
Newport News, VA 23602

**Guarantor:** Peninsula Airport Commission (TIN: 54-6000826)  
900 Bland Blvd, Suite G  
Newport News, VA 236024347

**CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE.** For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the indebtedness or against any collateral securing the indebtedness, this Guaranty or any other guaranty of the indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

**INDEBTEDNESS.** The word "indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, liabilities and obligations under any interest rate protection agreements or foreign currency exchange agreements or commodity price protection agreements, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

**CONTINUING GUARANTY.** THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

**DURATION OF GUARANTY.** This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include the indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. For this purpose and without limitation, "new indebtedness" does not include all or part of the indebtedness that is: incurred by Borrower prior to revocation; incurred under a commitment that became binding before revocation; any renewals, extensions, substitutions, and modifications of the indebtedness. This Guaranty shall bind Guarantor's estate as to the indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. It is anticipated that fluctuations may occur in the aggregate amount of the indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the indebtedness, even to zero dollars (\$0.00), shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the indebtedness remains unpaid and even though the indebtedness may from time to time be zero dollars (\$0.00).

**GUARANTOR'S AUTHORIZATION TO LENDER.** Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; (C) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may

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choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

**GUARANTOR'S REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

**GUARANTOR'S WAIVERS.** Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (1) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the indebtedness; (2) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the indebtedness; (3) any right to claim discharge of the indebtedness on the basis of unjustified impairment of any collateral for the indebtedness; or (4) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding indebtedness which is not barred by any applicable statute of limitations. Guarantor acknowledges and agrees that Guarantor's obligations under this Guaranty shall apply to and continue with respect to any amount paid to Lender which is subsequently recovered from Lender for any reason whatsoever (including without limitation as a result of bankruptcy, insolvency or fraudulent conveyance proceeding), notwithstanding the fact that all or a part of the indebtedness may have been previously paid, or this Guaranty may have been terminated, or both.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

**Guarantor's Understanding With Respect To Waivers.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

**Right of Setoff.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

**Subordination of Borrower's Debts to Guarantor.** Guarantor agrees that the indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

**Miscellaneous Provisions.** The following miscellaneous provisions are a part of this Guaranty:

**Amendments.** This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Guarantor agrees that if Lender hires an attorney to help enforce this Guaranty, Guarantor will pay, subject to any limits under applicable law, Lender's attorneys' fees and all of Lender's other collection expenses, whether or not there



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(Continued)**

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is a lawsuit and including without limitation additional legal expenses for bankruptcy proceedings.

**Caption Headings.** Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

**Governing Law.** This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions.

**Integration.** Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty, Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty, the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

**Interpretation.** In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

**Notices.** Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, if hand delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Successors and Assigns.** Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their heirs, personal representatives, successors and assigns.

**Definitions.** The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Borrower.** The word "Borrower" means People Express Airlines Inc. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Guarantor.** The word "Guarantor" means everyone signing this Guaranty, including without limitation Peninsula Airport Commission, and in each case, any signer's successors and assigns.

**Guaranty.** The word "Guaranty" means this guaranty from Guarantor to Lender.

**Indebtedness.** The word "indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

**Lender.** The word "Lender" means TowneBank, its successors and assigns.

**Note.** The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for promissory notes or credit agreements.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

**EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED JUNE 18, 2014.**

**THIS GUARANTY IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS GUARANTY IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.**

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GUARANTOR:  
PENINSULA AIRPORT COMMISSION

By: Ladonna G. Finch (Seal)  
Ladonna G. Finch, Chairman of Peninsula Airport  
Commission

GOVERNMENT ACKNOWLEDGMENT

STATE OF Virginia )  
City Newport News ) SS  
COUNTY OF Newport News )

On this 18<sup>th</sup> day of June, 20 14, before me, the undersigned Notary Public, personally appeared Ladonna G. Finch, Chairman of Peninsula Airport Commission, and known to me to be an authorized agent of the governmental entity that executed the Commercial Guaranty and acknowledged the Guaranty to be the free and voluntary act and deed of the governmental entity, by authority of its enabling laws or by resolution of its governing body, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Guaranty and in fact executed the Guaranty on behalf of the governmental entity.

By Bettie Ann K. Benton Residing at Newport News  
Notary Public in and for State of Va My commission expires 3-31-17  
My registration number is 212164



# GOVERNMENTAL CERTIFICATE

<b>Principal</b> \$5,000,000.00	<b>Loan Date</b> 06-18-2014	<b>Maturity</b> 06-30-2015	<b>Loan No</b> 1543077773	<b>Call / Coll</b> MM	<b>Account</b> ***	<b>Officer</b> RSI	<b>Initials</b>
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** People Express Airlines Inc. (TIN: 45-2935594)  
902 Bland Blvd  
Newport News, VA 23602

**Lender:** TowneBank  
Peninsula Business Lending Center  
1 Old Oyster Point Rd., Suite 100  
Newport News, VA 23602

**Entity:** Peninsula Airport Commission (TIN: 54-6000626)  
900 Bland Blvd, Suite G  
Newport News, VA 236024347

**I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:**

**THE ENTITY'S EXISTENCE.** The complete and correct name of the governmental entity is Peninsula Airport Commission ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Virginia. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 900 Bland Blvd, Suite G, Newport News, VA 236024347. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

**CERTIFICATES ADOPTED.** At a meeting of the appropriate governing body of the Entity, duly called and held on **June 12, 2014**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

**OFFICIAL.** The following named person is an Official of Peninsula Airport Commission:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
 Ladonna G. Finch	Chairman	Y	 <div style="text-align: right; font-size: small;">(Seal)</div>

**ACTIONS AUTHORIZED.** The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Entity:

**Guaranty.** To guarantee or act as surety for loans or other financial accommodations to Borrower from Lender on such guarantee or surety terms as may be agreed upon between the Official of the Entity and Lender and in such sum or sums of money as in his or her judgment should be guaranteed or assured, (the "Guaranty").

**Grant Security.** To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the Guaranty, and as a security for the payment of any loans, any promissory notes, or any other or further indebtedness of People Express Airlines Inc. to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered. The provisions of this Certificate authorizing or relating to the pledge, mortgage, transfer, endorsement, hypothecation, granting of a security interest in, or in any way encumbering, the assets of the Entity shall include, without limitation, doing so in order to lend collateral security for the indebtedness, now or hereafter existing, and of any nature whatsoever, of People Express Airlines Inc. to Lender. The Entity has considered the value to itself of lending collateral in support of such indebtedness, and the Entity represents to Lender that the Entity is benefited by doing so.

**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

**Further Acts.** To do and perform such other acts and things and to execute and deliver such other documents and agreements, **including agreements waiving the right to a trial by jury**, as the Official may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

**ASSUMED BUSINESS NAMES.** The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: **None.**

**NOTICES TO LENDER.** The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

**CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES.** The Official named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupies the position set opposite his or her respective name. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may



**GOVERNMENTAL CERTIFICATE  
(Continued)**

Loan No: 1543077773

Page 2

designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.**

**I have read all the provisions of this Certificate, and I personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated June 18, 2014.**

**THIS CERTIFICATE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS CERTIFICATE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.**

CERTIFIED TO AND ATTESTED BY:

 (Seal)  
Ladonna G. Finch, Chairman of Peninsula Airport  
Commission

NOTE: If the Official signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.

# CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

<b>Principal</b> \$5,000,000.00	<b>Loan Date</b> 06-18-2014	<b>Maturity</b> 06-30-2015	<b>Loan No</b> 1543077773	<b>Call / Coll</b> MM	<b>Account</b> ***	<b>Officer</b> RSI	<b>Initials</b>
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Corporation:** People Express Airlines Inc. (TIN: 45-2935594)  
902 Bland Blvd  
Newport News, VA 23602

**Lender:** TowneBank  
Peninsula Business Lending Center  
1 Old Oyster Point Rd., Suite 100  
Newport News, VA 23602

**I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:**

**THE CORPORATION'S EXISTENCE.** The complete and correct name of the Corporation is People Express Airlines Inc. ("Corporation"). The Corporation is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Delaware. The Corporation is duly authorized to transact business in the Commonwealth of Virginia and all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 902 Bland Blvd, Newport News, VA 23602. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

**RESOLUTIONS ADOPTED.** At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on **June 12, 2014**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

**OFFICERS.** The following named persons are officers of People Express Airlines Inc.:

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
Jeffrey H Erickson	President	Y    X	 (Seal)
Jason Moulton	Vice President	Y    X	 (Seal)
Michael D. Morisi	Secretary	Y    X	_____ (Seal)

**ACTIONS AUTHORIZED.** All of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, all of such authorized persons are authorized, empowered, and directed to do the following for and on behalf of the Corporation:

**Borrow Money.** To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in their judgment should be borrowed, without limitation.

**Execute Notes.** To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

**Grant Security.** To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

**Further Acts.** In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, **including agreements waiving the right to a trial by jury**, as the officers may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

**ASSUMED BUSINESS NAMES.** The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

**NOTICES TO LENDER.** The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as



\*CORAG\*



### CORRECTION AGREEMENT - LIMITED POWER OF ATTORNEY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$5,000,000.00	06-18-2014	06-30-2015	1543077773	MM	***	RSI	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** People Express Airlines Inc. (TIN: 45-2935594)  
 902 Bland Blvd  
 Newport News, VA 23602

**Lender:** TowneBank  
 Peninsula Business Lending Center  
 1 Old Oyster Point Rd., Suite 100  
 Newport News, VA 23602

FOR AND IN CONSIDERATION OF the funding by TowneBank ("Lender") of the above loan (the "Loan") of which the undersigned is/are the maker(s), borrower(s), co-maker(s) or co-borrower(s), (individually and collectively, "Obligor"), each Obligor hereby authorizes Lender for and in the name of Obligor, at any time, and from time to time, to make, execute and/or deliver, or cause to be made, executed and/or delivered, to such parties as Lender may deem appropriate, and to cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such time and in such offices and places as Lender may deem appropriate, any and all mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, disclosures and other documents, and amendments and modifications to same or any other documents evidencing, securing or otherwise related to the Loan (the "Loan Documents") as, in the sole opinion of Lender, may be necessary or desirable in order to (a) correct typographical or clerical errors discovered therein, and (b) effectuate, complete, perfect, continue or preserve (i) Obligor's obligations under the Loan Documents, and (ii) the existence, and priority of the liens and security interests created by the Loan Documents on the property securing the Loan, whether now owned or hereafter acquired by Obligor. Unless prohibited by law or Lender agrees to the contrary in writing, Obligor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Each Obligor hereby appoints Lender and its designee as its true and lawful attorney-in-fact, with full power of substitution for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph; and to correct any such errors, initial the Loan Documents where changes are made, and/or sign Obligor's name or initials to acknowledge any amendment, modification, agreement or other document or form accomplishing such action or adjusting or correcting such errors.

This power of attorney is coupled with an interest, shall be irrevocable until the Loan is paid in full and shall survive the disability of any Obligor.

WITNESS the following signature(s) and seal(s), this 18th Day of June, 2014.

**CORRECTION AGREEMENT - LIMITED POWER OF ATTORNEY  
(Continued)**

Loan No: 1543077773

BORROWER:

PEOPLE EXPRESS AIRLINES INC.

By: [Signature] (Seal)  
Jeffrey H Erickson, President of People Express Airlines Inc.

By: [Signature] (Seal)  
Jason Moulton, Vice President of People Express Airlines Inc.

**CORPORATE ACKNOWLEDGMENT**

STATE OF Virginia )  
City Newport News ) SS  
COUNTY OF Newport News )

On this 18<sup>th</sup> day of June, 20 14, before me, the undersigned Notary Public, personally appeared Jeffrey H Erickson, President of People Express Airlines Inc. and Jason Moulton, Vice President of People Express Airlines Inc., and known to me to be authorized agents of the corporation that executed the Correction Agreement - Limited Power of Attorney and acknowledged the Power of Attorney to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Power of Attorney and in fact executed the Power of Attorney on behalf of the corporation.

By Bettie Ann K Berta  
Notary Public in and for State of Va

Residing at Newport News  
My commission expires 3-31-17  
My registration number is 212164



**BORROWER'S CERTIFICATE  
OF  
PEOPLE EXPRESS AIRLINES, INC.**

The Undersigned, as the *Treasurer* of PEOPLE EXPRESS AIRLINES, INC., a Delaware corporation ("Borrower"), certify to TOWNEBANK ("Lender") and to KAUFMAN & CANOLES ("K&C") those matters set forth herein, on which certification such entities may rely upon in connection with that loan to Borrower, in the maximum principal amount of \$5,000,000 (the "Loan"), said Loan to be evidenced by a Promissory Note (the "Note") in the amount of \$5,000,000 (the Note and other documents required by and/or evidencing or securing the Loan are collectively referred to as the "Loan Documents"), as follows (capitalized terms used herein that are not otherwise defined shall have the meanings as those terms are defined in the Loan Documents):

1. Approvals and Authority. Borrower is (a) duly organized, validly existing and in good standing under the laws of the State of Delaware and no act of dissolution has occurred or been taken with regard to Borrower, (b) is in compliance with all legal requirements applicable to doing business in the Commonwealth of Virginia, and (c) has any and all necessary governmental approvals to conduct its business now conducted or to be conducted. Borrower has the full power, authority and right to execute, deliver and perform any and all obligations pursuant to the Loan Documents, and to keep and observe all of the terms of the Loan Documents to be performed on Borrower's part. Borrower is duly authorized and does not require the consent or approval of any other party or governmental authority which has not been obtained in order to execute the Loan Documents. The execution of the Loan Documents will not violate any law or result in the imposition of any lien, charge or encumbrance upon the assets of any such party, except as contemplated by the Loan Documents. Jason Mouton is authorized as Chief Financial Officer of the Borrower to execute and deliver Loan Documents on its behalf.

2. Financial Statements. The financial statements delivered by Borrower, if any, are true and correct with no significant change since the date of preparation. Except as disclosed in such financial statements, there are no liabilities (fixed or contingent) affecting the Borrower. Except as disclosed in such financial statements, there is no litigation, administrative proceeding, investigation or other legal action pending or, to the knowledge of Borrower, threatened, against the Borrower, which if adversely determined could have a material adverse effect on such party or the Loan.

3. Bankruptcy Proceedings. Borrower, has not filed, nor is it contemplating, (i) either the filing of a petition by it under state or federal bankruptcy or insolvency laws or (ii) the liquidation of all or a major portion of its assets or property, or (iii) any action to dissolve Borrower or itself, and Borrower has no knowledge of any Person contemplating the filing of any such petition against either of them or taking any such action which would result in dissolution of the Borrower.

4. No Breach. The consummation of the Loan by Borrower and other transactions or undertakings contemplated hereby will not result in a breach or violation of any of the terms or provisions of, or constitute (with due notice or lapse of time or both) a default under (i) any indenture, mortgage, deed of trust, note, indenture, lease, agreement, license, permit or other

agreement to which Borrower is a party, or by which Borrower is bound, or (ii) Borrower's Articles of Incorporation, or (iii) under any statute, writ, judgment, decree, law, order, ordinance, statute, rule or regulation of any court, governmental agency or body having jurisdiction over Borrower. There is no requirement for further consent by reason of the transactions on the part of Borrower contemplated by the Loan Documents, under any credit agreement, indenture, lease, guaranty, or other instrument to which Borrower is a party or by which Borrower may be bound or affected.

5. Consent. Borrower has consented to and duly authorized any acts necessary for Borrower to obtain the Loan, and all other certificates, instruments and agreements required or desired by Lender to be executed and delivered by Borrower to Lender or any governmental authority, or other person or entity in connection with or related to the consummation of the Loan.

6. Legal Proceedings. Except as noted below, there are no legal or governmental proceedings relating to Borrower, to which Borrower is subject and in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business, assets or condition of the Borrower, or which would affect the Borrower's existence or authority to do business, or the operation of Borrower's business and to the best of the undersigned's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others. Outstanding legal proceedings are: (1) two federal tax liens totaling \$252,030.00, which Borrower has agreed to pay by June 30, 2014 (previously disclosed); (2) Judgment in favor of Hogan Lovells in amount of \$172,000.00, for which Borrower has a payment plan, remaining balance of \$92,000.00 (previously disclosed); (3) Judgment in favor of 7<sup>th</sup> Point for \$40,000.00, for which Borrower has a payment plan, remaining balance of \$15,000.00 (previously disclosed); (4) Judgment in favor of Aviation Sales, Inc. in the amount of \$178,810.00; and (5) threatened legal action by Studio Center Corp. for \$9,950.00, which claim Borrower contests.

7. Representations and Warranties. The Borrower hereby represents and warrants as follows:

(a) The Borrower is a corporation organized and in good standing under the laws of Delaware and has been duly authorized and continues to be authorized to transact business in the Commonwealth of Virginia. The Borrower has been continuously organized and operating since its incorporation and no dissolution proceedings have been adopted by it or initiated against it.

(b) Borrower has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(c) The Borrower has the power to execute and deliver the Line of Credit Agreement (the "Agreement") by and between Borrower, Lender and the Peninsula Airport Commission, and to perform its obligations thereunder and to issue the Note, to provide through the Peninsula Airport Commission the pledge the Collateral pursuant to the Agreement, and to carry out its other obligations under the Loan Documents. By proper action, the Borrower has duly authorized the execution and delivery of the Loan Documents, the performance of its

obligations thereunder and the issuance of the Note. Simultaneously with the execution and delivery of the Agreement, the Borrower has duly executed and issued the Note.

(d) The Borrower is not in default under or in violation of the Loan Documents, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Loan Documents will not conflict with or constitute or result in a default under or result in a violation of (1) any existing law, rule or regulation applicable to it, nor impair the Borrower's performance of its obligations under the Loan Documents, or (2) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Borrower or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(e) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local or any private party, is required in connection with (1) the issuance and delivery of the Note by the Borrower or (2) the execution or delivery of the Agreement or performance by the Borrower of its obligations under the other Loan Documents.

(f) No litigation, proceeding, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Borrower, threatened against the Borrower or its assets with respect to (1) the organization and existence of the Borrower, (2) its authority to execute or deliver the Loan Documents, (3) the validity or enforceability of any of the Loan Documents or the transactions contemplated thereby, (4) the title of any officer of the Borrower who executed the Loan Documents, or (5) any authority or proceedings related to the execution and delivery of the Loan Documents on behalf of the Borrower, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(g) The Loan Documents are legal and binding obligations of the Borrower enforceable in accordance with their terms.

(h) The proceeds of each advance on the Note, and all investment income thereon, will be used exclusively for the benefit of the Borrower.

(i) The Borrower expects the following with respect to the Note, amounts advanced on the Note and any investment income thereon:

- (i) Advances on the Note will be used to provide working capital for the Borrower and the amounts drawn thereunder will not exceed the amount necessary for such purpose;
- (ii) All amounts of principal and interest on the Note will be paid from operating revenues of or capital investments in the Borrower; and

(iii) The Borrower will not enter any hedging transaction (such as an interest rate swap, cap or collar transaction) with respect to the Note.

(j) Neither any statement, report or other document furnished to the Lender by the Borrower in connection herewith or in connection with any transaction contemplated hereby, nor the Agreement contains any untrue statement of material fact or neglects to state any material fact necessary in order to make the statements contained therein or herein not misleading.

(k) To the extent applicable, each employee pension benefit plan, as defined in ERISA, maintained by Borrower will meet, as of the date of the Agreement, the minimum funding standards of ERISA and all applicable regulations promulgated under ERISA and all requirements of ERISA, and of the Code. No "Prohibited Transaction" or "Reportable Event" (as both terms are defined by ERISA) has occurred with respect to any such employee pension benefit plan.

(l) There has been no material adverse change in the financial condition of Borrower since May 1, 2014.

8. The Borrower is not in default under any other documents or responsibilities, which would interfere with its ability to continue borrowing, to own property or to carry on its business as currently conducted.

9. There are no current or threatened legal or administrative proceedings against the Borrower or the Borrower's assets, and there is no deed of trust, indenture, lease, license, permit, judgment, decree, order, statute, ordinance, rule or regulation to which the Borrower or the Borrower's assets are subject or bound, that would impair the power of the Borrower to enter into and perform its obligations under the Loan Documents.

10. Statements of Fact. No statement of fact made by or on behalf of Borrower in this certificate or in any of the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary to make statements contained herein or therein not misleading. There is no fact presently known to Borrower which has not been disclosed to Lender which adversely affects, nor which Borrower can foresee might adversely affect the business, operations or condition (financial or otherwise) of Borrower.

IN WITNESS WHEREOF, the undersigned has signed this certificate as of the 18 day of June, 2014.

**PEOPLE EXPRESS AIRLINES, INC.**, a  
Delaware corporation

By:  \_\_\_\_\_



Name: Jason A Moulton  
Its: CFO

**PEOPLE EXPRESS AIRLINES, INC.**

**SECRETARY'S CERTIFICATE**

The Undersigned, as the Secretary of **PEOPLE EXPRESS AIRLINES, INC.**, a Delaware corporation ("Borrower"), certify to **TOWNEBANK** ("Lender") and to **KAUFMAN & CANOLES** ("K&C") those matters set forth herein, on which certification such entities may rely upon in connection with that loan to Borrower, in the maximum principal amount of \$5,000,000 (the "Loan"), said Loan to be evidenced by a Promissory Note (the "Note") in the amount of \$5,000,000 (the Note and other documents required by and/or evidencing or securing the Loan are collectively referred to as the "Loan Documents"), as follows (capitalized terms used herein that are not otherwise defined shall have the meanings as those terms are defined in the Loan Documents):

1. Articles of Incorporation. Attached hereto as **Exhibit A** is a copy of the Borrower's Articles of Incorporation, which have not otherwise been amended, rescinded, modified or otherwise impaired and remain in full force and effect as of the date hereof.
2. Bylaws. Attached hereto as **Exhibit B** is a true and complete copy of the Bylaws of the Borrower as in effect on the date of this Certificate.
3. Good Standing. Attached hereto as **Exhibit C** is a true, correct and complete copy of a Certificate of Registration to Transact Business in Virginia for the Borrower, issued by the Virginia State Corporation Commission.
4. Resolution. Attached hereto as **Exhibit D** is a true, correct and complete copy of a Resolution of the Board of Directors of the Borrower adopted on May 14, 2014 (the "Resolution"), authorizing the Borrower to enter into the transactions contemplated by the Loan Agreement dated as of \_\_\_\_\_ (the "Agreement"), between TowneBank (the "Lender") and the Borrower. The Resolution is in full force and effect as of the date hereof, and has not been modified or superseded in any respect.
5. Incumbency. Each person who, as an officer of the Borrower, signed the Loan Documents or any other document delivered on or prior to the date hereof in connection with the transactions contemplated by the Loan Documents was, at the time of such signing and delivery thereof, duly elected or appointed, qualified and acting as such officer and the signature of each such officer appearing on any such document is the genuine signature of such officer.

The below named persons are at the date hereof the duly appointed qualified and acting incumbents of their respective offices of the Borrower set opposite their names and the signatures below:

Jeffrey H. Erickson  
Jason Moulton

President/CEO  
CFO

Michael Morisi  
William Morton

Secretary  
Director

IN WITNESS WHEREOF, the undersigned has duly executed this certificate as of June  
\_\_\_\_, 2014.



MICHAEL MORISI Secretary

**KAUFMAN & CANOLES**  
attorneys at law

Kaufman & Canoles, P.C.  
150 West Main Street  
Suite 2100  
Norfolk, VA 23510

*Mailing Address*  
Post Office Box 3037  
Norfolk, VA 23514

T (757) 624.3000  
F (757) 624.3169

kaufCAN.com

June 18, 2014

TowneBank  
1 Old Oyster Point Road, Suite 300  
Newport News, Virginia 23602

Re: People Express Airlines Inc., a Delaware corporation, w. TowneBank; \$5,000,000 Line of Credit;  
Peninsula Airport Commission

Ladies and Gentlemen:

We have acted as Virginia counsel to People Express Airlines Inc., a Delaware corporation (the "Borrower"), in connection with a line of credit loan (the "Loan") in the maximum principal amount of \$5,000,000 being made by TowneBank (the "Lender") to the Borrower for the purpose of providing operating funds.

In rendering the opinions hereinafter set forth, we have examined the following documents (items (i) and (ii) being hereinafter referred to collectively as the "Loan Documents"):

(i) Line of Credit Agreement, dated June 18, 2014, by and among the Borrower, the Lender and the Peninsula Airport Commission ("PAC");

(ii) Promissory Note, dated June 18, 2014, made by the Borrower payable to the order of the Lender, in the face amount of \$5,000,000;

(iii) Certificate of Registration to Transact Business in the Commonwealth of Virginia (the "SCC Qualification Certificate"), dated June 9, 2014, issued by the Virginia State Corporation Commission with respect to the Borrower;

(iv) Secretary's Certificate of Borrower, dated June 18, 2014 ("Secretary's Certificate"); and

(v) Certificate of Due Incorporation and Good Standing with respect to the Borrower (the "Delaware Certificate"), dated June 11, 2014, issued by the Secretary of the State of Delaware .

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Disclosure Required by Internal Revenue Service Circular 230: This communication is not a tax opinion. To the extent it contains tax advice, it is not intended or written by the practitioner to be used, and it cannot be used by the taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer by the Internal Revenue Service.

With your consent, our examination has been confined solely to the above enumerated documents and our opinion, as set forth herein, is based solely on the information contained therein, without any independent verification or investigation of such information. We also understand that the Borrower has delivered to you a certificate as to certain matters related to the Loan and itself, the contents of which Certificate we have neither independently investigated nor verified and with respect to which we provide no opinion.

The opinions set forth herein are subject to the following assumptions:

A. The Lender, PAC and the Borrower are each duly organized, validly existing and in good standing under the respective laws of the jurisdiction of its organization, and has all of the necessary right, power and authority to execute and deliver each of the Loan Documents to which it is a party and to enter into and perform its obligations thereunder.

B. The Lender and the Borrower have duly authorized, executed, and delivered each of the Loan Documents to which it is a party, and each of the Loan Documents to which the Lender is a party constitutes a legal, valid, and binding obligation of the Lender, enforceable against the Lender.

C. PAC has duly authorized, executed, and delivered each of the Loan Documents to which it is a party, and each of the Loan Documents to which the PAC is a party constitutes a legal, valid, and binding obligation of PAC, enforceable against PAC.

D. At all relevant times, "value" within the meaning of Section 8.1A-204 of the Virginia Code shall have been given.

E. The Borrower will use the proceeds of the Loan only for the Borrower's business purposes and as authorized by the Lender and the Loan Documents.

F. All documents delivered to us are accurate and complete, and each such document delivered as an original is authentic and each such document delivered as a copy conforms to the original document in all respects.

G. The signatures of all persons are genuine and authentic, and each such person is legally competent.

H. The conduct of all parties complies with any legal requirements of good faith, fair dealing and conscionability, and there has been no fraud, duress, undue influence, misunderstanding or mutual mistake of fact.

I. There are no agreements or understandings among the parties, written or oral, and there is no usage of trade or course of prior dealing among the parties that would define, supplement, or qualify the terms of the Loan Documents.

J. The Lender and its agents, if any, have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any property or security interest transferred or created as a part of, the Loan Documents.

K. The parties, other than the Borrower, will act in accordance with, and not take any actions forbidden by, the Loan Documents, and the Borrower will obtain all permits and governmental

approvals required in the future, and take all other actions similarly required, for the performance of its obligations under the Loan Documents.

- L. All statutes, rules, and regulations are valid and constitutional.

Based upon the foregoing, and subject to the assumptions and qualifications herein set forth, it is our opinion that:

1. Based solely on the SCC Qualification Certificate, the Borrower is qualified to conduct business in the Commonwealth of Virginia.

2. Based solely on the Delaware Certificate, the Borrower is a validly existing corporation in good standing under the laws of the State of Delaware.

3. The Borrower has the corporate power and authority to execute, deliver, and perform the terms of the Loan Documents to which the Borrower is a party and has taken all corporate action necessary to authorize the execution and delivery of the Loan Documents to which the Borrower is a party.

4. Each of the Loan Documents to which the Borrower is a party has been duly executed and delivered by the Borrower and constitutes the legal, valid, and binding obligation of the Borrower, enforceable against the Borrower.

5. No consent, authorization, or approval of any agency or authority of the Commonwealth of Virginia is required for the execution and delivery by the Borrower of the Loan Documents to which Borrower is a party.

- 6. The Loan does not violate the usury laws of the Commonwealth of Virginia.

The foregoing opinions are subject to the following additional limitations and qualifications:

a. Our opinion is based solely upon Federal law and the laws of the Commonwealth of Virginia (without giving effect to Virginia's principles of conflict of laws) and we express no opinion based upon the laws of any other state. This opinion does not address, and expressly excludes, any consideration of (i) local laws (e.g. laws of cities, counties, towns, and other political subdivisions and districts), (ii) securities laws, (iii) antitrust and unfair competition laws, (iv) tax laws, (v) labor laws, (vi) pension and employee benefit laws, (vii) intellectual property laws, (viii) health and safety laws, (ix) criminal laws, including, without limitation, racketeering and forfeiture laws, (x) laws pertaining to fiduciary duties, (xi) laws relating to margin requirements, (xii) laws relating to national and local emergencies, (xiii) laws relating to aviation or transportation, (xiv) Federal Assignment of Claims Act, (xv) the Troubled Asset Relief Program created under the Emergency Economic Stabilization Act of 2008, (xvi) the Term Asset-Backed Securities Loan Facility created under the Federal Reserve Act, (xvii) consumer protection laws, (xviii) Financial Institutions Reform Recovery and Enforcement Act of 1989, and (xix) laws related to terrorism or money-laundering, including, without limitation (A) the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56) and (B) Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, relating to "Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism."

b. Our opinion on the validity, binding nature, and enforceability of the obligations of the Borrower as contained in the Loan Documents is subject to the provisions of applicable Federal or state bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar law relating to, or affecting the enforcement of, creditors' rights generally, now or hereafter in effect, and to any judicially developed doctrines related thereto.

c. Our opinion on the validity, binding nature, and enforceability of the Loan Documents is subject to the general principles of equity (regardless of whether considered in a proceeding at law or in equity) including, without limitation, the possible unavailability of specific performance or injunctive relief and the enforcement of provisions of the Loan Documents may be limited by defenses such as estoppel, waiver or other equitable considerations.

d. We advise you that certain provisions contained in the Loan Documents may be limited or rendered unenforceable by applicable laws or court decisions. We do believe, however, that subject to the other qualifications, exceptions and limitations expressed herein, the Loan Documents would not be rendered invalid as a whole or preclude an action at law for the repayment of the Loan.

e. We express no opinion as to any matters pertaining to the ownership or operation of any of business of the Borrower.

f. Without limiting the application of the qualification contained in paragraph d above, we express no opinion with respect to terms in the Loan Documents (i) authorizing self-help or permitting the unilateral or ex parte appointment of a receiver, (ii) permitting the Lender, or any other party, or their respective agents to bring suit against less than all parties liable thereon without affecting the liability of the other parties thereto, (iii) prohibiting oral modifications of the Loan Documents, (iv) regarding choice of law or forum selection or purporting to affect the jurisdiction or venue of courts, (v) indemnifying a party for, or releasing, exculpating or exempting a party from, liability for its own action or inaction, (vi) concerning payment of penalties, liquidated damages, or prepayment charges, (vii) waiving obligations of good faith, fair dealing, diligence, or commercial reasonableness, (viii) providing that an election of remedies does not affect a party's right to other remedies, (ix) permitting the Lender or any other party or their respective agents to use force or otherwise breach the peace when enforcing their rights, (x) providing that any unenforceable terms shall not affect the enforceability of any other terms where the unenforceable terms are an essential part of the agreement, (xi) to the effect that the failure or delay of the Lender or any other party or their respective agents in exercising a right or remedy will not operate as a waiver of such right or remedy, (xii) providing for standards of conduct other than reasonable commercial standards, (xiii) waiving stays and any other rights under any bankruptcy, insolvency or debtor relief laws, (xiv) purporting to waive (or having the effect of waiving) rights under the Constitution or laws of the United States or the Commonwealth of Virginia, including but not limited to provisions waiving trial by jury, unless, and only to the extent such law expressly permits waiver, (xv) waiving statutes of limitation, (xvi) waiving notice of acceleration, (xvii) providing for confession of judgment, (xviii) waiving or restricting access to courts or to legal or equitable remedies, (xix) purporting to waive or otherwise affect any right to receive notice, (xx) purporting to establish any evidentiary standards in suits or proceedings, (xxi) granting powers of attorney or authorizing a party to execute documents on behalf of another party, (xxii) purporting to grant rights to, or limit the rights of, third parties, (xxiii) purporting to create a trust or constructive trust without compliance with applicable trust law, (xxiv) relating to subrogation rights, marshaling of assets, or set-offs, (xxv) restricting assignments in contravention of the provisions of Sections 8.9A-406 through 8.9A-409 of the Virginia Code, and (xxvi) constituting a release of the Lender or any third party.

g. We express no opinion which is not expressly stated herein including, without limitation, any opinion as to any agreements referred to in any of the Loan Documents or incorporated therein by reference, other than the Loan Documents, nor have we undertaken any review of any agreements or legal requirements relating to the operation of the business of the Borrower.

h. We express no opinion as to any state or federal laws regulating the Lender or the conduct of the Lender's business that might relate to Loan Documents or the transactions contemplated thereby including, without limitation, as to whether the Loan complies with any statutory, regulatory or other loan limits applicable to the Lender with respect to the Borrower, PAC, or any other person, or complies with any statutes, laws, rules, or regulations which prescribe permissible and lawful investments for the Lender.


i. We are admitted to practice only in the Commonwealth of Virginia and our opinion as to Delaware law is based solely upon review of Delaware's General Corporation Law, Title 8 of the Delaware Code, as published online as the Delaware Code Online and we express no opinion based upon any other laws. We express no opinion with respect to (and confirm to you that we have not investigated) any jurisprudence of the State of Delaware with respect to the Delaware Code (including without limitation, any federal or state case law, any administrative law decisions, or any releases or rulings of any Delaware governmental authority) or any legislative history with respect to the Delaware Code.

This opinion letter shall be interpreted in accordance with the Legal Opinion Principles issued by the Committee on Legal Opinions of the American Bar Association's Section of Business Law as published in 53 Business Lawyer 831 (May, 1998).

The opinions set forth herein may be relied upon by you only in connection with the transaction described herein and for no other purpose, and may not be distributed to or relied upon by any other person, quoted in whole or in part, or otherwise reproduced in any other document (except copies of this opinion may be included in any binder of documents for the transaction to which this opinion relates), nor is it to be filed with any governmental agencies without, in each instance, our prior written consent.

Finally, we do not undertake to advise you of any changes in the opinions expressed herein resulting from matters that might hereafter come or be brought to our attention.

Very truly yours,

  
KAUFMAN & CANOLES,  
a professional corporation



RAYMOND H. SUTTLE  
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June 18, 2014

TowneBank  
1 Old Oyster Point Road Suite 100  
Newport News, VA 23602

RE: People Express Airlines Inc.  
\$5,000,000.00

Gentlemen:

We have acted as counsel to the Peninsula Airport Commission (the "Guarantor"), in connection with a Draw Down Line of Credit (hereinafter called the "Loan") made by TowneBank (the "Lender") to People Express Airlines Inc. (the "Borrower") pursuant to loan commitment letter dated as of June 4, 2014, from the Lender addressed to the Borrower (the "Commitment"). This opinion letter is provided to you at the request of the Guarantor to satisfy certain requirements of the Commitment between the Borrower and the Lender.

In rendering the opinions hereinafter set forth, we have examined the following documents (items 1 through 5 being hereinafter referred collectively as the "Loan Documents"):

1. Loan Commitment.
2. Unconditional Commercial Guaranty (the "Guaranty") dated June 18, 2014, made by the Guarantor;
3. Line of Credit Agreement dated June 18, 2014, between and among Borrower, Guarantor and Lender ("Loan Agreement");
4. Governmental Certificate dated June 18, 2014, made by the Guarantor (the "Certificate"); and
5. Resolution of Special Meeting of Guarantor dated June 9, 2014 (the "Resolution").

We have also reviewed such other documents and made such other inquiry as we deem necessary to render this opinion. As to various questions of fact material to our opinion, we have relied upon certificates of the Guarantor and public officials.

The opinions set forth herein are subject to the following assumption:

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## Jones, Blechman, Woltz & Kelly, P.C.

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1. The Lender has duly authorized, executed and delivered each of the Loan Documents to which it is a party, and each of the Loan Documents to which it is a party constitutes a valid and binding obligation of the Lender, enforceable against the Lender.
2. All documents delivered to us are accurate and complete, and each such document delivered as an original is authentic and each document delivered as a copy conforms to the original in all respects.
3. The signatures of all persons (except those of the Guarantor) are genuine and authentic.

Based upon the foregoing, and subject to the assumptions and qualifications herein set forth, it is our opinion that:

1. The Guarantor is a political subdivision duly formed and validly existing under the laws of the Commonwealth of Virginia and has power and authority to enter into the Commitment, Guaranty, Loan Agreement and Certificate (the "Financing Documents"), and to perform its obligations thereunder. The Resolution has been duly adopted by the Guarantor and is in full force and effect on the date hereof in the form adopted, and the officers of the Guarantor executing the Financing Documents to which the Guarantor is a party have been duly elected and are qualified to hold their respective offices.
2. The Financing Documents have been duly executed and delivered by the Guarantor and the Financing Documents are legal, valid and enforceable obligations of the Guarantor enforceable in accordance with their terms against said Guarantor. The execution, delivery and performance of the Financing Documents have been duly authorized by all necessary actions and procedures on the part of the Guarantor and are within the powers and authority of the Guarantor.
3. The execution and delivery by the Guarantor of the Financing Documents to which it is a party, the performance by the Guarantor of its obligations thereunder, and the consummation of the transactions contemplated thereby do not, and will not, constitute a breach or result in a violation of any applicable federal or state law, statute, rule or regulation and do not and will not violate or conflict with any order, writ, injunction or decree of any court, administrative agency or other governmental authority applicable to Guarantor.
4. To the best of our knowledge, information and belief, there is no litigation at law or in equity or any proceeding before any governmental agency involving the Guarantor pending or overtly threatened in a written communication in which any liability of the Guarantor is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business, assets or condition of the Guarantor or which would affect the Guarantor's existence or authority to do business, or raising any questions concerning the validity of any of the Financing Documents, or the performance of the obligations of the Guarantor thereunder.

Jones, Blechman, Woltz & Kelly, P.C.

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The foregoing opinions are subject to the following additional limitations and qualifications:

1. Our opinion is based solely upon Federal law and the laws of the Commonwealth of Virginia and we express no opinion based upon the laws of any other state.
2. Our opinion on the validity and enforceability of the obligations of the Guarantor as contained in the Financial Documents is subject to the provisions of applicable Federal or state bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or similar law relating to, or affecting the enforcement of, creditor's right generally, now or hereafter in effect, and to any judicially developed doctrines related thereto.
3. We express no opinion that any particular provision of any of the Financial Documents will be enforceable by decree of specific performance or other equitable relief or that enforcement thereof may not be limited by defenses such as estoppel, waiver or other equitable considerations.
4. Our opinion on the validity, binding nature and enforceability of the Financial Documents is subject to the general principles of equity (regardless of whether considered in a proceeding in equity or at law).
5. We express no opinion which is not expressly stated herein including, without limitation, any opinion contained in the Financial Documents or incorporated therein by reference, other than the Financial Documents.
6. We advise you that a court may not enforce every type of remedy or uphold every provision contained in the Financial Documents under any and all circumstances. We do believe, however, none of the Financial Documents would be rendered invalid on a whole and that in the event of a material default in the Loan or under the Financial Documents, the Lender would be entitled to realize the principal benefits intended by the Financial Documents.

We have not examined any document or other information concerning the business or financial resources of the Guarantor and therefore, we express no opinion as to the accuracy or completeness of any information that may have been relied upon by the Lender in making its decision to make the Loan.

Very truly yours,

JONES, BLECHMAN, WOLTZ & KELLY, P.C.

by 

558221



\*00E90\*

**ASSIGNMENT OF DEPOSIT ACCOUNT**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$5,000,000.00	06-18-2014	06-30-2015	1543077773	MM	***	RSI	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing \*\*\*\*\* has been omitted due to text length limitations.

**Borrower:** People Express Airlines Inc. (TIN: 45-2935594)  
902 Bland Blvd  
Newport News, VA 23602

**Lender:** TowneBank  
Peninsula Business Lending Center  
1 Old Oyster Point Rd., Suite 100  
Newport News, VA 23602

**Grantor:** Peninsula Airport Commission (TIN: 54-6000626)  
900 Bland Blvd, Suite G  
Newport News, VA 236024347

**THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated June 18, 2014, is made and executed among Peninsula Airport Commission ("Grantor"); People Express Airlines Inc. ("Borrower"); and TowneBank ("Lender").**

**ASSIGNMENT.** For valuable consideration, Grantor assigns and grants to Lender a security interest in the Collateral, including without limitation the deposit accounts described below, to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" means the following described deposit accounts ("Account"):

Checking Account Number 0243066597 with Lender

Checking Account Number 0243066619 with Lender

Checking Account Number 0243066589 with Lender

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

In addition, the word "Collateral" includes all of Grantor's property (however owned if owned by more than one person or entity), in Lender's possession (or in the possession of a third party subject to Lender's control), whether existing now or later and whether tangible or intangible in character, including without limitation each and all of the following:

(A) All property to which Lender acquires title or documents of title.

(B) All property assigned to Lender.

(C) All promissory notes, bills of exchange, stock certificates, bonds, savings passbooks, time certificates of deposit, insurance policies, and all other instruments and evidences of an obligation.

(D) All records relating to any of the property described in this Collateral section, whether in the form of writing, microfilm, microfiche, or electronic media.

**CROSS-COLLATERALIZATION.** In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

**BORROWER'S WAIVERS AND RESPONSIBILITIES.** Except as otherwise required under this Agreement or by applicable law, (A) Borrower agrees that Lender need not tell Borrower about any action or inaction Lender takes in connection with this Agreement; (B) Borrower assumes the responsibility for being and keeping informed about the Collateral; and (C) Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Collateral or any delay by Lender in realizing upon the Collateral; and Borrower agrees to remain liable under the Note no matter what action Lender takes or fails to take under this Agreement.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (A) this Agreement is executed at Borrower's request and not at the request of Lender; (B) Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral to Lender; (C) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (D) Lender has made no representation to Grantor about Borrower or Borrower's creditworthiness.

**GRANTOR'S WAIVERS.** Grantor waives all requirements of presentment, protest, demand, and notice of dishonor or non-payment to Borrower or Grantor, or any other party to the indebtedness or the Collateral. Lender may do any of the following with respect to any obligation of any Borrower, without first obtaining the consent of Grantor: (A) grant any extension of time for any payment, (B) grant any renewal, (C) permit any modification of payment terms or other terms, or (D) exchange or release any Collateral or other security. No such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

**Ownership.** Grantor is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

**Right to Grant Security Interest.** Grantor has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lender.

**No Prior Assignment.** Grantor has not previously granted a security interest in the Collateral to any other creditor.

**No Further Transfer.** Grantor shall not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

**No Defaults.** There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly do everything required of Grantor under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

**Proceeds.** Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Grantor shall be held by Grantor in trust for Lender and immediately shall be delivered by Grantor to Lender to be held as part of the Collateral.

**Validity; Binding Effect.** This Agreement is binding upon Grantor and Grantor's successors and assigns and is legally enforceable in accordance with its terms.

**Attorneys' Fees; Expenses.** Grantor agrees that if Lender hires an attorney to help enforce this Agreement, Grantor will pay, subject to any limits under applicable law, Lender's attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit and including without limitation additional legal expenses for bankruptcy proceedings.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Virginia.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Agreement shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, if hand delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**Power of Attorney.** Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their heirs, personal representatives, successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

- Account.** The word "Account" means the deposit accounts described in the "Collateral Description" section.
- Agreement.** The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.
- Borrower.** The word "Borrower" means People Express Airlines Inc. and includes all co-signers and co-makers signing the Note and all their successors and assigns.
- Collateral.** The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.
- Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".
- Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.
- Grantor.** The word "Grantor" means Peninsula Airport Commission.
- Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.
- Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.
- Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.
- Lender.** The word "Lender" means TowneBank, its successors and assigns.
- Note.** The word "Note" means the Note dated June 18, 2014 and executed by People Express Airlines Inc. in the principal amount of \$5,000,000.00, together with all modifications of and renewals, replacements, and substitutions for the note or credit agreement.
- Property.** The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.
- Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.



\*00120\*



### DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$5,000,000.00	06-18-2014	06-30-2015	1543077773	MM	***	RSI	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*" has been omitted due to text length limitations.

**Borrower:** People Express Airlines Inc. (TIN: 45-2935594)  
902 Bland Blvd  
Newport News, VA 23602

**Lender:** TowneBank  
Peninsula Business Lending Center  
1 Old Oyster Point Rd., Suite 100  
Newport News, VA 23602

**LOAN TYPE.** This is a Variable Rate Nondisclosable Draw Down Line of Credit Loan to a Corporation for \$5,000,000.00 due on June 30, 2015.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is: Draw Down Line of Credit for 12 months.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$5,000,000.00 as follows:

Amount paid to Borrower directly:	\$3,000,000.00
\$3,000,000.00 Lender's Check #	
Undisbursed Funds:	\$1,419,810.00
Amount paid to others on Borrower's behalf:	\$580,190.00
\$565,000.00 to TowneBank - cashier check	
\$5,250.00 to TowneBank	
\$9,940.00 to Patten, Wornom, Hatten & Diamonstein, L.C.	
Note Principal:	\$5,000,000.00

**CHARGES PAID IN CASH.** Borrower has paid or will pay in cash as agreed the following charges:

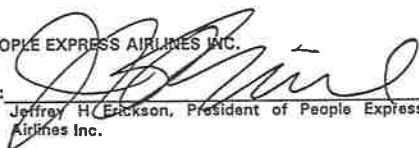
Prepaid Finance Charges Paid in Cash:	\$5,000.00
\$5,000.00 Processing/Review Fee	
Total Charges Paid in Cash:	\$5,000.00

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 18, 2014.

THIS AGREEMENT IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS AGREEMENT IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

**BORROWER:**

PEOPLE EXPRESS AIRLINES INC.

By:  (Seal)  
Jeffrey H. Erickson, President of People Express Airlines Inc.

By:  (Seal)  
Jason Moulton, Vice President of People Express Airlines Inc.

TOWNEBANK – PEOPLE EXPRESS AIRLINES, INC.

\$5,000,000.00 LINE OF CREDIT

June 18, 2014

Funds Direction Letter

Distribute on Behalf of Borrower:

\$650,650.00

FROM:

Peninsula Airport Commission – restricted account held by TowneBank

TO:

Vision Airlines, Inc.

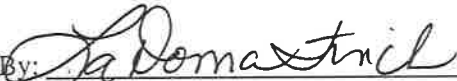
DIRECTIONS:

Upon TowneBank's receipt of all closing requirements for \$5,000,000 Line of Credit Agreement dated June 18, 2014 by and between TowneBank and People Express Airlines, Inc., TowneBank is directed to release from the stated restricted account and to deliver stated amount to Payee via wiring instructions attached to this Funds Disbursement Letter.

The undersigned has reviewed and directs TowneBank to make the disbursement set forth above from the restricted account owned by the Peninsula Airport Commission for the benefit of People Express Airlines, Inc., to the persons, and in the manner set forth in this Funds Direction Letter. Unless otherwise directed, payments should be made via wire transfer per the Wire Transfer Instructions on Exhibit A attached hereto.

ACCOUNT OWNER:

PENINSULA AIRPORT COMMISSION

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BENEFICIARY:

ATTEST:

PEOPLE EXPRESS AIRLINES, INC.

By:   
James A. Moulton,  
Chief Financial Officer

By:  (SEAL)  
Jeffrey H. Erickson, CEO

**EXHIBIT A**

**Wiring Instructions for Payment**

To Vision Airlines, Inc.

WIRE TO:

FOR CREDIT TO: Vision Airlines, Inc.

ABA No. \_\_\_\_\_

Account No. \_\_\_\_\_



TOWNEBANK – PEOPLE EXPRESS AIRLINES, INC.

\$5,000,000.00 LINE OF CREDIT

Dated and Issuance Date: June 18, 2014

Disbursement Statement

<u>Advance to or on Behalf of Borrower:</u>		\$3,580,190.00
<u>Disbursements:</u>		
Peninsula Airport Commission * Repayment Existing Loan	\$565,000.00	
TowneBank Line Fee--\$5,000.00 Processing Fee--\$250.00	\$5,250.00	
Patten, Wornom, Hatten & Diamonstein, L.C. (Bank Counsel):	\$9,940.00	
<u>TOTAL ADVANCE AND DISBURSEMENTS:</u>	\$3,580,190.00	\$3,580,190.00

\* Disbursement shall be to TowneBank for a cashier's check payable to Peninsula Airport Commission, with delivery to occur upon Bank's receipt of all closing requirements.

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Funds Hold:

\$252,030.00

Borrower directs TowneBank to reserve and not disburse this amount from the Line of Credit as a reserve for Federal tax obligations, until further written direction signed by Borrower and Guarantor is received by TowneBank on this reserve account.

[Remainder of page intentionally blank; signatures on next page.]

[Signature Page to Disbursement Statement]

The undersigned has reviewed and agrees to the above credits and disbursements on its behalf and, to the best of its knowledge, confirms the accuracy of all figures listed above.

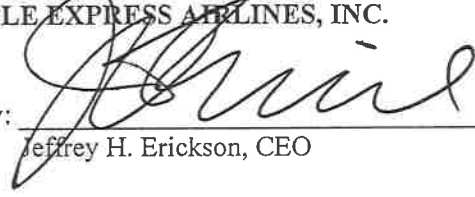
We refer to that certain Line of Credit Agreement, dated June 18, 2014 ("Loan Agreement"), by and between TowneBank and People Express Airlines, Inc. ("Borrower") and capitalized terms used herein will have the respective meanings given to such terms in the Loan Agreement. From the proceeds of the Line of Credit available under the Loan Agreement, please make the disbursements set forth above, on behalf of the Borrower, to the persons, for the purposes and in the manner set forth in this Disbursement Statement. Unless otherwise directed, payments should be made via wire transfer per the Wire Transfer Instructions on Exhibit A.

BORROWER:

PEOPLE EXPRESS AIRLINES, INC.


ATTEST:

By:   
James A. Moulton,  
Chief Financial Officer

By:  (SEAL)  
Jeffrey H. Erickson, CEO

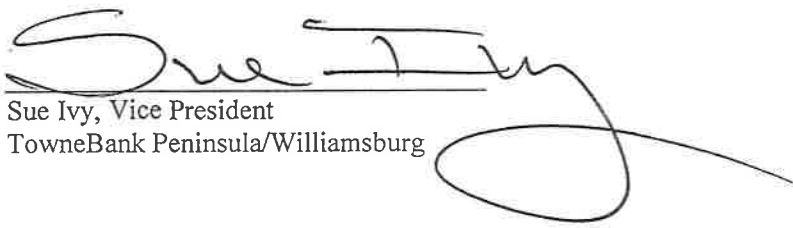
GUARANTOR:

PENINSULA AIRPORT COMMISSION

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANK:

TOWNEBANK

By:   
Sue Ivy, Vice President  
TowneBank Peninsula/Williamsburg

**EXHIBIT A**

**Wiring Instructions for Disbursements**

Peninsula Airport Commission Payoff

Via cashier's check or other agreed method

TowneBank Fees/Costs

Deduct from initial loan advance

Patten Wornom Fees/Costs

WIRE TO: TOWNEBANK  
Newport News, VA 23602

FOR CREDIT TO: PATTEN, WORNOM, HATTEN & DIAMONSTEIN, L.C.  
Operating Account  
12350 Jefferson Avenue, Suite 300  
Newport News, VA 23602  
(757) 223-4500

ABA No. 051408949

Account No. 0243010346

**PLEASE ADVISE IMMEDIATE CREDIT TO LORI (757) 223-4552**



\*00120\*



### DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$5,000,000.00	06-18-2014	06-30-2015	1543077773	MM	***	RSI	

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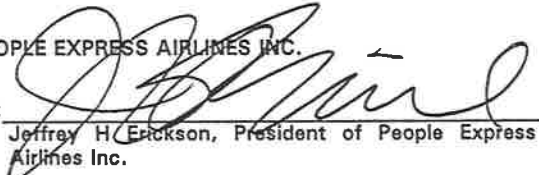
<b>Prepaid Finance Charges Paid in Cash:</b>	\$5,000.00
\$5,000.00 Processing/Review Fee	
<b>Total Charges Paid in Cash:</b>	\$5,000.00

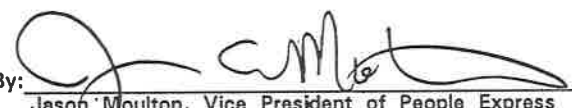
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