

## Ken Spirito

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**From:** Ken Spirito  
**Sent:** Thursday, June 05, 2014 7:01 AM  
**To:** Kelly Bert V. Jr.  
**Subject:** Guarantee Agreement

Bert,

Here are some points that we should consider being a part of the agreement between the PAC and PEX:

- Prior PAC approval on all draws against loan
- Debt curtailment of 20% of all equity investments and profit guarantees up to \$5M (multiple investments by the same individual will be combined and counted as one investment)
- Debt curtailment of 50% of all equity investments and profit guarantees above \$5M(multiple investments by the same individual will be combined and counted as one investment)
- Headquarters to remain at the Newport News/Williamsburg Int'l Airport for 20 years (unless airline is purchased or ceases operations)
- All Route development/expansion must be approved in advance by the PAC
- All local marketing and advertising shall be coordinated with the PAC in advance
- Upon execution of this agreement, PEX shall immediately hire key management staff (VP Revenue Mgt and VP Planning & Scheduling)
- Management of PEX shall be fiscally responsible and shall not commit the proceeds of the loan in excess of \$50,000 without prior approval from the PAC
- All expenses paid by the proceeds of the loan shall be reasonable and associated with the ACMI agreement and startup operations of PHF service
- Proceeds of the loan shall not be used for any service expenses that are not associated with PHF service
- PAC reserves the right to inspect and review PEX financials at any time
- PEX shall remit to the PAC a weekly report of investors and perspective investors outlining investment level and potential investment level
- The PAC reserves the right to audit PEX's financials at any time
- All local, state and federal taxes and assessments shall be paid and current
- All payables to the PAC shall be paid and current
- PEX shall reimburse the PAC \$565,000 of previous Small Community Air Service Grant proceeds upon execution of this agreement
- Level of service shall equal assurances detailed in the small community air service grant and RAISE transportation service agreement

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