

COOPERATIVE SERVICE AGREEMENT

This COOPERATIVE SERVICE AGREEMENT (“Agreement”) is made as of August 28, 2008, by and among the WILLIAMSBURG AREA TRANSIT AUTHORITY (“Authority”), the CITY OF WILLIAMSBURG, a municipal corporation, the COUNTY OF JAMES CITY, the COUNTY OF YORK, each of which is a political subdivision of the Commonwealth of Virginia, and THE COLONIAL WILLIAMSBURG FOUNDATION, a Virginia non-stock, not-for-profit corporation (“Colonial Williamsburg”).

RECITALS

On March 23, 2006, the General Assembly of Virginia adopted Chapter 179 of the Acts of Assembly of 2006, which amended Title 15.2 of the Code of Virginia and created the Authority to prepare a regional transit plan for the areas located within the jurisdictional boundaries of each Member Jurisdiction (as defined hereinafter). Pursuant to Title 15.2, Chapter 68 of the Code of Virginia, as amended, the County of James City, the County of York, and the City of Williamsburg (each a “Member Jurisdiction” and collectively “Member Jurisdictions”) each adopted an approving ordinance to join the Authority. The Member Jurisdictions have elected to contract with Colonial Williamsburg for bus services and to invite Colonial Williamsburg to serve as a voting member of the board of the Authority. Colonial Williamsburg shall be referred to herein as Colonial Williamsburg. The Member Jurisdictions and Colonial Williamsburg are collectively referred to herein as “Members”.

The Authority shall act through its Board, unless otherwise provided in the governing documents or as delegated by the Board. In consideration of the foregoing and the mutual covenants set forth herein, the Authority and the Member Jurisdictions hereby agree as follows:

DEFINITIONS

The capitalized terms in this Agreement have the meanings set forth below unless the context otherwise requires.

“Annual Budget” shall mean an itemized forecast of the Authority’s projected income and expenses in accordance with Section 3.3 (c).

“Applicable Laws” shall mean all applicable laws, ordinances, judgments, decrees, injunctions, writs and orders of any court, arbitrator or governmental agency or authority and all rules, regulations, orders, interpretations, licenses and permits of any federal, state, county, municipal, regional, foreign or other governmental body, instrumentality, agency or authority. “Authority” means the Williamsburg Area Transit Authority.

“Authority Default” shall mean those events of default described in Section 7.1.

“Board” shall mean the Board of Directors of the Authority, consisting of representatives of each Member as described in Article I of this Agreement.

“Debt” shall mean all indebtedness for money borrowed and other obligations of the Authority for the payment or repayment of money, whether contingent or otherwise, including obligations of other persons, the payment of which the Authority is responsible or liable as obligor, guarantor or otherwise, but excluding trade accounts payable in the ordinary course of business.

“Fiscal Agent” shall mean the bank, trust company or other entity appointed by the Authority to administer the fiscal duties of the Authority in accordance with Section 3.4.

“Fiscal Year” shall mean the annual accounting period from July 1 of one year to June 30 of the following year.

“FTA” shall mean the Federal Transit Administration of the U.S. Department of Transportation.

“Colonial Williamsburg” shall mean The Colonial Williamsburg Foundation.

“Long Term Debt” shall mean any Debt repayable over a period of thirty-six (36) months, or longer.

“Member Jurisdiction” shall mean each of the County of James City, the County of York, and the City of Williamsburg, each a political subdivision of the Commonwealth of Virginia, but excluding any political subdivision that may have withdrawn from the Authority as provided in Section 4.4.

“Member Jurisdiction Default” shall mean those events of default described in Section 7.2.

“Public Transportation” shall mean all transportation service provided by or on behalf of the Authority to the general public whereby the boarding patrons are not denied access upon payment of the proper fare and all of such services are provided over regular routes.

“Quarterly Contribution” shall mean the monetary contribution to be made by each Member Jurisdiction in accordance with Sections 2.2 and 3.3 (c).

“Special Event Transportation” shall mean specific point to point destination transportation in which no FTA buses are used for transportation, except as permitted by applicable guidelines.

“System” shall mean the regional transportation system which shall be operated by or on behalf of the Authority and provide Public Transportation to the County of James City, the Bruton District of York County and such other portions of York County as mutually agreed upon between York County and the Authority, the City of Williamsburg and the areas owned and/or operated by Colonial Williamsburg.

“Transit Funding” shall mean funds that serve as partial reimbursement for expenses associated with the operation of the System made available to the Authority from the FTA and Commonwealth of Virginia by virtue of the Authority’s operation of the System and Colonial Williamsburg’s operation of its bus system and membership in the Authority.

“Transit Plan” shall mean the plan adopted by the Authority in accordance with Title 15.2, Chapter 68 of the Code of Virginia for the development and provision of the System.

ARTICLE I

The Authority shall be governed by a Board of Directors (“Board”), consisting of the following representatives for each Member:

| <u>Member</u> | <u># of Representatives</u> |
|---------------|-----------------------------|
| James City | 2 |
| Williamsburg | 1 |
| York | 1 |

In addition, so long as the Authority has a contract with Colonial Williamsburg to provide transportation services as defined in paragraph 2.4 (the "CW Services Contract") the four Board representatives from the Member Jurisdictions shall appoint one representative of Colonial Williamsburg to serve on the Board, who shall be a voting member except as hereinafter provided. Colonial Williamsburg's representative may not vote on any matter pertaining to the CW Services Contract with the Authority or on any matter arising from said contract. Such Colonial Williamsburg representative's term shall terminate should the CW Services contract terminate.

Article II

Member Jurisdiction Contributions and Authority Financing

Section 2.1 Member Jurisdictions' Initial Contribution. As an initial start up contribution to the Authority, each Member Jurisdiction agrees to contribute certain personal property and/or monetary funds as set forth in the attached Exhibit A. In addition to the contribution funds and personal property set forth in Exhibit A, the City of Williamsburg agrees to enter into a use agreement with the Authority regarding the transportation center located at 468 N. Boundary Street, Williamsburg, Virginia, on terms to be negotiated between the Authority and the City of Williamsburg.

Section 2.2 Quarterly Contribution. On the first day of the beginning of each quarter following the Member Jurisdictions' initial contribution, each Member Jurisdiction shall make a Quarterly Contribution to the Authority. The Quarterly Contribution per Member Jurisdiction shall be a percentage of the Authority's operating expenses. The percentage shall be calculated for each Member Jurisdiction as set forth in Chapters 4 and 5 of the Williamsburg Area Public Transportation Study, Technical Report, dated June 2005, prepared by KFH Group Inc. (the "Report") and which Chapters are incorporated herein by reference. The Authority shall perform once every five (5) years, a comprehensive operation analysis, (the "Operation Analysis") which will be used to determine the percentage of operations that is attributable to each Member Jurisdiction. The Operation Analysis shall take into account, but not be limited to the following factors: number of resident riders in each Member Jurisdiction, number of visitor riders in each Member Jurisdiction, entry and exit points of riders, lane miles in each Member Jurisdiction, hours

of service in each Member Jurisdiction, and any other factors the Board deems to be reasonable in determining the composition of ridership and actual service provided to each Member Jurisdiction. The Authority shall adjust the allocation of costs among the Member Jurisdictions for any Fiscal Year based on the results of the Operation Analysis.

Section 2.3 Authority Financing. The Authority's capital constitutes the Member Jurisdictions' initial and Quarterly Contributions, and federal and state grants and other revenue or assets obtained by the Authority.

Section 2.4 Contracting. The Authority may contract with Colonial Williamsburg for the operation and provision of transportation around and throughout the historic Williamsburg area, as well as transportation to and from historic Jamestown, Jamestown Settlement, and historic Yorktown, on terms to be negotiated between the Authority and Colonial Williamsburg. Only the Board representatives of Member Jurisdictions may vote to approve a contract with Colonial Williamsburg.

Section 2.5 Transit Funding. For Each Fiscal Year that there is a contract pursuant to paragraph 2.4 in effect the Authority shall apply for the Transit Funding and shall pay to Colonial Williamsburg that portion of the Transit Funding as agreed between the Authority and Colonial Williamsburg. The Authority shall apply the remaining Transit Funding in accordance with the Authority's annual budget.

Section 2.6 Repayment of Long Term Debt. The Authority shall enter into or incur Long Term Debt only upon the unanimous approval of the Member Jurisdictions representative on the Board. To the extent not defrayed out of the Authority's regular earnings, each Member Jurisdiction agrees to pay to the Authority with respect to any Long Term Debt incurred by the Authority such Member Jurisdiction's proportionate share of funds necessary to pay interest and principal on such Long Term Debt and any capital reserve funding requirements under the terms of such Long Term Debt. The allocation of each Member Jurisdiction's obligation to make payments toward each issue of Long Term Debt shall be determined by the Authority at the time the Long Term Debt is contracted. As with operating costs, each Member Jurisdiction shall make quarterly payments toward Long Term Debt. The payment required from each Member Jurisdiction shall be expressly conditioned upon funds being appropriated or authorized

for such purpose by its governing body. Absent an appropriation/authorization for such purpose by its governing body, no Member Jurisdiction shall be under a legal obligation to make any payment requested under this Section 2.6, and in no event shall Colonial Williamsburg be under any obligation to make any payment required under this Agreement.

Section 2.7 Limitation of Liability. The only obligation of the Member Jurisdictions to pay for the establishment, operation, or maintenance of the System arises out of this Agreement. No such payment responsibility shall constitute a debt of any Member Jurisdiction within the meaning of any constitutional or statutory limitation. Colonial Williamsburg has no responsibility under this Agreement to make any payment or contribute any property to the Authority or the Member Jurisdictions; its responsibilities to the Authority shall be governed by separate agreement with the Authority.

ARTICLE III

Provisions of Services, Operation, and Maintenance

Section 3.1 Operation of Service.

(a) **Service and Transit Plan.** The Authority shall operate and maintain the System. The Authority shall begin providing Public Transportation on or about July 1, 2008. The Authority will work in tandem with the Member Jurisdictions and Colonial Williamsburg to implement the Transit Plan by providing and improving service routes, bus stops and all other necessary transportation services throughout the Member Jurisdictions and areas owned and/or operated by Colonial Williamsburg.

Changes to the Transit Plan require approval of a majority of the Board, provided that any permanent change affecting the level of service to a Member Jurisdiction's service area or Colonial Williamsburg's service area must be approved by such Member Jurisdiction's representative(s) or Colonial Williamsburg's representative on the Board, unless an objecting Member Jurisdiction has provided a Withdrawal Notice as described in Section 4.4 of this Agreement.

(b) **Legal Compliance.** The System shall be operated in accordance with the rules and laws of the FTA, Commonwealth of Virginia, and all other Applicable Law. The Authority shall be an Equal Opportunity Employer.

(c) **Special Event Transportation.** The Authority shall provide Special Event Transportation to any Member Jurisdiction requesting such service; provided, however, that all costs of such special event transportation shall be borne by the Member Jurisdiction requesting such service and further provided that the Authority then has available equipment and personnel reasonably necessary to provide such transportation. The Authority shall not violate any FTA regulations in providing Special Event Transportation.

Section 3.2 Insurance. The Authority shall maintain hazard, liability or such other insurance as may be required by Applicable Law or which the Authority may deem advisable to protect the interest of the Authority, the Member Jurisdictions, and Colonial Williamsburg.

Section 3.3 Accounts. (a) The Authority will maintain proper books and records of account in which proper entries shall be made in accordance with generally accepted accounting principles for Virginia governmental bodies, consistently applied. The books and records of account of the Authority shall be audited annually by a firm of independent public accountant selected by the Authority. All books, records, accounts and documents in the Authority's or its Fiscal Agent's possession relating to the System shall at all reasonable times be open to inspection by such agents or employees of the Member Jurisdictions or Colonial Williamsburg as they may designate.

(b) **Annual Report** On or before November 1 of each year the Authority shall provide to each Member Jurisdiction and to Colonial Williamsburg a report showing the activities, revenues, expenditures and grants utilized, and employee compensation schedules and other similar data of the Authority for the preceding Fiscal Year, including its audited financial statements.

(c) **Annual Budget.** On or before November 1 of each year the Authority shall provide the Member Jurisdictions and Colonial Williamsburg its preliminary Annual Budget for the following Fiscal Year and on or before each December 31st its final Annual Budget for the next Fiscal Year. For each Fiscal Year, the Annual Budget shall set the Quarterly Contributions for each Member Jurisdiction calculated pursuant to Section 2.2 of this Agreement and the Member Jurisdictions' and Colonial Williamsburg's share of the Transit Funding. The Annual Budget shall provide

appropriate and sufficient funding for the Fiscal Year, so that no supplemental funds will be needed from the Member Jurisdictions during the Fiscal Year. The Authority will promptly provide copies of any amendments to its Annual Budget to each Member Jurisdiction and Colonial Williamsburg.

Section 3.4 Other Contracted Services. James City County shall be the initial Fiscal Agent for the Authority. The Fiscal Agent shall provide services to the Authority to include payroll and purchasing. James City County will receive up to 1% of the Authority's total operating budget for these services. James City County shall continue to serve as the Authority's Fiscal Agent until such services are terminated by the Authority or the Fiscal Agent upon sixty (60) days written notice, prior to the Authority's new Fiscal Year. After such notice of termination, the Authority shall make such arrangements as it deems desirable regarding Fiscal Agent services.

The Authority may contract with one or more of its Member Jurisdictions to provide assistance with procurement, personnel, and human resources to the Authority. The County Attorney for James City County will serve as legal counsel for the Authority by mutual agreement between the Authority and James City County. The Authority shall use its best efforts to retain independent legal counsel by June 30, 2009.

Section 3.5 Preliminary Responsibilities. The Authority shall provide for (i) the employment or procurement and equipping of the Transportation Center, bus shelters and any other equipment necessary for the operation of the System, (ii) the adoption of rules, regulations, policies and guidelines for the operation and maintenance of the System, not inconsistent with the standards of the FTA or the Commonwealth of Virginia, and (iii) the arrangements for financing of the System.

ARTICLE IV

Additional Agreements

Section 4.1 Sale or Other Conveyance. Upon the Authority commencing Public Transportation pursuant to Section 3.1 of this Agreement, the Authority will not sell, lease, sublease, assign, convey or otherwise voluntarily dispose of any real property, equipment of the System or any material interest in the System unless any debt on such property, equity or interest has been or will be paid or deemed defeased in accordance

with its terms. Member Jurisdictions that contribute personal property to the Authority shall maintain a remainder interest in such personal property. In the event the Authority disposes of personal property contributed by a Member Jurisdiction, the Member Jurisdiction shall receive a credit for the disposal value of the personal property. Such value of the personal property shall be determined at the time of disposal and shall be applied to offset the Member Jurisdiction's future Quarterly Contributions.

Section 4.2 Further Documents and Data. Subject to the approval of their governing bodies, the parties to this Agreement will execute and deliver all documents and perform their obligations hereunder and consummate the transactions contemplated by this Agreement that are necessary for the formation and initial capitalization of the Authority.

Section 4.3 Notification. The Authority shall promptly furnish to each Member Jurisdiction and Colonial Williamsburg a copy of any notice or order of any governmental authority asserting that the Authority or the System is not in compliance with any Applicable Law.

Section 4.4 Withdrawal of Member Jurisdiction. After commencement of Public Transportation pursuant to Section 3.1 of this Agreement, a Member Jurisdiction may withdraw from the Authority only as follows: The withdrawing Member Jurisdiction shall provide the Authority written notice of its intent to withdraw ("Withdrawal Notice") a minimum of two Fiscal Years prior to the intended date of withdrawal. Withdrawal Notice must be given to the Authority during the first quarter of a Fiscal Year. Notice sent any time after the first quarter of the Fiscal Year shall not become effective until the first day of the next Fiscal Year immediately following the Withdrawal Notice. The withdrawing Member Jurisdiction shall continue to be responsible for its total Quarterly Contributions, pursuant to this Agreement, during the Fiscal Year in which the Withdrawal Notice is received and effective, which shall be deemed to be the first Fiscal Year herein. During the first Fiscal Year, and upon the request and/or consent of the withdrawing Member Jurisdiction, the Authority may reduce and/or terminate Public Transportation to the withdrawing Member Jurisdiction. During the second Fiscal Year, the withdrawing Member Jurisdiction shall lose all voting privileges on the Authority Board and the withdrawing Member Jurisdiction's financial responsibility to the Authority shall only be the withdrawing Member Jurisdiction's proportional share of the

Authority's overhead costs as set forth in the Annual Budget for the second Fiscal Year. During the second Fiscal Year following the effective date of the Withdrawal Notice, the withdrawing Member Jurisdiction shall be deemed for purposes of receiving service to be effectively withdrawn and the Authority shall terminate any remaining Public Transportation to the withdrawing Member Jurisdiction, notwithstanding the withdrawing Member Jurisdiction's continued obligation to pay a percentage of the overhead costs as hereinabove provided. In no event shall the Member Jurisdiction's obligation continue beyond the second Fiscal Year after the effective date of the Withdrawal Notice.

If a Member Jurisdiction withdraws, any and all monetary contributions made by the withdrawing Member Jurisdiction to the Authority shall remain with the Authority. Any personal property contributed to the Authority shall also remain with the Authority, but the withdrawing Member Jurisdiction shall maintain a remainder interest in the personal property. The Authority shall make no payments to the withdrawing Member Jurisdiction unless its personal property is disposed of by the Authority pursuant to Section 4.1 of this Agreement. In such instance, the disposal value of such personal property shall be first applied to any indebtedness of the withdrawing Member Jurisdiction to the Authority and the balance shall be paid to the withdrawing Member Jurisdiction.

Section 4.5 Preferential Hiring. Employees deemed qualified by the Authority of York County and the James City County's Williamsburg Area Transport ("Existing Employees") shall be given preferred consideration for employment with the System by the Authority, subject to the employment policies and procedures adopted by the Authority. York County may choose to continue being the employer of qualified Existing Employees and may assign such qualified Existing Employees to the Authority. Any Existing Employee assigned to the Authority shall be subject to the employment policies and procedures adopted by the Authority. Any new employee shall be an Authority employee.

ARTICLE V

Representations, Warranties and Covenants of Authority

In addition to the covenants in other Articles of this Agreement, the Authority represents, warrants, and covenants as follows:

Section 5.1 Organization, Authorization, and Validity. The Authority is a political subdivision of the Commonwealth of Virginia duly organized and validly existing under the laws of the Commonwealth and has duly authorized, executed and delivered this Agreement, which is enforceable against the Authority in accordance with its terms.

Section 5.2 Authority. The Authority has all requisite authority to execute and deliver and perform its obligations under this Agreement and is not a party to any indenture, contract or other agreement or arrangement, the performance of which by the Authority would prevent or materially and adversely affect the Authority's ability to perform the terms of this Agreement.

Section 5.3 Non-Contravention. The execution and delivery of this Agreement by the Authority and the consummation of the transactions contemplated in it will not conflict with or result in a breach of or constitute a default under or violate any of the terms, conditions or provisions of the statute or ordinances creating the Authority, the bylaws of the Authority or any material indenture, contract or other agreement or arrangement to which the Authority is a party or by which any of its properties are bound, or any Applicable Law by which the Authority or the System is bound.

Section 5.4 Litigation. The Authority is not a party to any legal, administrative, arbitration or other proceeding or controversy pending, or, to the best of the Authority's knowledge, threatened, which would materially adversely affect the Authority's ability to perform under this Agreement.

Section 5.5 Approvals. The Authority exists as a separate political entity and does not require the consent or approval of any governmental body to carry out the terms of this Agreement, except as provided expressly herein and for approvals that may be required by the Commonwealth of Virginia.

ARTICLE VI

Representations, Warranties and Covenants of Member Jurisdictions and Colonial Williamsburg

Each Member Jurisdiction and Colonial Williamsburg represents, warrants and covenants for itself, separately and not jointly, as follows:

Section 6.1 Organization, Authorization, and Validity. Each Member Jurisdiction is a political subdivision of the Commonwealth of Virginia duly organized and validly existing under the laws of the Commonwealth, and each has duly authorized, executed, and delivered this Agreement. Colonial Williamsburg is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The Member Jurisdictions have contributed significant financial resources to the Authority, desire to be a member of the Authority, and are duly authorized to execute and deliver this Agreement. Colonial Williamsburg desires to contract with the Authority to provide bus services and is duly authorized to execute and deliver this Agreement. Upon execution by the Authority, each Member Jurisdiction, and Colonial Williamsburg, this Agreement will be a valid, legal, and binding agreement enforceable in accordance with its terms.

Section 6.2 Authority. Each Member Jurisdiction and Colonial Williamsburg has all requisite authority to execute and deliver and perform its obligations under this Agreement and is not a party to any indenture, contract or other agreement or arrangement, the performance of which by it would prevent or materially and adversely affect its individual performance under this Agreement.

Section 6.3 Non-Contravention. The execution and delivery of this Agreement by each Member Jurisdiction and Colonial Williamsburg and the consummation of the transactions contemplated in it will not conflict with or result in a breach of or constitute a default under or violate any of the terms, conditions or provisions of any charter, bylaws or other organizational document, any resolution or ordinance, any material indenture, contract or agreement or arrangement to which such Member Jurisdiction or Colonial Williamsburg is a party or by which any of their properties are bound, or any Applicable Law by which any is bound.

Section 6.4 Litigation. No Member Jurisdiction or Colonial Williamsburg is a party to any legal, administrative, arbitration, or other proceeding or controversy pending, or, to the best of each such Member Jurisdiction's or Colonial Williamsburg's knowledge threatened, that would materially and adversely affect its ability to perform under this Agreement.

ARTICLE VII

Defaults and Remedies

Section 7.1 Default by Authority. The occurrence of any one or more of the following events will constitute an "Event of Default" by the Authority ("Authority Default"):

- (i) Failure of the Authority to pay principal of or interest on any Debt when due beyond any applicable grace period;
- (ii) If the Authority is for any reason rendered incapable of performing any of its material obligations under this Agreement;
- (iii) The Authority makes an assignment of all or a portion of its obligations under this Agreement without the prior consent of the Member Jurisdictions;
- (iv) The Authority defaults on any of its material obligations under any agreement, indenture or other document evidencing Debt and such default is not cured within the applicable cure period;
- (v) Any proceeding is instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the funds of the Authority; or
- (vi) The Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Agreement, and the default continues for thirty days after written notice

specifying the default and requiring it to be remedied has been given to the Authority by any Member Jurisdiction or Colonial Williamsburg.

Section 7.2 Default by Member Jurisdiction. The occurrence of any one or more of the following events will constitute an “Event of Default” by any Member Jurisdiction (“Member Jurisdiction Default”):

- (a) failure of any Member Jurisdiction to make payments of its Quarterly Contribution when due if such failure is not cured within thirty (30) days of the Member Jurisdiction’s receipt of written notice of default by the Authority (the “Authority Default Notice”);
- (b) any proceeding is instituted, with the consent or acquiescence of any Member Jurisdiction, for the purpose of effecting a composition between such Member Jurisdiction and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the funds of such Member Jurisdiction; or
- (c) any Member Jurisdiction defaults in the due and punctual performance of any of the other material covenants, conditions, agreements and provisions contained in this Agreement, if such default is not cured within thirty (30) days of the Member Jurisdiction’s receipt of the Authority Default Notice specifying the acts or omissions alleged to constitute a Member Jurisdiction Default.

Section 7.4 Remedies of Member Jurisdictions and Colonial Williamsburg. Upon the occurrence of any Authority Default, any Member Jurisdiction after giving notice of such Authority Default to all parties, may bring suit by mandamus or other appropriate proceeding to require the Authority to perform its duties under this Agreement or to enjoin any acts in violation of this Agreement.

Section 7.5 Remedies of Authority. Upon the occurrence of a Member Jurisdiction Default, the Authority, after giving notice to all parties of its intent to enforce this Agreement (the “Authority Enforcement Notice”) may bring suit by appropriate proceeding to require the defaulting Member Jurisdiction to perform its duties under this

Agreement or to enjoin any acts in violation of this Agreement; provided, however, that if the defaulting Member Jurisdiction contests the default in writing (the "Member Jurisdiction's Notice of Contest") within fifteen (15) days of such Member Jurisdiction's receipt of the Authority Enforcement Notice, the Authority and such Member Jurisdiction shall enter into binding arbitration of the matter within thirty (30) days of the date of the Member Jurisdiction's Notice of Contest. Such arbitration shall be conducted in accordance with the American Arbitration Association's Rules for Resolving Commercial Financial Disputes solely to determine whether there has been a Member Jurisdiction Default. The parties agree that the arbitrator(s) shall give effect to the substantive common and statutory law of the Commonwealth of Virginia. Confirmation and judgment upon the award rendered by the arbitrator(s) may be entered by state or federal court having jurisdiction thereof. Upon such confirmation and judgment, the Authority may reduce and/or terminate Public Transportation to the defaulting Member Jurisdiction and such defaulting Member Jurisdiction shall lose voting privileges on the Authority Board. If the Member Jurisdiction Default involves the payment of money, the Member Jurisdiction alleged to be in default may post the funds alleged to be due in an interest-bearing account during the pendency of the proceedings to resolve the matter and upon confirmation of such posting by the Authority, such Member Jurisdiction shall continue receiving services from the Authority and shall maintain its voting privileges on the Authority Board.

Section 7.6 Remedies Not Exclusive. No remedy in this Agreement conferred upon or reserved to the parties is intended to be exclusive of any other remedy; and each remedy is cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute.

ARTICLE VIII

Miscellaneous

Section 8.1 Severability of Invalid Provisions. If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections,

and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

Section 8.2 Notices. Any notice or other communication under or in connection with this Agreement shall be in writing and shall be effective when delivered in person or sent in the United States mail, postage prepaid, to the following persons and addresses or to such other persons and addresses as any of such persons may from time to time specify in writing.

If to Colonial Williamsburg:

General Counsel
P.O. Box 1776
Williamsburg, Virginia 23187

If to James City:

County Administrator
P.O. Box 8784
Williamsburg, Virginia 23187

If to Williamsburg:

City Manager
401 Lafayette Street
Williamsburg, Virginia 23185

If to York:

County Administrator
P.O. Box 532
Yorktown, Virginia 23690

Section 8.3 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the substantive laws of the Commonwealth of Virginia.

Section 8.4 Amendments. This Agreement may be changed or amended only with the consent of the Authority and each Member Jurisdiction. If the Authority has any Debt outstanding, no change or amendment to this Agreement shall be effective if such change or amendment would cause a violation of any provision of any resolution, indenture, or agreement evidencing such Debt.

Section 8.5 Effective Date of Agreement. This Agreement will be effective from the date of its execution and delivery by all of the Member Jurisdictions and the Authority.

Section 8.6 Waiver. Any waiver by any party of its rights under this Agreement must be in writing and will not be deemed a waiver with respect to any matter not specifically covered. Nothing in this Agreement authorizes the waiver of any Member Jurisdiction's obligation to make payments when due of all monies required to be paid by the Member Jurisdictions under the terms of this Agreement.

Section 8.7 No Assignment. No party may assign its rights and/or duties hereunder, directly or indirectly, without the prior written consent of all of the other parties hereto.

Section 8.8 Entire Agreement. This Agreement, including all documents referred to and incorporated herein, constitutes the entire agreement between the parties and the Authority with respect to the subject matter of this Agreement and there are no representations, understandings, or agreements relating to this Agreement that are not fully expressed herein.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date above written.

WILLIAMSBURG AREA TRANSIT AUTHORITY

By: Mark Richards
Executive Director

APPROVED AS TO FORM
[Signature]
City Attorney

CITY OF WILLIAMSBURG

By: [Signature]
City Manager

COUNTY OF JAMES CITY

APPROVED AS TO FORM
[Signature]
COUNTY ATTORNEY

By: [Signature]
County Administrator

APPROVED AS TO FORM:
[Signature]
COUNTY ATTORNEY

COUNTY OF YORK

By: [Signature]
County Administrator

THE COLONIAL WILLIAMSBURG FOUNDATION

By: Robert A. Taylor
Title: SVP for Finance and Administration