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THE JET EXPRESS



The Fastest Way to Put-in-Bay
& Kelleys Island

February 21, 2014

Richard M. Novak
Executive Director
Lorain Port Authority
611 Broadway
Lorain, OH 44052

Dear Mr. Novak:

As discussed, the Jet Express has experienced significant losses operating from Lorain. In order for the Jet Express to maintain an interest in Jet Express IV, it must be able to operate the vessel in a manner that minimizes losses and maximizes the best use of the vessel.

To maximize the best use of the vessel, the Jet Express will prioritize the routes which best benefit the traveling public, over the entire operation. As of today, Jet Express IV has proven its greatest value, with strengthening the Jet Express fleet, by the addition of a suitable (like) vessel. This enables the Jet Express to offer uninterrupted service to the traveling public, by avoiding cancelled trips due to unforeseen events, and offering additional scheduled trips during periods of peak travel. This results in more reliable service and efficiency covering the scheduled departures supervised by the Public Utilities Commission of Ohio, between Port Clinton, Sandusky, Put-in-Bay and Kelleys Island.

Moving forward in Lorain, the Jet Express seeks: 1) renewal of the 2008 Agreement, subject to the 2014 request for amendment (see enclosed letter), and request for written amendment approval. 2) Jet Express will increase the passenger fee payable to Lorain Port Authority to \$2.00 for each passenger ferried to or from the Black River site, in recognition of the sales efforts of the port authority. 3) The Jet Express shall charter Jet Express IV to the Lorain Port Authority, for private charters. Based on availability, and special pricing. 4) The Jet Express will operate in good faith with the Lorain Port Authority, departing to and from the Black River site, whenever scheduling and passenger demand warrant service.

I hope that we are able to continue our relationship and work towards making Lorain a viable hub for the Jet Express.

Sincerely,

Todd A. Blumensaadt
President

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Dear Mr. Novak:

As previously stated in the letter dated November 13, 2013, and citing the agreement entered into on October 9, 2008, by and among Put-in-Bay Boat Line Company "Jet Express", Jet IV LLC "Jet IV", and the Lorain Port Authority, the Jet Express wishes to exercise its option to renew the Bareboat Charter with the Lorain Port Authority and Jet IV, for a period of five years, subject to the adoption of the following amendment.

Jet Express requests an amendment to the agreement based on findings within Article III, Termination of Bareboat Charter, section 3.6, it is in the reasonable determination of Jet Express, that (i) the Vessel is not profitable, citing losses of over \$603,685.00 in the 5 year period 2009 thru 2013, and (ii) the Vessel is no longer suitable for its intended purposes, as the Vessel does not perform in accordance with the performance specifications contained within Article I, sections 1.1, 1.2, 1.3, specifically in regard to vessel route and vessel schedule.

Referencing the operating agreement between the Jet Express and the Lorain Port Authority, and pursuant to Article VII, Miscellaneous, section 7.2, Amendments, Modifications and Waivers, Jet Express is requesting a modification be made to the operating agreement, in regards to the vessel schedule. Specifically, Article I, 1.1, 1.2, and 1.3, should reflect that "the vessel will operate on Lake Erie, to South Bass Island and Kelleys Island from mainland Ohio. Jet Express will operate a ferry service from mainland Ohio ports, from approximately May 1st - October 31st. Jet Express will offer trips from Lorain, and other Ohio mainland locations, to South Bass Island and Kelleys Island. Additionally, Jet Express will operate specialty trips to and from other locations. Trips will be scheduled, based on passenger demand for the service". Additionally, the Jet Express is willing to revise 3.3 (iii), by increasing the fee payable to the Port Authority, to \$2.00 for each passenger ferried to or from the Black River site, in recognition of the sales efforts put forth by the Lorain Port Authority. The amendment is required for the Jet Express to renew the Bareboat Charter, all other agreement articles remain in full force.

If this amendment is acceptable, please send letter of acceptance to my attention.

Sincerely,

Todd A. Blumensaadt
President

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RE: Charter Pricing 2014

Dear Mr. Novak:

Jet Express will offer special pricing to the Lorain Port Authority. Our goal is to aid in the development of ferry service to/from the Black River site, by keeping prices low. This pricing is for Lorain Port Authority and not for other groups, so please do not share.

Previously, the Jet Express has excluded Summer Saturdays and holidays from charter availability, for the following reasons: 1) Previous failures when operating from Lorain on Summer Saturdays (lack of demand) 2) Jet Express IV provides a greater fitness of use, and ability to serve passengers, operating multiple departures on a designated ferry route from Sandusky to the islands.

However, based on the port authority's desire to charter a vessel during peak travel periods, we have made these dates available. The pricing on peak travel dates takes into account normal costs of the charter, loss of potential income, and costs of service disruption. Other requested charter dates are priced out a rate representing 50% off normal retail rates. Please note, the only way Jet Express is able to offer these low rates, is in its ability to utilize Jet Express IV throughout the entire operation, and offset the Lorain losses elsewhere.

Good luck on a successful 2014 season at Black River Landing. Please let me know if I can be of assistance.

Sincerely,



Todd A. Blumensaadt
President

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