

**BEFORE THE
U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Application of

AERODYNAMICS INCORPORATED

for a Certificate of Public Convenience
and Necessity pursuant to 49 USC § 41102
to engage in Scheduled Interstate Air
Transportation of Persons, Property and Mail

Docket DOT-OST-2014-0114

**SUPPLEMENT NO. 1 TO
APPLICATION OF AERODYNAMICS INCORPORATED
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

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Counsel for Aerodynamics Incorporated

August 28, 2014

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Aerodynamics Incorporated (ADI) hereby supplements its application dated June 25, 2014. This supplement responds to the Department's request for additional and/or clarifying information dated August 11, 2014.

The August 11 request states at page 1 that ADI "must demonstrate it has obtained all of the funding needed to meet our financial fitness test, or at a minimum, have a reasonable plan for doing so." The August 11 request advises additionally that DOT has calculated ADI will need access to slightly less than \$1.2 million to meet the test.

1. ADI has in place financial resources that exceed \$1.2 million by a wide margin. These resources include a revenue guarantee of \$1.2 million and pre-operating funding of \$130,000 from the Western Reserve Port Authority, and a line of credit for up to \$500,000 from Far West Capital. Each resource is discussed more fully below.

Western Reserve Port Authority Revenue Guarantee: In its June 25 application in this docket, ADI advised the Department that its initial scheduled service would operate between the Youngstown-Warren Regional Airport (YNG) near Youngstown, Ohio, and a major carrier's hub, and that this service would provide YNG travelers entrée to the broader national and international air transportation system – convenient access that has been absent at YNG for over a decade. The Western Reserve Port Authority (WRPA), as owner and operator of YNG, has been working for several years to re-establish this type of service at YNG; see WRPA letter to DOT dated June 21, 2014, included in Attachment T to ADI's June 25 application.

WRPA's efforts have included the establishment, in coordination with the other Youngstown Parties (see June 21 WRPA letter), of a revenue guarantee in the amount of \$1.2 million to support the new service. The revenue guarantee has been incorporated in a legally binding Airline/Airport Use and Operating Agreement between WRPA and ADI (the Agreement). A copy of the Agreement is appended as Attachment 1 to this supplement.

In particular, ADI invites the Department's attention to Article 2.1.B, Article 6.2, and Exhibit B of the Agreement. The terms and conditions under which the revenue guarantee funds will be provided to ADI are set forth in these provisions. Among other things, ADI is assured a 5% profit margin on its YNG service until the service has become self-sustaining, or the revenue guarantee has been exhausted.

While WRPA will undoubtedly be called upon to make revenue guarantee payments during the initial stages of the new service, the parties' objective is that the service will become self-sustaining at a 5% or better profit margin in less than a year.¹ In the event it does not become self-sustaining in that time frame, the revenue guarantee will continue to be

¹ ADI projects that revenue guarantee payments totaling approximately \$860,000 will be required over the initial nine months of the service before sustainability is achieved. See Attachment T to ADI's June 25 application, page 3.

available until exhausted. Should that occur, ADI may then elect to continue or discontinue the service.

Under the Agreement, ADI is free to obtain revenue guarantee disbursements on whatever timetable it establishes (except that the Agreement provides ADI will do so no less frequently than monthly). For each disbursement, the Agreement requires ADI to submit to WRPA an invoice accompanied by an explanatory accounting of the profit/loss margin during the period in question, as determined in accordance with Generally Accepted Accounting Principles (GAAP) established by the Financial Accounting Standards Board.²

Pre-operating Funding: WRPA will provide \$130,000 to ADI to defray ADI's pre-operating expenses associated with its establishment of scheduled airline service at YNG. In this regard, ADI invites the Department's attention to Articles 2.1.A and 6.1 of the Agreement. These funds will be furnished to ADI upon WRPA's public announcement of the initial scheduled passenger service to be operated by ADI at YNG, which will be made sufficiently in advance of service inauguration to allow for reasonably effective marketing and sales activities prior to the first flight.

Far West Capital Line of Credit: In addition to the above resources, ADI continues to have available a line of credit from Far West Capital for up to \$500,000. Information on this resource is available in Attachment T to ADI's June 25 application.

2. As evidence of WRPA's ability to deliver on the financial commitments undertaken in the Agreement, WRPA has furnished the following information:

² As noted in WRPA's June 21 letter to DOT included in Attachment T to ADI's application, WRPA will be entitled to apply under a SCASD grant for reimbursement of 65% of each disbursement, subject to an overall cap of \$780,000. This, however, has no bearing on WRPA's obligation to provide funding to ADI under the revenue guarantee; see Article 6.3.B of the Agreement.

Bank Statements: Appended as Attachment 2 are statements from two WRPA bank accounts showing a total of over \$1.6 million on deposit as of July 31, 2014. The average balances shown on the statements likewise exceed \$1.6 million in total.

Financial Statements: Appended as Attachment 3 is a WRPA financial statement for January through July 2014. During this seven-month period, WRPA's total cash receipts came to \$2,135,669, while its total cash disbursements were \$2,092,596.

Also included in Attachment 3 is WRPA's financial report and management analysis for calendar year 2012.³ This document is included primarily to provide the Department an overview of WRPA's scope, finances, and accounting policies and procedures.

It is important to understand that WRPA is a public agency created over 20 years ago by Mahoning and Trumbull Counties, Ohio, for the purpose of assuming ownership of and operational responsibility for YNG. Over the years WRPA has evolved into a dynamic, multi-faceted agency dedicated to promoting growth and economic development in the region and having the ability to access multiple financing, funding and incentive programs offered by local, state and federal agencies.⁴ As such, the financial support WRPA will provide for ADI's service at YNG is fully consistent with WRPA's mission.

Asset Valuations: Appended as Attachment 4 is an appraisal of WRPA's buildings and equipment at YNG as of July 1, 2013. This document was prepared by an independent appraisal company as required in conjunction with the insurance protection carried by WRPA. The appraisal sets the collective value of YNG's terminal building, several hangars, other

³ A similar document for 2013 should be available in November 2014, upon completion of WRPA's calendar year 2013 audit, which begins next month, and preparation of the report and analysis.

⁴ Source: WRPA website (westernreserveportauthority.com/about-us). Note additionally that under Ohio law, WRPA can exercise broad authority in furtherance of its authorized purposes, including issuance of revenue bonds and voted general obligation bonds. Source: WRPA website (westernreserveportauthority.com/about-us/statutory-authority).

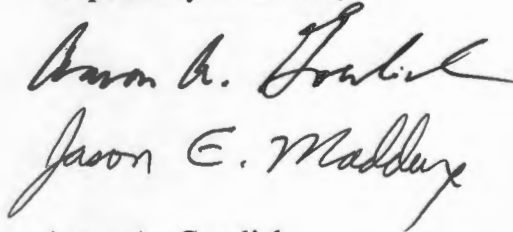
buildings, glycol (deicing) system, runway lighting, and property-in-the-open at approximately \$22.5 million. This, of course, does not take account of substantial non-aviation WRPA assets located elsewhere.

The upshot of the WRPA bank statements, financial statements and asset valuations is that WRPA is a long-standing and substantial organization with a sound financial foundation. The Department need not be concerned about WRPA's ability to deliver on its commitments under the Agreement.

* * *

WHEREFORE, ADI renews its request that the Department issue to Aerodynamics Incorporated a certificate of public convenience and necessity to engage in scheduled interstate air transportation of persons, property and mail. ADI also renews its request that the Department complete its processes in this matter as expeditiously as possible.

Respectfully submitted,

The image shows two handwritten signatures in black ink. The first signature is 'Aaron A. Goerlich' and the second is 'Jason E. Maddux'. Both are written in a cursive, professional style.

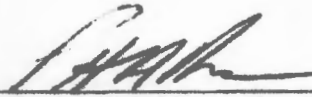
Aaron A. Goerlich
Jason E. Maddux
Garofalo Goerlich Hainbach PC

Counsel for Aerodynamics Incorporated

August 28, 2014

CERTIFICATION

Pursuant to title 18 United States Code section 1001, I, Scott A. Beale, in my individual capacity and as the authorized representative of Aerodynamics Incorporated, have not in any manner knowingly and willfully falsified, concealed or covered up any material fact or made any false, fictitious, or fraudulent statement or knowingly used any documents which contain such statements in connection with the preparation, filing or prosecution of the application. I understand that an individual who is found to have violated the provisions of 18 U.S.C. section 1001 shall be fined not more than \$10,000 or imprisoned not more than five years, or both.



Scott A. Beale, Chief Executive Officer
Aerodynamics Incorporated

Dated: August 27, 2014

ATTACHMENT 1

WESTERN RESERVE PORT AUTHORITY

AIRLINE / AIRPORT USE AND OPERATING AGREEMENT

BETWEEN

THE YOUNGSTOWN-WARREN REGIONAL AIRPORT

AND

AERODYNAMICS INCORPORATED

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AIRLINE / AIRPORT USE AND OPERATING AGREEMENT

THIS SIGNATORY AIRLINE / AIRPORT USE & OPERATING AGREEMENT, is made and entered into this 25th day of August, 2014, by and between the **WESTERN RESERVE PORT AUTHORITY** (the "Authority") and **AERODYNAMICS INCORPORATED**, a Michigan corporation ("ADI or Airline");

WITNESSETH:

WHEREAS, pursuant to Chapter 4582, Ohio Revised Code, the Authority is engaged in the operation of an airport located in the County of Trumbull, State of Ohio, and known as the Youngstown-Warren Regional Airport; and

WHEREAS, under the laws of the State of Ohio, Authority has jurisdiction, control, supervision and management over the Airport and has the jurisdiction to fix, alter, charge, establish, and collect rates, fees, and other charges for service and facilities of the Airport; and

WHEREAS, Airline desires to use certain facilities of the Airport for the purpose of providing commercial air transportation to the public, and is willing to enter into this Airline / Airport Use and Operating Agreement ("the Agreement") and has agreed to pay fees and charges therefor as may be reasonably established by Authority from time to time; and

WHEREAS, it is in the mutual best interest of the parties hereto to enter into this Agreement;

NOW, THEREFORE, in consideration of the above recitals that are incorporated herein by reference, the parties mutually undertake, promise and agree as follows:

Article I - DEFINITIONS

1.1 Definitions

A. In addition to any other words or terms that may be defined elsewhere herein, the following words and terms used in this agreement shall have the following meanings unless some other meaning is plainly intended:

1. "Airline" or "ADI" means AERODYNAMICS INCORPORATED, a corporation organized and existing by virtue of the laws of the State of Michigan and an air carrier certificated by the U.S. Department of Transportation (DOT) and Federal Aviation Administration (FAA).
2. "Airport" shall mean the Youngstown-Warren Regional Airport, including any extensions, additions, or improvements thereto.

3. "Airfield Area" shall mean the runways, taxiways, approach and clear zones, infield areas, navigational aids, and other facilities related to aircraft taxiing, landing, and takeoff.
4. "Air Operations Area" shall have the meaning set forth in the Regulations.
5. "Authority" shall mean the Western Reserve Port Authority of the State of Ohio or any successor thereto or its representative.
6. "Certificated Weight" of an aircraft shall mean its current maximum allowable gross landing weight, rounded to the nearest 1,000 pound unit and expressed in 1,000 pound units, at the Airport as operated by Airline and certificated by FAA.
7. "Commercial Aircraft Operator" shall have the meaning set forth in the Regulations.
8. "Common Use" shall mean the use of space in common with other airlines.
9. "Emergency Landing" shall mean any landing of an aircraft which after having taken off from the Airport, and without landing at any other airport, shall return to land at the Airport because of weather conditions, mechanical or operating failure or causes, or for any other reason of caution or emergency.
10. "Enplaned Passengers" shall mean all local boarding, interline transfer, and intraline transfer passengers at the Airport.
11. "FAA" shall mean the Federal Aviation Administration of the United States Department of Transportation, or its successor agency or its representative.
12. "Ground Handling Agent" shall mean the entity designated by Airline to ground handle Airline's aircraft, passengers, baggage, ticketing and other ground operations of Airline as set forth in a separate agreement that has been approved by Authority.
13. "Regulations" shall mean those regulations promulgated by Authority pursuant to Chapter 4582 ORC, as the same may be amended, modified, or supplemented from time to time.

14. "Revenue Landing" shall mean an aircraft landing at the Airport by any aircraft of Airline other than an Emergency Landing.

15. "Terminal Apron Area" shall mean the aircraft parking ramp and apron adjacent to the Terminal Building.

16. "Terminal Building" shall mean the Airport terminal structure(s), areas and facilities that are provided by Authority for the ticketing, baggage handling, processing of passengers and airline operations at the Airport.

17. "Youngstown Parties" shall mean collectively the Authority, the Airport, Mahoning County, Trumbull County, various private-sector corporations/businesses, and YNGAir Partners, a non-profit organization providing community-based support for the Airport.

Article II - TERM

2.1 Effective Date

This Agreement shall become effective October 1, 2014 ("Effective Date"), except as follows:

A. Availability to Airline of the Start-Up Operational Funding described in Article 6.1 of this Agreement shall become effective upon public announcement by the Authority of the initial scheduled passenger service to be operated by Airline at Airport, which announcement shall not be unreasonably withheld or delayed.

B. Availability to Airline of the Revenue Guarantee described in Article 6.2 of this Agreement shall become effective upon Airline's inauguration of scheduled passenger service at the Airport.

2.2 Term

A. All rights and privileges granted to Airline by this Agreement for the use of any premises, space, area, buildings, structures, improvements or facilities at or on the Airport, or with respect to or as an incident to the use thereof, whether granted in the form of a license or otherwise, are granted for a period of two (2) years commencing on the Effective Date until terminated by either party for any reason, with cause, upon not less than ninety (90) days written notice to the other party.

B. The continued use of the Airport by Airline after the expiration date hereof shall not result in the automatic renewal of this Agreement nor shall Authority's permission to such continued use operate to extend the term of this Agreement unless specifically agreed to in writing; provided that in the event of such continued use, the terms and conditions of this Agreement shall continue to apply until superseded by a new

agreement. Any such new agreement shall incorporate the discounted Landing Fee Rates specified in Article 5.3.A.1 of this Agreement.

Article III – PREMISES (As depicted in Exhibit A.)

3.1 Baggage Claim

A. Airline may use Common Use baggage claim in the Terminal Building.

3.2 Apron, Parking Positions, Passenger Boarding Bridge and Holdroom

Airline may use apron, parking positions and Passenger Boarding Bridge and holdroom areas associated with Gate 6. Airline shall use other apron, parking position and hold room facilities as approved by Authority for negotiated fees.

3.3 Airline Ticket Counter, Operations Offices and other Space.

Airline may use ticket counter, offices and other space associated with Gate 6. Airline shall use other ticket counter, offices and other space as approved by Authority for negotiated fees.

Article IV - USES, RIGHTS AND PRIVILEGES

4.1 Rights of Airline

A. Authority hereby grants to Airline the non-exclusive right to use the Airfield Area, the Terminal Apron Area, and the Premises described in Article III above in common with others, which use, without limiting the generality hereof, shall include:

1. The operation of a transportation system by aircraft for the carriage of persons, property, baggage, cargo, express and mail, including, but without limiting the generality hereof, courtesy, test, and training uses between the hours of 5 A.M. and 11 P.M. local time.
2. FAR Part 121 Scheduled Air Carrier Passenger Service to a Network Airline hub destination (and to such additional destinations as Airline may decide to serve at a later date) as described in Exhibit B.
3. Posting such notices to passengers as are required by federal laws or regulations, to the extent such notices are not already posted at required locations.
4. Support of the Authority's efforts toward the Youngstown-Warren Regional Airport's application to re-establish PFC imposition for

“approved” PFC projects of which Airline will have the opportunity to review and comment on as part of the approval process.

5. The repairing, maintaining, conditioning, servicing, testing, parking or storage of Airline's owned or leased aircraft and ancillary equipment owned, leased or operated by Airline, provided that such right shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions as are incidental to the conduct of its own air transportation system. The activities authorized by this Paragraph 4.1.A.5 shall be conducted only in areas designated by Authority.
6. The hiring and training on the Airport of personnel in the employ of or on contract with, or to be employed or contracted by, Airline.
7. The servicing by Airline, or by others of Airline's choice, of Airline's aircraft and other equipment by truck or otherwise, with gasoline, fuel or other propellants, oil, greases, lubricants, or other supplies, including foods and beverages required by Airline; except that nothing herein shall be deemed to grant others the right to do business on the Airport without the prior approval of Authority, which approval shall not be withheld unreasonably.
8. The landing, taking off, flying, taxiing, towing, loading or unloading, of Airline's aircraft.
9. The loading and unloading of property, cargo, express and mail at the Airport by motor vehicles or other manner of conveyance as Airline may desire or require in the operation of its own air transportation system, with the right to designate the particular ground carrier or carriers who should regularly transport Airline's property, cargo, express and mail to and from the Airport.
10. The right and privilege of Airline, its agents, suppliers, employees, contractors, passengers, guests, and invitees, of access to the public areas and public facilities of the Terminal Building. Airline shall not authorize, or permit, the use of said access by any person or firm engaged in any activity that, or which performs any act, or furnishes any service, for or on behalf of Airline that, Airline is not authorized to engage in or perform under the provisions of this Agreement, unless expressly authorized by Authority. Authority shall have the right at any time or times to close, relocate, reconstruct, change, alter, or modify any such means of access provided for Airline's use pursuant to this Agreement, or otherwise, either temporarily or permanently; provided that Authority shall give reasonable notice to Airline of said intent and

shall provide a reasonably convenient and adequate alternative means of access in lieu thereof. Authority shall suffer no liability by reason thereof and such action shall in no way alter or affect any of Airline's obligations under this Agreement.

11. The Authority's approved FBO, Winner Aviation, experienced in the above and below wing ground handling of commercial service airline operations, shall be available to provide competitive Ground Handling Services to the Airline. A Proposed Winner Aviation Ground Handling Agreement to ADI is depicted in Exhibit **D**.
12. All abatements, revenue guarantees, and in-kind services programs are shown in Exhibit **C**.
13. The Fly YNG – ADI Marketing & Advertising Plan is depicted in Exhibit **E**.

4.2 Provision and Sale of Goods and Services

A. Authority expressly waives the right to assess and collect fees for inflight catering, vending, ground transportation for employees, and other services provided by Airline for its own use; provided, however, that if such services are provided by Airline to others for profit, or if Airline has such services provided by others, Authority reserves the right to charge reasonable fees therefore.

B. Except as specifically provided for in this Article IV, nothing herein shall be deemed to give Airline any right or permission to sell or provide any goods or services at the Airport not incidental to its own air transportation system. Airline may have said services provided for it by such company or companies, or through a nominee, of its choice, provided that said company, companies or nominee is authorized by Authority to conduct such service(s) on the Airport, and further provided that such company, companies or nominee shall have no greater rights than Airline hereunder.

4.3 Ground Handling Agreement

If Airline agrees to ground handle any portion of the operations of another scheduled or un-scheduled airline, or if another airline or private ground handling agency agrees to ground handle any portion of the operations of Airline, Airline shall provide Authority advance written notice of such proposed activities, including a description of the type and extent of services to be provided. Airline shall not agree to ground handle another airline if such airline does not have in force an operating agreement with Authority.

Article V - FEES AND CHARGES

5.1 General

In return for use of the Terminal Building and Airport facilities, and for the rights and privileges granted hereunder, Airline agrees to provide certain information to Authority and to pay Authority, without deduction or setoff, during the term of this Agreement certain fees and charges as set forth in this Article V and Exhibit C, Authority's Leasing, Rates & Charges Policy, Airport Rates & Charges Schedule.

5.2 Monthly Reports

A. Airline shall furnish to Authority on or before the 15th day of each month, an accurate report of Airline's operations at the Airport during the preceding month, setting forth all data reasonably necessary to calculate the fees and charges due under this Agreement. Said report shall include: (1) Airline's total number of Revenue Landings for the month by type of aircraft, the Certificated Weight of each Aircraft, and the Total Landing Weight for the month; (2) the total number of Airline's enplaning and deplaning passengers; and (3) Airline's amount of cargo, freight, mail, and express arriving and departing the Airport by both air and ground transport, each mode (air and ground) to be reported separately for such month.

B. Airline shall furnish to Authority on or before the 15th day of each month an accurate report of Airline's planned operations at the Airport for the succeeding month. Said report shall include, for each flight scheduled to operate at the Airport at any time during the succeeding month: (1) flight number; (2) aircraft equipment types; (3) days of week which the flight will operate; (4) scheduled local arrival and/or departure time at the Airport; (5) complete itinerary including scheduled local arrival and/or departure time at each airport serviced; and (6) the effective and termination date during said month. In addition, Airline shall furnish to Authority the total number of seats in each type of aircraft operated by Airline at the Airport and shall, from time to time, upon the request of Authority, provide current seating capacity of those various types of aircraft.

5.3 Landing Fee

A. Airline shall, without invoice from Authority and not later than the 15th day of the following month, pay Authority for Revenue Landings made by Airline in the previous month at the greater of:

1. The Landing Fee Rate is determined to be \$1.29 per unit of Aircraft Maximum Landing Weight and is calculated by multiplying the number of 1,000-pound units of Total Maximum Gross Landing Weight of Airline Aircraft during the month by the "Landing Fee Rate" as such may be amended; provided, in the case of Airline, Landing Fees are WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, then charged at a rate of \$0.99 per 1,000 lbs. through the fourth anniversary of Airline's inauguration of scheduled passenger service at Airport, then charged per Exhibit C, the Airport Rates & Charges Schedule;

B. Documentation for Airline's calculation in subparagraph 5.3.A shall be provided with Airline's payment. Acceptance by Authority of any payment shall not preclude Authority from verifying the accuracy of Airline's calculation, or from recovering or refunding any differences established by Authority.

C. If Airline fails to furnish Authority with the report required by Paragraph 5.3.A, payments as required by Paragraph 5.3 shall be determined by assuming that Airline's Total Landing Weight for such month(s) that the report is not submitted is equal to that of the most recent month for which such data are available for Airline. Any necessary adjustment in such Landing Fee shall be calculated after an accurate report is delivered to Authority by Airline for the month in question, and resulting surpluses or deficits shall be applied as credits or charges to the appropriate invoices in the next succeeding month.

5.4 Premises Fees

A. Apron and Holdroom. WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, then per Exhibit C, the Airport Rates & Charges Schedule;

B. Baggage Claim Area. WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, then per Exhibit C, the Airport Rates & Charges Schedule;

C. Ticket Counter, Operating Office, Other Space. WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, then per Exhibit C, the Airport Rates & Charges Schedule;

D. Passenger Boarding Bridge Fee. WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, then per Exhibit C, the Airport Rates & Charges Schedule;

E. RON Fee. WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, then per Exhibit C, the Airport Rates & Charges Schedule;

F. Airport Security and Use Fee. WAIVED THROUGHOUT THE TWO-YEAR PERIOD COMMENCING ON THE DATE OF AIRLINE'S INAUGURATION OF SCHEDULED PASSENGER SERVICE AT AIRPORT, provided there shall be an Airport Use fee of \$0.50 per enplaned passenger through the second anniversary of Airline's inauguration of scheduled passenger service at Airport, then per Exhibit C, the Airport Rates & Charges Schedule;

G. Passenger Facility Charge (PFC). Throughout any period during which PFCs are in effect at Airport, Airline shall collect from passengers scheduled to enplane at Airport and pay over to Airport (less the amount Airline is authorized by 14 CFR 158.53 to retain) PFCs at a rate of \$4.50 per enplaned passenger, as such may be amended with consent of Airline;

H. Rents and fees for any use of Airport premises not provided in this Agreement shall be at the rates provided in Exhibit C, the Airport Rates & Charges Schedule, as such may be amended.

5.5 Payment Due

All Premises Fees shall be due and payable in advance on the first day of each month without invoice. Landing Fees shall be due and payable without invoice on the 15th day of the month following the month to which the Landing Fees apply. Any payment not received on or before the due date shall accrue interest, at the rate of 1.5% per month, from said due date until paid in full. PFCs shall be remitted as set forth in Part 158 of the FAA regulations, 14 CFR Part 158.

Article VI - AIRLINE OPERATIONAL START-UP AND REVENUE GUARANTEE FUNDING

6.1 Start-up Operational Funding.

The Authority, on behalf of itself and the Youngstown Parties, shall provide \$130,000 to Airline upon public announcement by the Authority of the initial scheduled passenger service to be operated by Airline at Airport, which announcement shall not be unreasonably withheld or delayed. These funds shall constitute initial start-up funding to defray the pre-operating expenses Airline must incur to establish and operate the air service from the Youngstown-Warren Regional Airport contemplated by this Agreement.

6.2 Revenue Guarantee.

The Authority, on behalf of itself and the Youngstown Parties, shall provide up to \$1,200,000 to Airline as a revenue guarantee, effective from the date of Airline's inauguration of scheduled passenger service at Airport and

continuing until the second anniversary of such service; provided, that in the event the total amount paid to Airline under the revenue guarantee reaches \$1,200,000 prior to such second anniversary, the revenue guarantee shall thereupon terminate automatically. The purpose of the revenue guarantee is to provide the Airline assurance that throughout the initial two years (or such lesser period as may be the case) of its service at the Airport, the Airline will achieve a profit margin of not less than five percent (5%) on the service contemplated by this Agreement. No less frequently than monthly, Airline shall provide a written accounting to Authority detailing the profit margin achieved by Airline on its service to and from the Airport during the period covered by the accounting. To the extent a loss or a profit margin of less than 5% has resulted during the period in question, such accounting shall include an invoice issued by Airline. Upon receipt of such accounting and invoice, the Authority shall, without delay, issue a revenue guarantee payment to Airline in an amount sufficient to cover the difference between the profit margin (or loss, as the case may be) achieved and a 5% profit margin, which shall be the amount invoiced by Airline. Additional details of the revenue guarantee are set forth in Exhibit **B**.

6.3 Mutual Acknowledgments.

A. The Authority acknowledges that in entering into this Agreement, Airline is relying upon all of the financial considerations set forth in Articles V and VI of this Agreement, and that Airline would not enter into this Agreement in the absence of such considerations.

B. Airline acknowledges that the Authority is free to apply for federal reimbursement of eligible expenses the Authority incurs (including but not limited to revenue guarantee expenses) in relation to the establishment and continuation of Airline's service to and from the Airport, to the extent such reimbursement is available to the Authority under a Small Community Air Service Development (SCASD) grant issued by DOT in August 2012. The Authority acknowledges that its obligation to provide to Airline the financial considerations set forth in Articles V and VI of this Agreement is independent of (i) the amount of SCASD funding available to the Authority, and (ii) whether the Authority is successful in obtaining reimbursements under the SCASD grant.

Article VII - MAINTENANCE AND OPERATION OF THE AIRPORT

7.1 Authority Obligations

Authority agrees that it will develop, improve, maintain and operate the Airport, including the Terminal Building and all appurtenances, facilities, now or hereafter connected therewith as the same relate to Airline's air transportation system, and will keep the Airport and its aerial approaches free from obstruction and interference for the safe and proper use thereof by Airline, all in a manner at least equal to the standards established by

the FAA and any other governmental agency having jurisdiction thereof, except for conditions beyond the control of Authority.

7.2 Airline Obligations

Airline shall perform, at its sole expense, ordinary preventive maintenance and ordinary upkeep and repair of all owned facilities, personal property and equipment located on the Airport. Airline shall maintain all Airport facilities used by Airline hereunder in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. Airline shall promptly remove all oil and grease spillage which is attributable to Airline's aircraft or equipment and shall not permit any prohibited substance to enter the sewer system. No equipment shall be parked on the ramp except in areas specifically designated by Authority.

Article VIII- INDEMNIFICATION AND INSURANCE

8.1 Indemnification and Insurance

A. Airline agrees to indemnify and save Authority, its officers, agents, and employees harmless from any liability, including, but not limited to, claims, judgments, fines, costs, and reasonable attorneys' fees, for death or injury to persons or damage to property resulting from or arising out of the use or occupancy of the Airport by Airline, its agents and employees, or caused by or resulting from the exercise of the rights and privileges granted hereunder, to the extent that said claims, judgments, fines, costs or reasonable attorney's fees result from the negligence or willful misconduct of Airline, its agents or employees; and further agrees to carry, and furnish to Authority a certificate(s) of insurance, with combined single limits not less than the following, if Airline operates:

Aircraft with less than 10 seats,	\$ 25,000,000;
Aircraft with 10 seats, but less than 25 seats,	\$ 50,000,000;
Aircraft with 25 seats or more,	\$100,000,000;
or	
Aircraft with a maximum gross landing weight of less than 15,000 lbs.,	\$ 25,000,000;
Aircraft with a maximum gross landing weight of 15,000 lbs., but less than 35,000 lbs.,	\$ 50,000,000;
Aircraft with a maximum gross landing weight of 35,000 lbs. or more,	\$100,000,000;

whichever is the greater, it being agreed that Airline shall provide such insurance in the limits prescribed for the aircraft operated by Airline having the greatest numbers of seats or the greatest maximum gross landing weight, regardless of the composition of Airline's aircraft fleet; which insurance shall provide coverage for public liability, property damage, bodily injury in which Authority shall be an additional insured to the extent of the liability

assumed by Airline hereunder. If Airline operates licensed or unlicensed vehicles in the Air Operations Area, Airline shall provide insurance coverage for such vehicles in the same minimum limit(s) as required above in this subparagraph 8.1.A. Airline shall furnish satisfactory evidence that such insurance is in effect and will not be canceled during the term of this Agreement without thirty (30) days' prior written notice of such cancellation to Authority. Airline shall carry Worker's Compensation and Employers Liability Insurance covering its employees employed at the Airport.

B. In conducting its business hereunder, Airline acts as an independent contractor and not as an agent of Authority. The selection, retention, assignment, direction, and payment of Airline's employees shall be the sole responsibility of Airline. Authority shall not attempt to exercise any control over the daily performance of duties by Airline's employees, except to the extent and in the manner required by law or regulation for continued operation or certification of the Airport.

8.2 Nonliability of Authority

Authority shall not be liable to Airline or its agents, representatives or employees, for any injury or damage either to person or property, due to the Airport or any improvements thereon or any part thereof or any appurtenances thereof becoming out of repair, or due to the happening of any accident in or about the Airport, except to the extent that such injury, damage or accident results from the negligence or willful misconduct of Authority, its agents or employees; nor shall Authority be liable to Airline or its agents, representatives or employees, for any injury or damage either to person or property, due to any act or neglect of any tenant or occupant of the Airport, or of any other person. Without limiting the generality of the foregoing, in the absence of the negligence or willful misconduct of Authority, its agents or employees, Authority shall not be liable for damage caused by water, steam, sewerage, gas, bursting or leaking of pipes or plumbing or electrical causes, or the negligence of contractors, their employees or agents, or licensees of Authority.

8.3 If Airline uses Terminal Building exterior Passenger Boarding Bridge for its enplaning and deplaning passengers (the "Passenger Boarding Bridge"), in consideration thereof, and in addition to and not as substitution for the indemnification provided by Airline to Authority pursuant to Paragraph 8.1 above, Airline, in the absence of the negligence or willful misconduct of Authority, its agents or employees, shall assume responsibility for loss or damage to property or injury to persons resulting from, arising out of, or associated with the use of the Passenger Boarding Bridge, as well as for any claims made by or on behalf of Airline's agents, servants, and employees, arising from their employment or work and which results from the use of the Passenger Boarding Bridge. Airline shall at all times agree to indemnify and hold Authority and its officers, agents and employees harmless from and against any and all liabilities, demands, claims, suits, losses, damages, causes of action, fines or judgments, including those reasonable and necessary costs, reasonable attorney and witness fees, and expenses incidental thereto, arising out of, or in connection with, the use of the Passenger Boarding Bridge, except for acts arising from the negligence or willful misconduct of Authority, its agents or employees.

Article IX - GENERAL PROVISIONS

9.1 Regulations

A. Airline shall observe and obey all lawful Regulations promulgated, from time to time during the term hereof, by Authority governing conduct on, and operations at, the Airport and use of Authority's facilities. Copies of the Regulations, as adopted or amended, shall be forwarded to Airline. Authority agrees that Regulations so promulgated shall not alter the terms of this Agreement, or be inconsistent with any rule or regulation of the DOT, FAA, TSA, or any other federal or State agency, which is binding in law on Airline or Authority, as the same now are or may from time to time be amended or supplemented.

B. Airline shall not violate, nor knowingly permit its agents, contractors, or employees acting on Airline's behalf to violate, any such Regulations.

C. Airline shall have the right to lawfully contest the validity of any rule or Regulation promulgated by Authority.

9.2 Compliance with Laws

A. Airline shall not use the Airport or any part thereof, or permit the same to be used by any of its employees, officers, agents, subtenants, invitees, or licensees, for any illegal purposes and shall, at all times during the term of this Agreement, comply with all applicable ordinances and laws of any City, County, or State government or of the United States Government, and of any political division or subdivision or agency or commission thereof which may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder.

9.3 Use of the Airport by Airline

A. Airline shall not do, nor shall it permit anyone over which it exercises control to do, anything at or about the Airport which may interfere with the effectiveness or accessibility of the drainage and sewage system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on the Airport.

B. Airline shall not do, nor shall it permit anyone over which it exercises control to do, any act or thing upon the Airport which will invalidate, conflict with or increase the premium on any fire or other casualty insurance policies covering the Airport or any part thereof.

C. Airline shall not dispose of, nor shall it permit any other person over which it exercises control to dispose of, any waste material (whether liquid or solid) taken

from, or products (whether liquid or solid) used with respect to, its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products shall first be properly treated by equipment installed with the approval of Authority for that purpose.

9.4 Nondiscrimination

A. During the performance of this Agreement, Airline, for itself, its assignees and successors in interest agrees as follows:

1. Compliance with Part 21. Airline shall comply with the regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as Part 21), which are herein incorporated by reference and made a part of this Agreement.

2. Nondiscrimination. Airline, with regard to the work performed by it during the Agreement, shall not discriminate on the grounds of race, color, national origin, sex or creed in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Airline shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of Part 21, including employment practices when the Agreement covers a program set forth in Appendix B of Part 21.

3. Solicitation for Subcontracts, Including Procurements of Materials and Equipment. In all solicitations either by competitive bidding or negotiation made by Airline for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by Airline of Airline's obligations under the Agreement and Part 21 relative to nondiscrimination on the grounds of race, color, national origin, sex or creed.

4. Information and Reports. Airline shall provide all information and reports required by Part 21 or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the Authority and the FAA to be pertinent to ascertain compliance with Part 21, orders and instructions. Where any information required of Airline is in the exclusive possession of another who fails or refuses to furnish this information, Airline shall so certify to the Authority or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance. In the event of Airline's noncompliance with the nondiscrimination provisions of this Agreement, the Authority shall impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

- a. Withholding of payments to Airline under the Agreement until Airline complies, and/or
- b. Cancellation, termination, or suspension of the Agreement, in whole or in part.

6. Incorporation of Provisions. Airline shall include the provisions of paragraphs 1. through 5. in every subcontract, including procurements of materials and leases of equipment, unless exempt by Part 21 or directives issued pursuant thereto. Airline shall take such action with respect to any subcontract or procurement as the Authority or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event Airline becomes involved in, or are threatened with, litigation with a subcontractor or supplier as a result of such direction, Airline may request the Authority to enter into such litigation to protect the interests of the Authority and, in addition, Airline may request the United States to enter into such litigation to protect the interests of the United States.

C. Inasmuch as applicable law requires, notwithstanding any other or inconsistent provision of this Agreement, during the term of this Agreement, Airline agrees as follows: Airline assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Airline or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by Authority or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which Authority or any transferee retains ownership or possession of the property. Airline further assures that this provision shall be inserted in all contracts, subcontracts, and other agreements at all tiers.

D. That in the event of breach of any of the above, nondiscrimination covenants, Authority shall have the right to terminate this Agreement and to reenter and repossess the Premises and the facilities thereon, and hold the same as if said Agreement had never been made or issued.

9.5 Nonliability of Agents and Employees

No member, officer, agent, director, or employee of Authority or Airline shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

9.6 Non-Waiver of Rights

A. No termination of this Agreement in accordance with the rights of either party under this Agreement to terminate shall be considered a forfeiture, such rights being a part of the consideration for this Agreement and of the essence hereof.

B. Neither party shall be held to be in breach hereof because of any failure to perform any of its obligations hereunder if said failure is due to any cause for which it is not responsible and over which it has no control; provided, however, that the foregoing provision shall not apply to failures by Airline or Authority to pay fees and charges or otherwise meet its financial obligations under this Agreement; and provided further, that the foregoing provision shall not prevent either party from exercising any right which it may otherwise have as a matter of law to terminate the term hereof.

C. The waiver of any breach, violation or default in or with respect to the performance or observation of the covenants and conditions contained herein shall not be taken to constitute a waiver of any such subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

9.7 Severability

If a provision hereof shall be finally declared unenforceable or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be unenforceable, but the remaining provisions shall continue as nearly as possible in accordance with the original intent of the parties.

9.8 Assignment and Sublease

Airline shall not, directly or indirectly, assign, sublease, sell, hypothecate or otherwise transfer this Agreement, or any rights granted herein, without the prior written consent of Authority.

9.9 Entire Agreement and Amendments

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and any other representations or statements

heretofore made, verbal or written, are merged herein. This Agreement may be amended only in writing executed by duly authorized representative of the parties hereto.

9.10 Consent of the Parties

In all instances in this Agreement where consent or approval of one party is required for an action by the other party, such consent shall be in writing and not unreasonably withheld.

9.11 Notices

Notices to either party provided for herein shall be in writing and shall be sufficient if hand delivered or sent by certified or registered mail, postage prepaid, or if transmitted by electronic means provided receipt is confirmed contemporaneously, addressed as follows:

To Authority:	Western Reserve Port Authority ATTN: Daniel J. Dickten, A.A.E. Director of Aviation Youngstown-Warren Regional Airport 1453 Youngstown-Kingsville Rd. NE Vienna, OH 44473
---------------	--

To Airline:	Aerodynamics Incorporated ATTN: Scott Beale, CEO 25700 Science Park Drive, Suite 210 Beachwood, Ohio 44122
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or to such other respective addresses as the parties may designate to each other in writing from time to time.

9.12 Successors and Assigns Bound

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

9.13 Governing Laws and Time

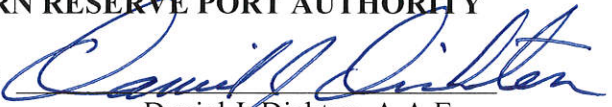
This Agreement shall be governed by the laws of the State of Ohio. Time shall be of the essence.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto, this day and year first above written.

WITNESS

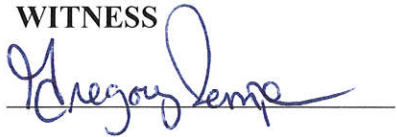


WESTERN RESERVE PORT AUTHORITY

By: 
Daniel J. Dickten, A.A.E.

Title: Executive Director of Aviation

WITNESS

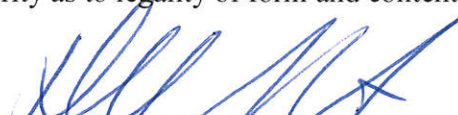


AERODYNAMICS INCORPORATED

By: 
Scott A. Beale

Title: Chief Executive Officer

This Agreement has been approved for the Authority as to legality of form and content by:



Daniel G. Keating, Esq. WRPA Legal Counsel
170 Monroe Street, NW
Warren, Ohio 44483

EXHIBIT A

PREMISES

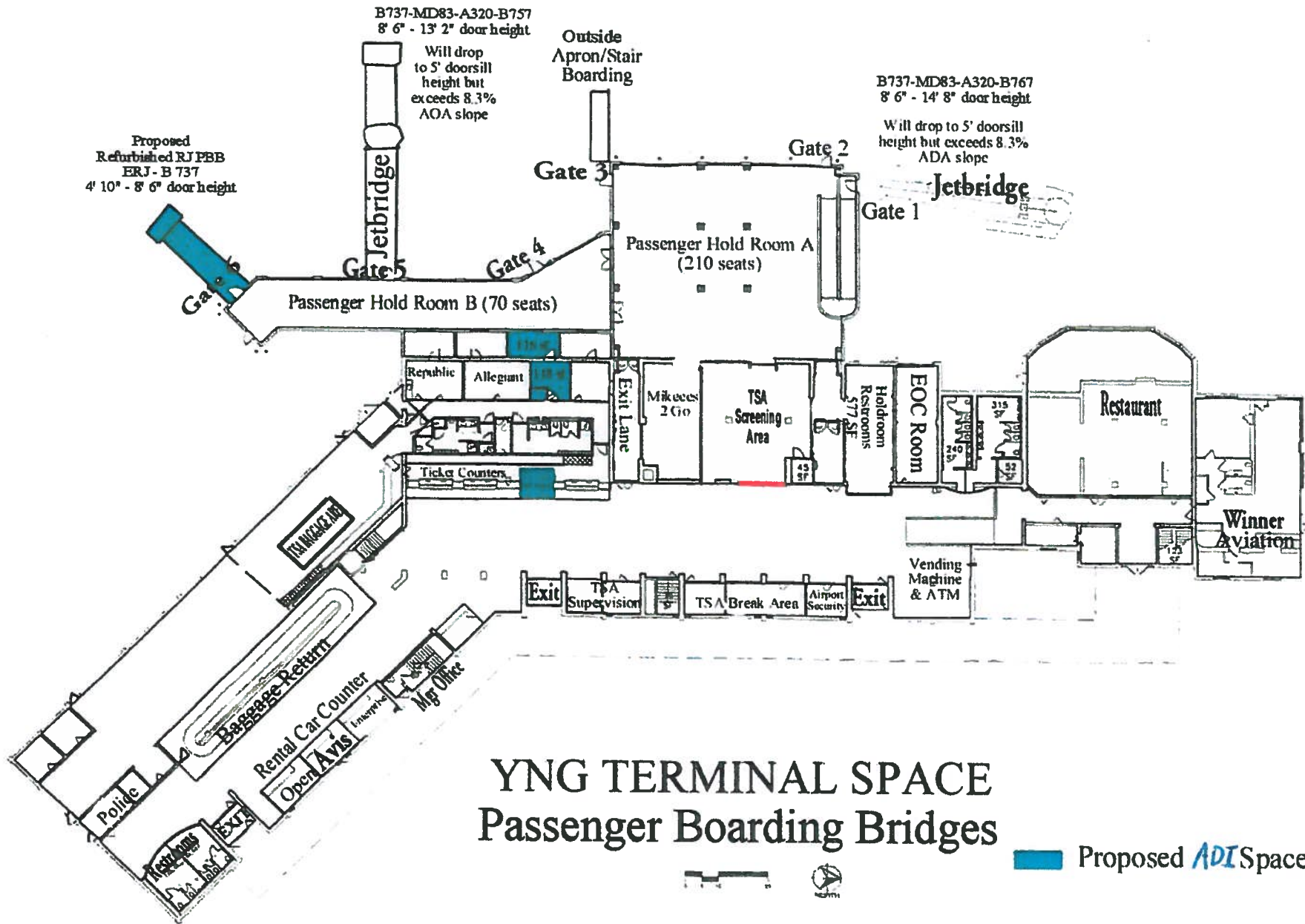


EXHIBIT B
AIR SERVICE PLAN

EXHIBIT B
YNG - AERODYNAMICS, INC. AIR SERVICE

AIR SERVICE PLAN

OVERVIEW

The Western Reserve Port Authority (WRPA) Board of Directors on June 11, 2014 passed a Motion to authorize the Director of Aviation to pursue daily service with Aerodynamics Inc. (ADI), a small Part 121 air carrier in business for nearly 50 years that operates Embraer 145 regional jet aircraft. ADI intends to provide daily scheduled air service from the Youngstown-Warren Regional Airport (YNG or Airport) to the most optimal airline connecting hub. A planned start-up is projected for October 1, 2014. Upon sustainment of the initial destination service, an evaluation is planned to determine whether the level of profitability is available to start a second destination. In August 2012 the U.S. Department of Transportation approved the use of \$780,000 in SCASDP grant funding to reimburse, in part, the costs of a locally-provided revenue guarantee and other funding required to attract and establish the service described here. These costs are further described below. The revenue guarantee will be utilized to keep the airline at a 5% profit margin until the service sustains itself, at which time the subsidy will cease. In the event the total revenue guarantee of \$1.2 million is depleted prior to the service sustaining itself, no additional funds shall be paid to the airline and the airline shall be free to discontinue the service if it so elects.

DESTINATION CANDIDATES

The following is an alphabetical list of the top preferred business (connecting) destinations based on surveys from local business travelers for new start-up daily service from the Youngstown-Warren Regional Airport as surveyed by the Airport:

- | | |
|---------------------------|------------------------------|
| 1. Atlanta (ATL) | 5. Detroit (DTW) |
| 2. Charlotte (CLT) | 6. New York/Newark (LGA/EWR) |
| 3. Chicago (ORD/MDW) | 7. Philadelphia (PHL) |
| 4. Dallas Ft. Worth (DFW) | 8. Washington, DC (DCA/IAD) |

ESTIMATED REVENUE GUARANTEE PAYOUTS / PROFIT MARGINS OF CANDIDATE DESTINATIONS

Based on the candidate destination forecasts, the following (1 – 6) are the estimated revenue guarantee payouts and eventual profit margins at peak demand for each potential destination calculated by AvPorts.

<u>Market:</u>	<u>Estimated Revenue Guarantee Payout:</u>	<u>Eventual Profit Margin:</u>	<u>Airline Hub</u>
1. Detroit (DTW)	\$604,309	39%	Delta
2. Philadelphia (PHL)	\$997,287	23%	New American (AA / US)
3. Atlanta (ATL)	\$1,271,929	24%	Delta
4. Charlotte (CLT)	\$1,273,595	19%	New American (AA / US)
5. Washington-Dulles (IAD)	\$1,265,940	8%	United
6. Chicago O'Hare (ORD)	\$1,690,449	1%	United / New American
7. New York (LGA)	N/A Slot Restricted		Delta / American
8. Newark (EWR)	N/A Slot Restricted		United
9. Washington DC (DCA)	N/A Slot Restricted		US Air / New American
10. Dallas Ft. Worth (DFW)	Currently not Sustainable		New American (AA / US)

The YNG catchment area's total leakage for complete year 2013 was 563,604 annual O&D passengers. In each scenario, we estimate that the flights will recapture 7% of total YNG leakage, which is a realistic portion of the market.

EXHIBIT B
YNG - AERODYNAMICS, INC. AIR SERVICE

FUNDING RESOURCES

The Youngstown Parties (WRPA/Youngstown-Warren Regional Airport, Mahoning County, Trumbull County, various private-sector corporations/businesses, and YNGAir Partners) are providing a revenue guarantee of up to \$1.2 million to attract and establish the service described here. The Youngstown Parties anticipate receipt of reimbursement of 65% (\$780,000) of this sum under the Small Community Air Service Development Program (SCASDP) grant noted above. The YNG Parties will also provide the additional funding raised from local contributions and in-kind services described below. A fund raising campaign by YNGAir Partners is in progress to provide additional revenue guarantees. WRPA will administer all disbursements to ADI and all requests for reimbursement under SCASDP.

AIRLINE OPERATIONAL "START-UP" FUNDING

The Youngstown Parties will provide \$130,000 to ADI in advance as initial start-up funding to establish and operate the air service from the Youngstown-Warren Regional Airport to the most optimal airline hub. This funding is independent of all other funding.

PASSENGER BOARDING BRIDGE – YNG GATE 6

Upon sustainment of the first route, the Airport will provide a Regional Jet Passenger Boarding Bridge at Gate 6 in the Terminal South Wing for use by the Airline. The Airport has received bids for a refurbished RJ bridge at a cost of \$180,000. The Airport will be using a covered walkway with all-weather boarding mechanism at a cost of approximately \$50,000 as the initial passenger boarding/de-boarding facility at Gate 6. These costs will be credited towards meeting the SCASDP grant's in-kind service requirement.

OPERATIONAL ABATEMENTS

The Airport will provide operational abatements by waiving all terminal operating costs for the first two years in the amount of approximately \$150,000. These costs will also be credited towards meeting the SCASDP in-kind service requirement.

MARKETING, ADVERTISING AND PROMOTION

The Airport will provide start-up marketing, advertising and promotional campaign funding, plus in-kind services for additional advertising as provided in the SCASDP grant agreement, as follows:

Destination A - \$15,000 Pre-Start up Campaign / \$100,000 In-kind Services over 2-years
Destination B - \$10,000 Pre-Start up Campaign / \$80,000 In-kind Services over 2-years

REVENUE GUARANTEE PROCEDURE

Virtually all start-up airline service loses money during the initial sustainability phase. The revenue guarantee provides funding to enable the airline to maintain a reasonable profit margin of 5% through the start-up.

The airline will provide invoices to WRPA no less frequently than monthly for the operational deficiencies experienced, measured against a 5% net profit margin. Payment in response to the airline's invoices will be provided by WRPA (on behalf of the Youngstown Parties) to enable the airline to maintain a 5% net profit margin. WRPA will then apply for reimbursement under the SCASDP grant of 65% of the disbursement made to the airline, with reimbursement expected to occur within 60 days after the respective application.

EXHIBIT B
YNG - AERODYNAMICS, INC. AIR SERVICE

For any calendar month in which the airline experiences a net profit margin of 5% or greater, no revenue guarantee disbursement shall be provided. When the airline has experienced a net profit margin of 5% or greater for each of 12 consecutive calendar months, the service shall be considered to have achieved sustainability and the revenue guarantee shall cease.

In connection with each invoice, which shall be accompanied by an explanatory accounting prepared by the airline, determination of the airline's net profit margin shall be made in accordance with Generally Accepted Accounting Principles (GAAP) established by the Financial Accounting Standards Board (FASB).

EXHIBIT C
AIRPORT RATES & CHARGES SCHEDULE

EXHIBIT C
AIRPORT RATES & CHARGES SCHEDULE
Airlines Section

The rates, charges and fees for Airline Operations below have been established by the Western Reserve Port Authority in an effort to meet the revenue goals for the Youngstown-Warren Regional Airport.

Terminal / Rent

Airport Terminal (Ticket Counter, Operations Office, Other Space -Airline):

Signatory	Non-Signatory
\$12.50 /s.f.	\$15.50 /s.f.

Gate/Passenger Boarding Bridge Fees

All gates, loading bridges and devices at YNG are common use. Unless the entity is currently operating under an existing Airport / Airline or other Use Agreement, the WRPA will incorporate the following passenger boarding bridge fee (per use) to recover costs associated with the maintenance and operation of the device:

Gate	Signatory - Scheduled Operator	Non-Signatory Unscheduled Operator
Gate 1 (PBB):	\$50.00	\$75.00
Gate 2:	No Cost	\$25.00
Gate 3:	No Cost	\$25.00
Gate 4:	No Cost	\$25.00
Gate 5: (PBB)	\$50.00	\$75.00
Gate 6:	No Cost	\$25.00

Remain Over Night (RON) Fees

Commercial Air Carriers (Passenger or Cargo) that RON on the Airport Terminal or Cargo Aprons and Lighter than Air Aircraft that RON on the Airport will be charged a flat rate fee \$50.00 per night.

Landing Fees

Unless an entity is currently operating under an existing Airport / Airline or other Use Agreement, Commercial Air Carriers or private Charters (either passenger or cargo) and general aviation aircraft weighing more than 12,500 lbs. (MGLW) will pay landing fees in accordance with the following schedule:

Page 2.

Scheduled / Commercial
Signatory Operators

\$1.29 / 1,000 lbs.

Unscheduled / Commercial
Non-Signatory Operators

\$1.49 / 1,000 lbs.

- Weight will be based on the certified maximum gross landing weight of each aircraft with a minimum fee of \$25.00 for Commercial Service Aircraft.

Airport Security and Use Fee

There shall be an Airport Use fee of \$1.00 per enplaned passenger.

Passenger Facility Charge (Airline)

There shall be a passenger facility charge of \$4.50 per enplaned passenger.

SIDA / AOA Badging Fees:

SIDA Badge – Initial Badge: \$45.00 / Replacement Badge: \$25.00

EXHIBIT D
GROUND HANDLING PROPOSAL



**STANDARD GROUND HANDLING AGREEMENT
SIMPLIFIED PROCEDURE**

**ANNEX B1.0 – LOCATIONS, AGREED SERVICES
to the Standard Ground Handling Agreement (SGHA) of 2008**

Between Winner Aviation
1453 Youngstown-Kingsville RD NE
Vienna, Ohio 44473

And hereinafter referred to as the 'Handling Company'

And

ADI
25700 Science Park Dr
Suite 210
Beachwood, OH 44122

And hereinafter referred to as the 'Carrier'

Location Valid From Valid to Replaces

This Annex B is prepared in accordance with the simplified procedure whereby the Carrier and the Handling Company agree that the terms are not part of a Main Agreement or Annex A of the **SGHA of January, 2008** as published by the International Air Transport Association. However, terms shall apply as if such terms were repeated here in full. By signing this Annex B the parties confirm that they are familiar with aforementioned Main Agreement and Annex A terms and conditions. Winner Aviation has prepared this ANNEX B in Accordance with the SGHA of March 12, 2013.

- Section 1: Handling Fee**
As requested by "Carrier and Agreed by "Handling Company" . See Attachment A.
- Section 2: Lav Service**
As requested by "Carrier and Agreed by "Handling Company" . See Handling Charges
- Section 3: Potable Water Service**
As requested by "Carrier and Agreed by "Handling Company" . See Handling Charges
- Section 4: Deicing Services** See Handling Charges
- Section 5: Sky Cap**
As requested by "Carrier and Agreed by "Handling Company. See Handling Charges.
- Section 6: Equipment**
As requested by "Carrier and Agreed by "Handling Company. See Handling Charges.

Handling Charges

	Inclusions	Charges
Section 1	Handling for E-145 aircraft	\$250 per turn
Section 2	Lavatory service	Included
Section 3	Potable Water Service	Included
Section 4	De-icing & Anti-icing Services	\$16.99 Type I \$18.99 Type IV
Section 5	Sky Cap	Included in turn cost
Section 6	Equipment	Provided by Winner Aviation
Additional Charges		

PARAGRAPH 4 SETTLEMENTS

4.1 IATA Standard Ground Handling Agreement AHM 810 January 2008, the Handling Company shall:

 (Settlement of Account Shall be effected in US Dollars)

PARAGRAPH 6 DURATION/TERMINATION

6.1 The term shall commence on the commencement date of schedule attached after which this Agreement may be terminated or renewed by either Party upon a THIRTY (30) day written notice.

PARAGRAPH 7 LIABILITY AND INDEMNITY

7.1 The Handling Company shall indemnify the Carrier against any physical loss of or damage to the Carrier's Aircraft caused by the Handling Company's negligent act or omission PROVIDED ALWAYS THAT the Handling Company's liability shall be limited to any such loss of or damage to the Carrier's Aircraft in an amount not exceeding the level of deductible under the Carriers Hull All Risk Policy which shall not, in any event, exceed USD 1,500,000 except that loss or damage in respect of any incident below USD 3000 shall not be indemnified. In the case of damage to the Carrier's aircraft the Handler will test its employees involved for the presence of drug or alcohol.

PARAGRAPH 9 GENERAL

9.1 In the case of absence of instructions by the Carrier, the Handling Company shall follow its own standard practices and procedures. The Carrier requires all personnel involved in the service of its aircraft be part of the Handler's or other drug testing program as a condition of employment. Any training set forth by the Carrier will be completed in the allotted time given.

PARAGRAPH 11 CONFIDENTIALITY

11.1 Each party shall use reasonable precautions to keep confidential (including ensuring that its officers, employees, sub-contractors and agents keep confidential) all information (i) which one party to his Agreement may have, or acquires, in relation to the customers, business, assets or affairs of the other party; or (ii) which relates to the contents of this Agreement. Neither party will use for its own business purposes or disclose to any third party any such confidential information without the prior consent of the other party.

Signature _____

Signature _____

Chad Hughes
 Commercial Ground Operations Manager

Chairman

EXHIBIT E
MARKETING & ADVERTISING PLAN

EXHIBIT E

YNG - ADI Marketing & Advertising Plan

The Primary thrust of the Marketing & Advertising Plan is to regain local travelers at the Youngstown-Warren Regional Airport (YNG). Management will use this framework to create a comprehensive tactical plan to further the community's Daily Airline Service needs with Aerodynamics, Inc. (ADI) at the "hometown" air carrier to serve the Mahoning Valley. The Airport's current Strategic Air Service Development Plan and the "Airport's Top 20 Destination Survey" have been used to implement the strategies and supporting actions in the months and years to come to solidify the Youngstown - Warren Regional Airport as the Region's Primary Commercial Service Airport and ADI as the region's air service provider.

Goals

- Regain 35% of the market travelers who have been relying on other than Youngstown-Warren Regional Airport (YNG) for travel needs in one year.
- Prevent airport leakage by aggressively promoting the Airport as a convenient, reliable, cost-competitive regional alternative to flying out of Pittsburgh, Cleveland-Hopkins, and Akron-Canton Airport as the preferred and convenient facility.
- Reverse lingering misperceptions about YNG's air service and heighten awareness of the airport as air service opportunities grow at the Airport.
- Engage the travel agencies as partners in meeting the challenge.
- Encourage community ownership of the ADI air service solution. This includes engaging the local media in a partnership to "get the talk right" about the airport and its air service partner, ADI, and to encourage locals to avail themselves of its service. This is an urgent matter, given the delicate status of start-up airline service and the new ADI service to the community's most desired destinations.
- Implement a strong corporate airline use program by attracting corporations to choose ADI as their airlines and YNG as their corporate flight facility.

Program Objectives

1. Utilize committees in the community to assist in efforts to implement and support ADI airline service at YNG.
 - * Airport Promotional Committees and Support Groups – YNGAir Partners
 - * Western Reserve Port Authority Aviation Committee
 - * The Youngstown / Warren Regional Chamber
 - * Public Relations Committees

2. Use community support to inform the local traveling public of new ADI air service available at the Youngstown-Warren Regional Airport (YNG).
 - * Establish a Fare Equalization Committee using YSU student – interns to complete a monthly fare analysis among the airlines serving YNG and close competitive airports (PIT, CLE, CAK and ERI).

EXHIBIT E

3. **Hold receptions for travel agents to advise them of the latest conditions and new ADI airline service at YNG.**
4. **Hold businessman's receptions to request and thank them for support for the Airport and advise them of the latest conditions and new service objectives at YNG.**
 - * **Arrange by Youngstown / Warren Regional Chamber's membership survey.**
 - * **Paid by Airlines, the Airport and the Regional Chamber**
5. **Initiate an ongoing communication with frequent flyers via Flight Bulletin, Luggage Tag program and mailing list.**
 - * **Flight Bulletin agreement between the YNG Air Partners Support Group as a fund raising project (from advertisements in Flight Bulletin) and YNG Airport.**
 - * **Luggage tag display in terminal inviting businessmen and women to drop their card in for a free luggage tag. YNG personnel to make up tags and do mailings.**
6. **Coordinate with community members, ADI and special events personnel regarding advantages of YNG.**
 - * **Radio Program – 26 week 60 second radio spots, Airline specials, mystery promotion as “In-Kind” Service.**
 - * **Television – 60 second public service spots also as “In-Kind” Service.**
 - * **Outdoor bulletin boards located throughout strategic points in the Mahoning Valley. “Save your sanity, save time, save money at YNG.”**
 - * **Youngstown-Warren Regional Airport / Airlines signs at the Eastwood Park for the Mahoning Valley Scrappers and other similar events;**
 - * **Luggage Tag give-aways at Scrappers games and other similar activities;**
 - * **Familiarization trips for travel agents into YNG with Hotel / Motel Associations, Tourism Group and Airlines.**
 - * **Familiarization trips for travel agents from YNG to destination points served by YNG Airlines.**
 - * **Coordination with Advertising Agencies for inclusion of YNG in outgoing advertising for the Mahoning Valley area.**
 - * **Aviation Open House Day at YNG with ADI aircraft displays during Aviation week complete with jazz band festival.**
 - * **Travel Agents special promotion to Fly ADI at YNG.**
 - * **Flight Bulletin – 10,000 monthly to community on ADI flights at YNG in tourist and business related locations.**

Pre-ADI Start-up objectives (3 months out) from Service Announcement to start-up

The Airport will upon announcement of the service launch a start-up initiative to assist with the pre-booking of passengers. The initiative will consist of daily media spots both TV and Radio, outside advertising and Facebook, Twitter and Website Promotions.

EXHIBIT E

MULTIMEDIA MARKETING, ADVERTISING AND PROMOTIONAL CAMPAIGN

Once the Youngstown-Warren Regional Airport and a network carrier have finalized an agreement for regularly scheduled commercial air service, these same partners will launch comprehensive public awareness, marketing, and promotional campaigns in support of the new air service. These campaigns will comprise of four components:

1. Earned Media

a. Upon signing of the agreement:

1. Conduct a press conference at *YNG* to announce the start-up of the new air service. Attendees will include:
 - a. *YNG* and Western Reserve Port Authority officials
 - b. Network carrier officials
 - c. State and local public officials and community leaders
2. Issue press releases to local, state, and national media announcing the start-up of the new air service.
3. Arrange one-on-one interviews with local media for *YNG*, network carrier, and state and local public officials.

b. On first day of air service:

1. Arrange for local morning news shows to broadcast from *YNG*.
2. Arrange a remote radio broadcast.
3. Conduct press conference at *YNG* at the time of the first flight.
4. Arrange one-on-one interviews with *YNG* officials, network airline representatives, and passengers.
5. Issue press release to local, state, and national media.

c. Ongoing earned media:

1. Monthly press releases featuring news about the air service including success of the flights

2. Paid media directed at the general public

a. TV, radio, and print ads in markets within a 45-mile radius of *YNG*. Ads will begin to run approximately three months before initiation of service and will continue for twelve months after the first flight.

1. TV spots will appear on the four Youngstown-based network TV outlets and the Time-Warner and Comcast cable systems that serve the market area. Most spots will run on shows popular with business travelers.
2. Radio spots on stations within the market area that reach business travelers
3. Print ads in the Vindicator, Warren Tribune Chronicle, Sharon Herald, and Youngstown Business Journal.

EXHIBIT E

3. **Paid media specifically targeted to business travelers**
 - a. **Direct mail piece to members of the Regional Chamber and YNGAir Partner (membership rolls collectively exceed 2,500). Mail pieces will be sent three months before service begins, at start-up, and one month after air service is underway.**
 - b. **E-mail blasts to members of the Regional Chamber and YNGAir Partner two months and one month before air service begins, at start-up, and monthly thereafter.**

4. **Digital Marketing/Social Media**
 - a. **Notice of agreement will be posted on YNG, Regional Chamber, and YNGAir Partners web sites and Facebook pages**
 - b. **Press conferences and other events surrounding the first flight will be live streamed on YNG website**
 - c. **Schedule and real time flight information will be posted on YNG website and Facebook page.**

In addition, the Convention and Visitors Bureaus of Mahoning, Mercer, and Trumbull Counties will augment the above campaigns by communicating to potential visitors to the Community that air service has returned to YNG and to consider air service as a travel option.

Short-term objectives (3-12 months)

- **Assure the success of the initial ADI air service destination direct non-stop service to anywhere in the world through _____ Airport.**
- **Assist in the establishment and sustainment of daily non-stop ADI service from YNG to a connecting hub airport, such as Chicago, New York (Newark, etc.) or Detroit with ADI. Its success can be the harbinger for the YNG airport's resurgence.**
- **Reduce leakage among those individuals who have long and lingering memories of poor past performance, causing them to "swear off" YNG.**
- **Establish a corporate sales and marketing function, staffed by someone whose sole responsibility is to call on and recruit regional corporate travel officials to fly ADI out of YNG. Implicit in this objective is the design and implementation of a corporate travel program, including incentives and rewards.**

Mid-term objectives (12-24 months)

- **Increase awareness of fundamental service improvements at the airport and ADI air service within the traditional catchment area.**
- **Assure the success of the daily direct non-stop ADI services to the connecting hub**

EXHIBIT E

- **Establish and sustain a second daily non-stop ADI service from YNG to a connecting hub airport, such as Washington-Dulles, New York, Atlanta or Dallas Ft. Worth with another Network Airline.**

Long-term objectives (24-48 months)

- **Use improvements in ADI service, customer service and fare equity to begin attracting new passenger traffic from parts 60 - 100 miles and greater from the airport.**

Note: This is very much a "first impression" risk as in "you only get one chance to make a first impression." YNG should be confident that the service marketed to that new service area would meet or surpass customer expectations.

Effective Use of Community Airport Marketing

1. Background

- **The Airport lost airlines in 2003 and was no longer self-supporting after a four year decline in enplanements;**
- **Several things were thought to have caused declining enplanements, including loss of EAS Program funding however, implementing leisure airline Allegiant Air in 2006 re-established the airport as a passenger service airport;**
- **Effective use of the community's interest in the Allegiant leisure flights to Orlando, St. Petersburg and Fort Meyers, Florida Myrtle Beach North Carolina show how a dramatic turnaround occurred through the effective use of the community.**
- **Effectiveness of the new ADI daily non-stop service.**

2. Media Sources

- * **The Youngstown State University Business Department in conjunction with the Airport's Marketing Coordinator and Air Service Development Consultant conduct week long surveys of passengers at YNG. The results of the surveys should indicate what percentage of our population is driving over an hour to neighboring airports due to lower fares and more direct flights. The results should assist the Airport in determining how better to serve Mahoning Valley residents and initiate a task force to suggest ways to set fares more in line and acquire more service;**
- * **Implement an Airport / ADI Promotions Taskforce of community leaders to spearhead the development of a marketing plan which suggests a penetration strategy to gain back the percentage of the population driving to other airports. Members should include the Director of Aviation, Airport Marketing Coordinator, Port Authority Staff, YNGAir Partners, Visitors & Convention bureaus, County Commissioners, Regional Chamber and Port Authority Board Members.**

EXHIBIT E

- * **The Regional Chamber should focus on identifying businesses who fly and learn of preferred destinations as well as increasing awareness. The Airport conducted surveys in 2010 and 2013 that identified destinations where businesses say they want to fly and where Mahoning Valley businesses and residents actually fly to, at what frequency they travel, and the expenses incurred as a result of air travel. This information was acquired through the Air Service Travel Bank Initiative in 2012-13. The Airport with the Chamber's assistance has used this data to market the Airport Airlines for their implementation of services to these desired destinations from YNG. The Youngstown / Warren Regional Chamber has pledged their support to the Airport for the development of scheduled ADI air service to connecting Destinations in the attached Endorsement.**

Summary

ADI daily non-stop service at the Youngstown - Warren Regional Airport is a complex challenge and must be addressed on various fronts simultaneously. The plan will not be quick; but steady, incremental growth is a real possibility if the community accepts the challenge of making ADI at YNG its first choice when fares and schedules allow. This marketing plan offers strategic approaches to making that happen, but it needs to be flexible, given the nature of the industry, and the board and staff of the Western Reserve Port Authority need to remain vigilant and adjust the plan as market forces dictate.

Presently, good things are happening with YNG passenger service recently with the success of Allegiant Air, but the improvements will not be sustainable unless the catchment area is broadened and regional travelers commit to once again traveling out of YNG on ADI on a daily scheduled basis and reversing a trend toward using other regional airports. They will have to give YNG chance to prove itself, and they will have to help in "getting the talk right" about the positive changes in service and reliability. Clearly, one critical success factor will be the amount of business travel the airport can generate. The incumbent carriers pull no punches in saying business travelers make service sustainable. It is a daunting challenge that requires the same kind of community commitment that sparked the YNG resurgence with Allegiant Air Service in 2006 by such support groups as the YNGAir Partners. .

To support the activities described in the Marketing & Advertising Plan and to establish YNG as a Regional Primary Passenger Service Airport, the airport facilities will require additional improvements, many of which have been completed over the past three years. The combination of the completed and proposed Airport improvements and continued Air Service Development through the Airport Marketing & Advertising Plan will no doubt earn the Youngstown - Warren Regional Airport the title, "the Alternative Regional Primary Commercial Service Airport " providing positive economic spin-off and jobs to the surrounding communities.

ATTACHMENT 2



P.O. Box 35
 15985 East High St.
 Middlefield, Ohio 44062
 440/632-1666 - 888/801-1666
 Fax 440/632-1700
 EasyLine 877/MBC-2794
 EasyLink@middlefieldbank.com
 www.middlefieldbank.com

CORTLAND OFFICE
 3450 NILES CORTLAND RD
 CORTLAND, OH 44410
 PHONE: 330-637-3208

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*****SNGLP
 2746 0.4791 SP 0.500 14 1 53



WESTERN RESERVE PORT AUTHORITY

1453 YO-KINGSVILLE RD NE
 VIENNA OH 44473

BUSINESS MONEY MKT
 ACCOUNT: 8 [REDACTED] 1
 07/01/14 THRU 07/31/14
 DOCUMENT COUNT: 3
 Page 1 of 1

BUSINESS MONEY MKT ACCOUNT 8 [REDACTED] 1

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			06/30/14	1098,564.84
DEPOSIT		1,066.77	07/21/14	1099,631.61
DEPOSIT		1,155.96	07/21/14	1100,787.57
DEPOSIT		39,839.25	07/29/14	1140,626.82
INTEREST		281.13	07/31/14	1140,907.95
BALANCE THIS STATEMENT			07/31/14	1140,907.95

TOTAL CREDITS (4) 42,343.11 MINIMUM BALANCE 1,098,564.84
 TOTAL DEBITS (0) .00

INTEREST

AVERAGE LEDGER BALANCE: 1,103,208.96 INTEREST EARNED: 281.13
 INTEREST PAID THIS PERIOD: 281.13 DAYS IN PERIOD: 31
 INTEREST PAID 2014: 2,376.93 ANNUAL PERCENTAGE YIELD EARNED: .30%

ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES

	TOTAL FOR THIS PERIOD	TOTAL YEAR TO DATE
* TOTAL OVERDRAFT FEES:	\$.00	\$.00
* TOTAL RETURNED ITEM FEES:	\$.00	\$.00

0101500718



NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION



FARMERS
NATIONAL BANK

330.533.3341
1.888.988.3276 612 00014 99

20 South Broad St. | P.O. Box 555 | Canfield, OH 44406

ACCOUNT: 2 [REDACTED] 1

PAGE: 1
07/31/2014

WESTERN RESERVE PORT AUTHORITY
YNG-WARREN REGIONAL AIRPORT
ECONOMIC DEVELOPMENT 30
1453 YOUNGSTOWN KINGSVILLE RD 13
VIENNA OH 44473 65

=====

COMMERCIAL ANALYSIS ACCOUNT 2 [REDACTED] 1

=====

		LAST STATEMENT 06/30/14	197,484.27
MINIMUM BALANCE	267,364.14	788 CREDITS	677,590.33
AVERAGE BALANCE	506,973.82	88 DEBITS	350,685.31
		THIS STATEMENT 07/31/14	524,389.29

- - - - - DEPOSITS - - - - -

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	07/02	4,165.50		07/24	2,137.88		07/29	4,755.50
	07/08	3,984.73		07/24	7,998.79		07/29	6,288.00
	07/15	10,398.00		07/29	85.00		07/29	43,589.47
	07/16	2,231.26		07/29	94.92			
	07/16	43,567.10		07/29	272.57			

- - - - - OTHER CREDITS - - - - -

DESCRIPTION	DATE	AMOUNT
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	3.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	14.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	17.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	17.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	18.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	18.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	21.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	21.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	21.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	21.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	28.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	28.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	28.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	28.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	28.50
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	30.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	30.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	30.00
BANKCARD MERCH DEP 948 [REDACTED] 237	07/01	35.00

*** CONTINUED ***

ATTACHMENT 3

Western Reserve Port Authority, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
 For the Period January 1, 2014 Through July 31, 2014

	Port Authority	Aviation	Economic Development	Total
Cash Receipts				
Intergovernmental - Lodging Taxes	\$752,876	\$0	\$0	\$752,876
Intergovernmental - Economic Development	0	0	0	0
Intergovernmental - Aviation	0	9,699	0	9,699
Operational Fees	1,298	98,352	413,500	513,149
Fuel Flowage Fees	0	20,102	0	20,102
Landing Fees	0	41,028	0	41,028
Hangar Rentals	0	116,220	0	116,220
T-Hangar Rentals	0	33,230	0	33,230
Facility / Land Leases	0	101,692	5,000	106,692
Terminal Leases	0	30,631	0	30,631
Parking Lot Fees	0	259,013	0	259,013
Proceeds From Debt	0	0	0	0
Refunds and Reimbursements	0	52,769	210	52,979
Passenger Facility Charges	0	163,176	0	163,176
Miscellaneous Receipts	0	11,018	25,856	36,874
Total Cash Receipts	754,174	936,930	444,566	2,135,669
Cash Disbursements				
Personal Services	0	519,682	124,994	644,676
Materials and Supplies	0	68,608	7,928	76,536
Airport Security	0	29,943	0	29,943
Marketing and Promotions	0	75,224	30,268	105,493
Custodial Services	0	10,586	0	10,586
Capital Outlay	26,200	269,537	4,541	300,278
General and Liability Insurance	0	37,556	0	37,556
Professional / Contractual Services	65,454	185,130	99,793	350,376
Conferences and Travel	0	17,149	3,760	20,909
Communications	0	15,660	4,177	19,836
Utilities	0	106,586	0	106,586
Fuel and Oil	0	31,007	0	31,007
Repair and Maintenance	0	71,690	0	71,690
Lease Expenses	0	0	542	542
Debt Service	0	227,898	0	227,898
Matching Share - Federal Grants	0	914	0	914
Miscellaneous Disbursements	25,000	2,741	30,030	57,771
Total Cash Disbursements	116,654	1,669,910	306,033	2,092,596
Excess of Cash Receipts Over/(Under) Cash Disbursements	637,520	(732,980)	138,533	43,073
Other Financing Receipts and (Disbursements)				
Transfers-In	0	845,000	0	845,000
Transfers-Out	(845,000)	0	0	(845,000)
Total Other Financing Receipts and (Disbursements)	(845,000)	845,000	0	0
Net Changes in Fund Cash Balances	(207,480)	112,020	138,533	43,073
Fund Cash Balances - January 1, 2014	797,800	258,538	530,315	1,586,654
Fund Cash Balances - July 31, 2014	\$590,320	\$370,558	\$668,849	\$1,629,727

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Port Authority's cash-basis of accounting.

Report Components

The *Statement of Net Position* and the *Statement of Activities* provide information about the cash activities of the Port Authority as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Port Authority as a way to segregate money whose use is restricted to a particular specified purpose. The *Statement of Cash Basis Assets and Fund Balances* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances* present financial information by either governmental funds or proprietary fund. In addition, the governmental funds statements present the Port Authority's General Fund, Airport Improvement Program Fund, Capital Projects Fund, and non-major funds (Other Funds) in separate columns.

The *Notes to the Basic Financial Statements* are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Port Authority has elected to present its financial statements on a cash-basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

Under the Port Authority's cash-basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the cash-basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash-basis of accounting.

Reporting the Port Authority as a Whole

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Port Authority consists of all funds and departments that are not legally separate from the Port Authority. The Port Authority has no component units and or other organizations whose activities are required to be presented in the Port Authority's financial statements.

The *Statement of Net Position* and the *Statement of Activities* reflect how the Port Authority did financially during 2012, within the limitations of cash-basis of accounting.

The *Statement of Net Position* presents cash balances and investments of the governmental and business-type activities of the Port Authority at year-end. The *Statement of Activities* compares cash disbursements with program specific receipts for each governmental program and business-type activity. Program specific receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program specific receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Port Authority's general receipts. These statements report the Port Authority's cash position and the changes in cash position. Keeping in mind the limitations of the cash-basis of accounting, you may think of these changes as one way to measure the Port Authority's financial health.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012

Over time, increases or decreases in the Port Authority's cash position is one indicator of whether the Port Authority's financial health is improving or deteriorating. When evaluating the Port Authority's financial condition, you should also consider other non-financial factors as well such as the Port Authority's reliance on non-local financial resources for operations such as subsidies from other governmental units, the condition of the Port Authority's capital assets and infrastructure, the extent of the Port Authority's debt obligations, and the need for growth in the major local revenue sources such as property taxes.

The *Statement of Net Position* and the *Statement of Activities* divide the Port Authority into two distinct types of activities:

Governmental Activities - The Port Authority's basic services and operations, inclusive of all operations of the Aviation Division, are reported here. Fees and charges for services, rental and lease income, subsidies from other governmental units, federal assistance grants, and proceeds from debt finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - The Port Authority's activities that enhance, provide, or promote transportation, economic development, and other governmental operations within Mahoning and Trumbull Counties are reported here. Contributions received from other governmental units and community organizations, federal assistance grants, and repayment of debt issuance finance most of these activities.

Reporting the Port Authority Most Significant Funds

Fund financial statements provide detailed information about the Port Authority's funds – not the Port Authority as a whole. The Port Authority establishes separate funds to manage better its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Port Authority are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Port Authority's activities, inclusive of all operations of the Aviation Division, are reported in governmental funds. The governmental fund financial statements (*The Statement of Cash Basis Assets and Fund Balances* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances*) provide a detailed view of the Port Authority's governmental operations and the basic services it provides.

Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Port Authority's programs. The Port Authority maintains three major governmental funds, the General Fund, the Airport Improvement Program Fund, and the Capital Projects Fund, which the governmental funds statements present in separate columns. The Port Authority maintains three non-major governmental funds, the Passenger Facility Charge Fund, the Debt Service Fund, and the Deposits Fund, which the governmental funds statements present in one column (Other Funds). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Fund - When a governmental unit charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the public, the activity is reported as an enterprise fund.

The Port Authority maintains one proprietary fund that is classified as an enterprise fund, the Economic Development Fund.

The Port Authority maintains an ED Division in an effort to utilize fully its abilities as a port authority to advance economic development within Mahoning and Trumbull Counties. The Port Authority's activities that enhance, provide, or promote transportation, economic development, and other governmental operations as well as grants and contributions received from other governmental units and community organizations to finance these activities are accounted for in the Economic Development Fund.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012

Port Authority as a Whole

Table 1 provides a comparison of net position at December 31, 2012 and December 31, 2011 on a cash-basis of accounting.

(Table 1)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Assets						
Cash and Cash Equivalents	\$1,900,025	\$4,004,450	\$341,574	\$345,157	\$2,241,599	\$4,349,607
Net Position						
Restricted for:						
Capital Outlay	\$1,144,473	\$3,357,636	\$0	\$0	\$1,144,473	\$3,357,636
Debt Service	182,391	202,698	0	0	182,391	202,698
Other Purposes	2,150	0	0	0	2,150	0
Unrestricted	571,011	444,116	341,574	345,157	912,585	789,273
Total Net Position	\$1,900,025	\$4,004,450	\$341,574	\$345,157	\$2,241,599	\$4,349,607

Over time, net position can serve as a useful indicator of a government's financial position. As mentioned previously, net position of governmental activities at December 31, 2012 decreased \$2,104,425, or 53%, a significant decrease from December 31, 2011. This was primarily the result of the Capital Projects Fund realizing in 2012 a decrease in cash and cash equivalents of \$2,270,201, or 70%, from 2011 due to this amount being expended from \$3,236,156 in Airport Development Revenue Bond proceeds available at January 1, 2012 for Airport capital improvement/replacement/acquisition projects. However, and more importantly, offsetting this decrease was the General Fund realizing in 2012 an increase in cash and cash equivalents of \$126,895, or 29%, from 2011 primarily the result of the improvement in the economy in 2012 from 2011 that led to moderate increases in corporate and general aviation activity in 2012 as compared to recent years that increased all revenue stream activities of the Aviation Division in 2012 over 2011, and Other Funds realizing in 2012 an increase in cash and cash equivalents of \$31,666, or 10%, from 2011 primarily the result of the Passenger Facility Fund realizing a 17% in passenger facility charges collected in 2012 over 2011 the result of a 10% increase in commercial passenger activity in 2012 over 2011. Also, the General Fund's Unassigned (Unreserved/Undesignated) Cash Fund Balance was \$515,733 at December 31, 2012 as compared to \$405,897 at December 31, 2011, a significant increase of \$109,836, or 27%.

In addition, as mentioned previously, net position of business-type activities of \$341,574 at December 31, 2012 remained relatively constant with \$345,157 at December 31, 2011.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012

Table 2 provides a comparison of changes in net position for 2012 and 2011 on a cash-basis of accounting.

(Table 2)
Changes in Net Position

	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Receipts:						
<i>Program Receipts:</i>						
Charges for Services	\$794,145	\$648,997	\$8,000	\$55,000	\$802,145	\$703,997
Operating Grants and Contributions	0	54,906	135,417	64,583	135,417	119,489
Capital Grants and Contributions	990,066	1,144,189	0	0	990,066	1,144,189
Total Program Receipts	1,784,211	1,848,082	143,417	119,583	1,927,628	1,967,675
<i>General Receipts:</i>						
Grants and Entitlements not Restricted to Specific Programs	1,036,421	884,239	100,000	300,000	1,136,421	1,184,239
Investment Earnings	1,604	1,798	461	1,102	2,065	2,900
Proceeds from Debt	1,545,000	3,627,685	0	0	1,545,000	3,627,685
Repayment of Debt Issuance	0	0	115,000	0	115,000	0
Other Cash Receipts	255,415	105,378	6,023	0	261,438	105,378
Total General Receipts	2,838,440	4,618,100	221,484	301,102	3,059,924	4,920,202
Total Receipts	4,622,651	6,467,192	364,901	420,685	4,987,552	6,887,877
Disbursements:						
Personal Services	569,460	600,500	263,970	205,120	833,430	805,620
Materials and Supplies	117,013	99,037	3,408	4,864	120,421	103,901
Contractual Services	1,165,834	837,332	63,502	33,394	1,229,336	870,726
Conferences and Travel	20,203	10,843	3,941	2,519	24,144	13,362
Facility Leases	0	0	1,625	0	1,625	0
Utilities	210,116	221,901	1,502	624	211,618	222,525
Repair and Maintenance	77,281	81,744	0	0	77,281	81,744
Capital Outlay	4,165,418	1,005,679	0	0	4,165,418	1,005,679
Issuance of Debt	0	0	0	115,000	0	115,000
Debt Service	325,151	0	0	0	325,151	0
Other Cash Disbursements	76,600	46,264	30,536	137	107,135	46,421
Total Disbursements	6,727,076	2,903,320	368,484	361,658	7,095,559	3,264,976
Increase/(Decrease) in Net Position	(2,104,425)	3,563,871	(3,583)	59,026	(2,108,008)	3,622,897
Net Position – January 1,	4,004,450	440,579	345,157	286,131	4,349,607	728,710
Net Position – December 31,	\$1,900,025	\$4,004,450	\$341,574	\$345,157	\$2,241,599	\$4,349,607

Program specific receipts represent 39% of total receipts for governmental activities of which 45% is comprised of charges for services (fees and charges for services, and rental and lease income) and 55% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012

Program specific receipts represent 39% of total receipts for business-type activities of which 6% is comprised of charges for services and 94% is comprised of intergovernmental receipts consisting of restricted grants from other governmental units that must be used to provide a specific service.

General receipts represent 61% of total receipts for governmental activities of which 54% is comprised of proceeds from debt issued for capital projects and 37% is comprised of intergovernmental receipts consisting of subsidies from other governmental units that are used for general operations.

General receipts represent 61% of total receipts for business-type activities of which 45% is comprised of operating grants received from other governmental units to finance the Port Authority's economic development activity and 52% is comprised of the General Fund's repayment of the \$115,000 Bond Anticipation Note issued in 2011 for the acquisition and installation of an access control system for the Airport's parking lot.

Capital outlay (Airport capital improvement/replacement/acquisition projects) represents 62% of total disbursements for governmental activities of which 80% is funded by proceeds of the Port Authority's Airport Development Revenue Bonds and 17% is funded by the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding. Contractual services represent 17% of total disbursements for governmental activities of which 48% is comprised of costs of services, such as insurance, security, marketing, legal, and consulting, that are provided by contracted third-parties, 21% is for engineering costs funded by the Port Authority's Airport Improvement Program Federal Assistance Grants and related required matching funding, and 31% is for engineering costs funded by proceeds of the Port Authority's Airport Development Revenue Bonds. Personal services represent 8% of total disbursements for governmental activities and is comprised of payroll and benefit related costs for Aviation Division employees.

Personal services represent 72% of total disbursements for business-type activities and is comprised of payroll and benefit related costs for ED Division employees. Contractual services represent 17% of total disbursements for business-type activities and is comprised of costs of services, such as insurance, marketing, legal, and consulting, that are provided by contracted third-parties.

Governmental and Business-Type Activities

If you look at the *Statement of Activities*, you will see that the first column lists the major services provided by the Port Authority. The next column entitled *Cash Disbursements* identifies the costs of providing these services. The next three columns entitled *Program Specific Receipts* identify amounts paid by customers who are directly charged for services, and for grants received by the Port Authority that must be used to provide a specific service. The *Net Receipts (Disbursements)* columns compare the program specific receipts for governmental and business-type activities to the cost of the services.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
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Governmental Activities

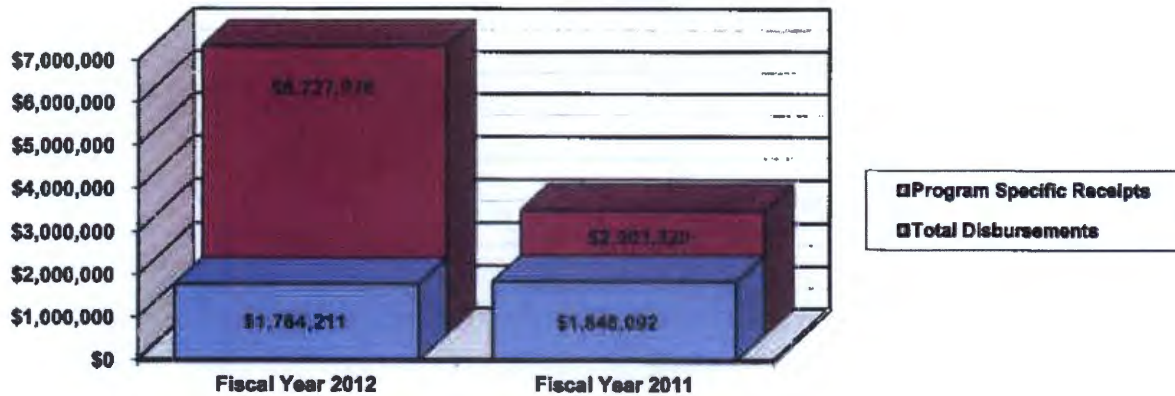
Table 3 provides a comparison of total cost of services and net cost of services for governmental activities for 2012 and 2011 on a cash-basis of accounting.

(Table 3)
Cost of Services vs. Net Cost of Services

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2012	2012	2011	2011
Personal Services	\$569,460	(\$327,322)	\$600,500	(\$346,009)
Materials and Supplies	117,013	(67,258)	99,037	(57,065)
Contractual Services	1,165,834	(679,450)	837,332	(296,754)
Conferences and Travel	20,203	(11,612)	10,843	(6,248)
Utilities	210,116	(120,773)	221,901	(127,859)
Repair and Maintenance	77,281	(44,421)	81,744	(47,101)
Capital Outlay	4,165,418	(3,453,998)	1,005,679	(162,859)
Debt Service	325,151	(187,225)	0	0
Other Cash Disbursements	76,800	(50,806)	46,284	(11,331)
Total	\$6,727,076	(\$4,942,865)	\$2,903,320	(\$1,055,226)

The chart below illustrates the Port Authority's dependence upon general receipts for 2012 and 2011, as program specific receipts have not been sufficient to cover total disbursements for governmental activities.

Governmental Activities - Program Specific Receipts vs. Total Disbursements



Western Reserve Port Authority, Ohio
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The *Net Cost of Services* amount of (\$4,942,865) in 2012 for governmental activities represents the costs of the services, which ends up being paid from subsidies provided by Mahoning and Trumbull Counties, investment earnings, debt issuances, miscellaneous receipts, and from fund balances available at January 1. Therefore, dependence upon general receipts for governmental activities is apparent as 73% of disbursements were supported through general receipts. As mentioned previously, an indicator of whether the Port Authority's financial health is improving or deteriorating is its reliance on general receipts. In 2011, only 36% of disbursements for governmental activities were supported through general receipts, a significant increase in 2012 from 2011. However, The Port Authority began in 2011 an extensive 26-project Airport capital improvement/replacement/acquisition program to address current demand for aircraft hangar and service facilities and expected increase in commercial air service. Therefore, when evaluating financial health, one must also consider that it is common for increased reliance on leveraged financing (a general receipt) during periods of increased capital improvement. In 2012, \$3,815,710, or 57% of disbursements for governmental activities were for capital improvement projects and were supported through leveraged financing.

Therefore, only \$1,127,156, or 18%, of non-capital improvement projects disbursements for governmental activities were supported through general receipts. In 2011, \$981,398, or 34%, of non-capital improvement projects disbursements for governmental activities were supported through general receipts. Therefore, the reliance on general receipts for day-to-day operations decreased significantly in 2012 from 2011.

The chart below illustrates the Port Authority's program specific receipts versus general receipts for 2012 and 2011 for governmental activities.

Governmental Activities - General Receipts vs. Program Specific Receipts



Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
 For the Year Ended December 31, 2012

Business-Type Activities

Table 4 provides a comparison of total cost of services and net cost of services for business-type activities for 2012 and 2011 on a cash-basis of accounting.

(Table 4)
Cost of Services vs. Net Cost of Services

	Business-Type Activities			
	Total Cost of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2012	2012	2011	2011
Personal Services	\$263,970	(\$122,822)	\$205,120	(\$109,343)
Materials and Supplies	3,408	(3,334)	4,864	(4,124)
Contractual Services	63,502	(62,123)	33,394	(28,315)
Conferences and Travel	3,941	(3,855)	2,519	(2,136)
Facility Leases	1,625	(1,590)	0	0
Utilities	1,502	(1,469)	624	(529)
Issuance of Debt	0	0	115,000	(97,511)
Other Cash Disbursements	30,536	(29,874)	137	(116)
Total	\$368,484	(\$225,067)	\$361,658	(\$242,074)

The chart below illustrates the Port Authority's dependence upon general receipts for 2012 and 2011, as program specific receipts have not been sufficient to cover total disbursements for business-type activities.

Business-Type Activities - Program Specific Receipts vs. Total Disbursements

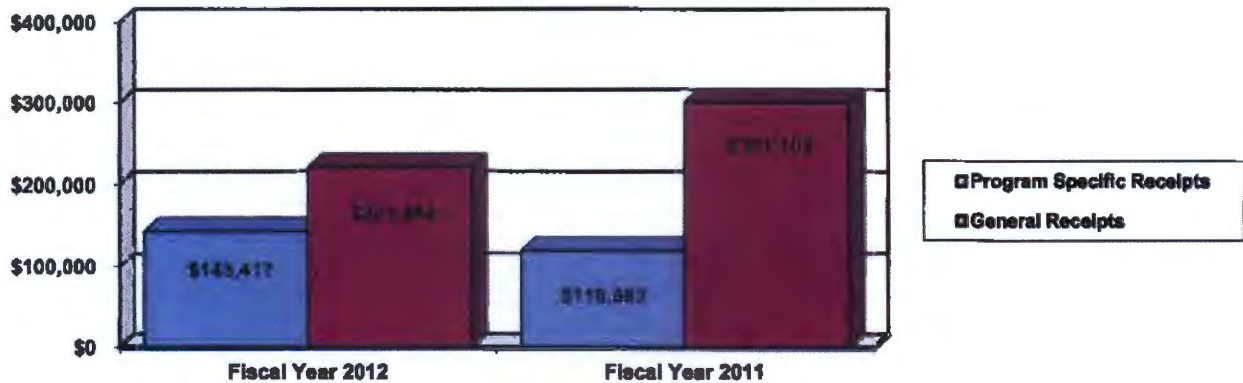


Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012

The *Net Cost of Services* amount of (\$225,067) for business-type activities represents the costs of the services, which ends up being paid from contributions provided by other governmental units to finance the Port Authority's economic development activity, investment earnings, miscellaneous receipts, and from the fund balance available at January 1. However, the Port Authority's business-type activities account for the operations of its ED Division and 2010 was the ED Division's first full-year of operations. Therefore, a reliance on operating grants and contributions from the ED Division's funding partners is expected at this time as it develops into a self-reliant enterprise. In addition, as mentioned previously, an indicator of whether the Port Authority's financial health is improving or deteriorating is its reliance on general receipts. In 2011, \$242,075 of disbursements for business-type activities were supported through general receipts. Therefore, this decrease in 2012 from 2011 suggests improvement in the ED Division's financial condition.

The chart below illustrates the Port Authority's program specific receipts versus general receipts for 2012 and 2011 for business-type activities.

Business-Type Activities - General Receipts vs. Program Specific Receipts



Port Authority Funds Analysis

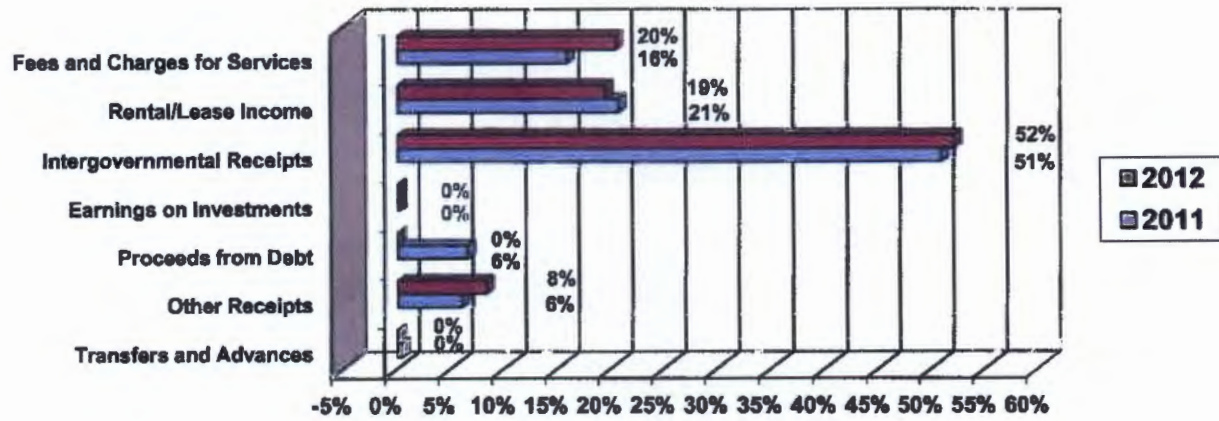
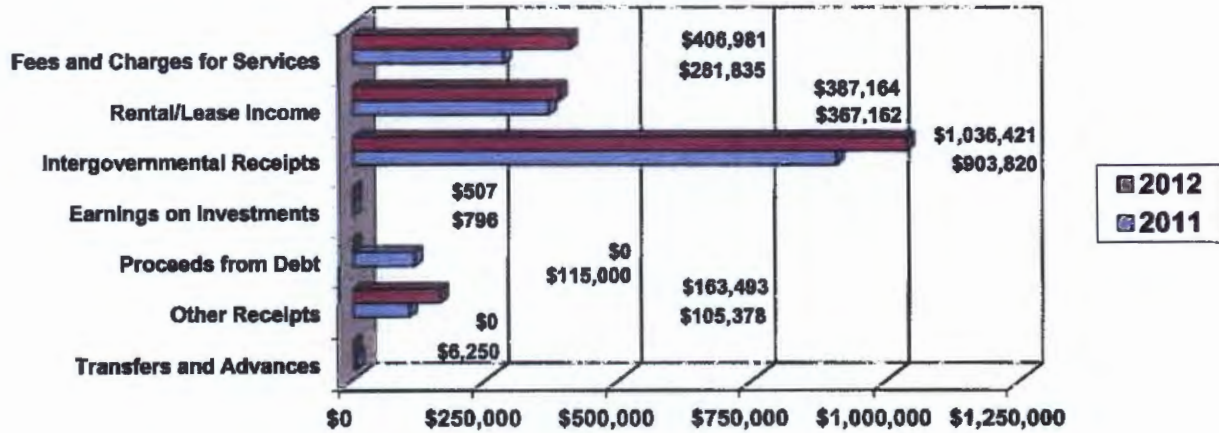
The Port Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus on the funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Port Authority's financing requirements. In particular, unassigned (unreserved/undesignated) fund balances serve as a useful measure of the Port Authority's net resources available for spending at year-end. At December 31, 2012, the Port Authority's General Fund Unassigned Cash Fund Balance was \$515,733 as compared to \$405,897 at December 31, 2011, a 27% increase. This increase portrays a significantly stronger cash position for the General Fund at December 31, 2012 than at December 31, 2011.

The Port Authority had total cash receipts of \$4,987,552 and total cash disbursements of \$7,095,560 for all funds in 2012. Total governmental funds had cash receipts of \$4,622,651 and cash disbursements of \$6,727,076 in 2012.

The General Fund accounts for the general operations of the Port Authority, inclusive of all operations of the Aviation Division. Therefore, additional analysis of the General Fund is presented in the following charts.

Western Reserve Port Authority, Ohio
Management's Discussion and Analysis
 For the Year Ended December 31, 2012

Analysis of General Fund Receipts for 2012 and 2011



Western Reserve Port Authority, Ohio
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For most of 2009 through 2011, the Port Authority operated in an extremely challenging economic environment, as did most public and private sector enterprises. As the economy improved in 2012, so followed the revenue streams of the Aviation Division, included as part of the General Fund. Total receipts of the General Fund, proceeds of debt notwithstanding, increased from \$1,665,240 in 2011 to \$1,994,566 in 2012, a 20% increase, primarily the result of 1) fees and charges for services receipts that increased from \$281,835 in 2011 to \$406,981 in 2012, a 44% increase, 2) intergovernmental receipts that increased from \$903,820 in 2011 to \$1,036,421 in 2012, a 15% increase, and 3) other receipts that increased from \$105,378 in 2011 to \$163,493 in 2012, a 55% increase. A discussion of the components of the General Fund's receipts follows.

The increase in fees and charges for services receipts was primarily the result of 1) a significant increase in corporate and general aviation activity in 2012 as compared to recent years and 2) a 10% increase in commercial passenger activity in 2012 over 2011. These two conditions increased FBO concessions, parking concessions, landing fees, and fuel flowage fees in 2012 from 2011 by approximately \$49,327, \$41,784, \$15,345, and \$11,678, respectively.

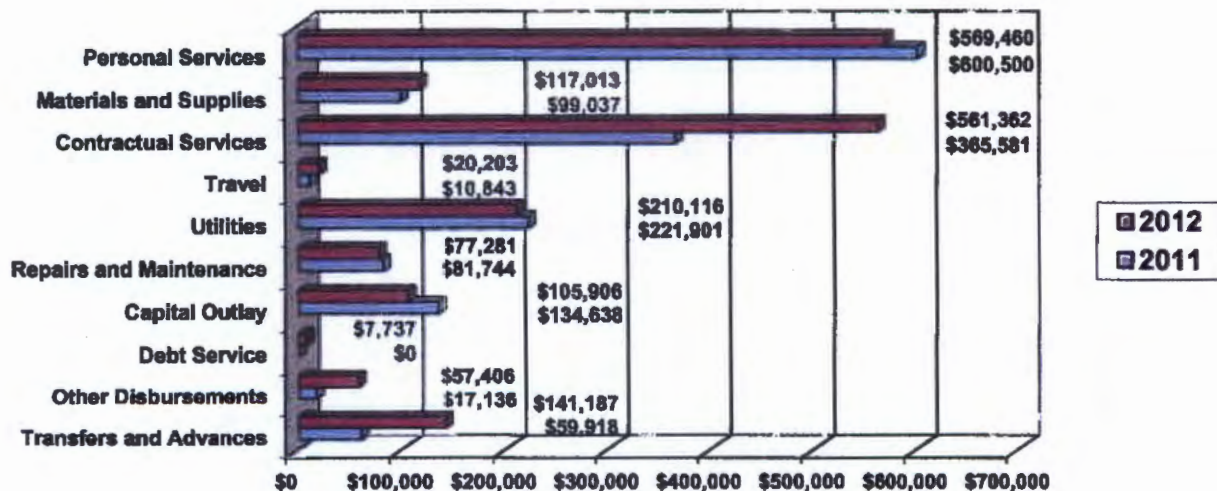
The increase in intergovernmental receipts was primarily the result of the Port Authority receiving 1) \$602,360 in subsidies from Mahoning County in 2012 as compared to \$542,898 in 2011, an 11% increase, and 2) \$434,061 in subsidies from Trumbull County in 2012 as opposed to \$341,341 in 2011, a 27% increase. These subsidies are derived from lodging excise taxes assessed by Mahoning and Trumbull Counties. Since the lodging industry usually follows the upward or downward trends of the national economy, Management anticipates that the amount of subsidies received from the Counties will continue to increase parallel with or slightly better than the economy.

The increase in other receipts was primarily the result of the Port Authority receiving in 2012 the return of a \$53,750 deposit on the acquisition of an air cargo building.

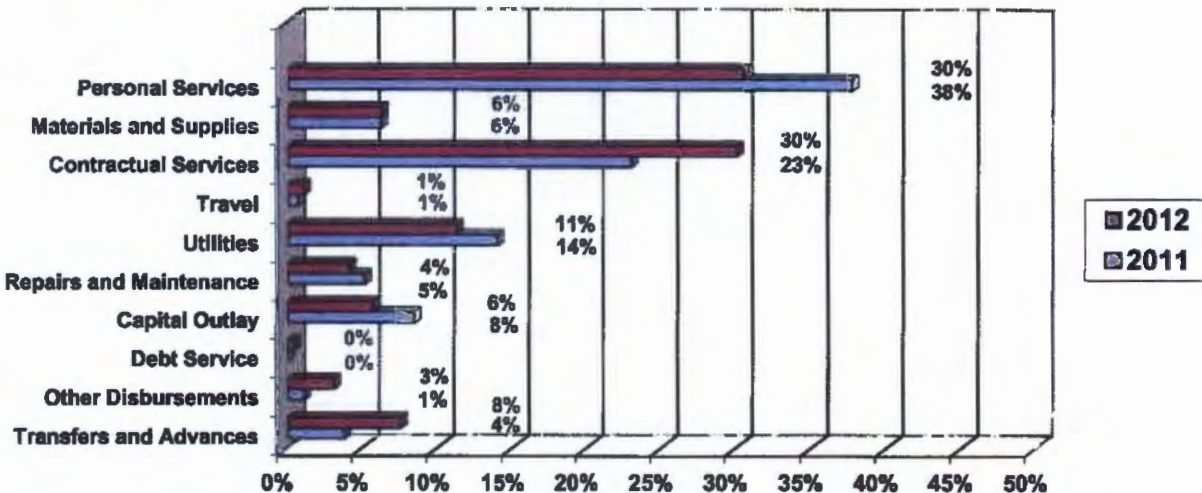
Proceeds from debt decreased from \$115,000 in 2011 to \$0 in 2012, a 100% decrease. The Economic Development Fund issued in 2011 an \$115,000 Bond Anticipation Note to the General Fund for the acquisition and installation of an access control system for the Airport's parking lot.

All other General Fund receipts remained moderately constant from 2011 to 2012.

Analysis of General Fund Disbursements for 2012 and 2011



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Total disbursements of the General Fund increased from \$1,591,298 in 2011 to \$1,867,671 in 2012, a 17% increase, primarily the result of 1) personal services disbursements that decreased from \$600,500 in 2011 to \$569,460 in 2012, a 5% decrease, 2) materials and supplies disbursements that increased from \$99,037 in 2011 to \$117,013 in 2012, a 18% increase, 3) contractual services disbursements that increased from \$365,581 in 2011 to \$561,362 in 2012, a 54% increase, 4) capital outlay disbursements that decreased from \$134,638 in 2011 to \$105,906 in 2012, a 21% decrease, 5) other disbursements that increased from \$17,136 in 2011 to \$57,405 in 2012, a 235% increase, and 6) interfund transfers-out that increased from \$59,918 in 2011 to \$141,187 in 2012, a 226% increase. A discussion of the components of the General Fund's disbursements follows.

The decrease in personal services disbursements was primarily the result of 1) the elimination of a position in the Accounting and Business Manager's department in 2012, 2) a decrease in the costs of employee health care benefits in 2012 due to the abovementioned position elimination, and 3) a decrease in retirement system costs in 2012 due to the abovementioned position elimination. These three conditions decreased personal services disbursements in 2012 from 2011 by approximately \$17,927, \$9,799, and \$3,782, respectively.

The increase in materials and supplies disbursements was primarily the result of 1) an increase in the cost of winter materials, such as liquid runway deicer, in 2012 by approximately \$11,100 over 2011 due to extended periods of inclement weather in 2012 and 2) an increase in the costs of miscellaneous materials and supplies used during the performance of certain of the Airport's non-essential annual maintenance programs in 2012 by approximately \$5,000 over 2011.

The increase in contractual services disbursements was primarily the result of 1) an increase in engineering costs in 2012 over 2011 due to an increase in engineering services required for the Airport's East Side Development Project, 2) an increase in legal costs in 2012 over 2011 due to an increased general need for professional legal services in 2012, 3) an increase in audit costs in 2012 over 2011 due to the timing of the performances and payments for the audits of the Port Authority's 2010 and 2011 annual financial reports, and 4) an increase in aviation consulting costs in 2012 over 2011 due to the Port Authority initiating in late 2011 an aggressive campaign to attract daily scheduled commercial air service by a major airline therein creating the need to have aviation consultants formulate presentations and proposals for Airport Management's discussions with the Airlines and to also represent and/or accompany Airport Management during its discussions with the Airlines and/or at Airline Conferences. These four conditions increased contractual services disbursements in 2012 from 2011 by approximately \$17,672, \$26,031, \$16,016, and \$72,856, respectively.

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The decrease in capital outlay was due to scheduling of capital improvement projects funded at 100% by the Airport.

The increase in other disbursements was primarily the result of the Port Authority making in 2012 a \$53,750 deposit on the acquisition of an air cargo building.

The increase in interfund transfers-out was the result of an additional \$81,269 in matching funds the Port Authority was required to contribute from its General Fund into its Federal Airport Improvement Program in 2012 over 2011 due to scheduling of capital improvement projects funded at 90% by the Port Authority's Airport Improvement Program Federal Assistance Grants.

All other General Fund disbursements remained moderately constant from 2011 to 2012.

Capital Assets and Debt Administration

Capital Assets - The Port Authority does not currently maintain tracking of its capital assets and infrastructure although Management anticipates acquiring software to begin this performance in 2014. However, the Port Authority does maintain an *Airport Capital Improvement Plan* and a *10-Year Master Plan* that collectively are the primary planning tools for systematically identifying, prioritizing, and estimating costs for critical development and associated capital needs of the Airport. In addition, the *Airport Capital Improvement Plan* presents the Airport's warranted and eligible capital assets and infrastructure needs as identified by the Airport's Sponsors, State of Ohio Aviation Officials, and the Federal Aviation Administration (FAA) and is contained in the FAA's National Plan of Integrated Airport Systems. The *10-Year Master Plan* is available for viewing on the Port Authority's Website at www.vngairport.com.

Capital Lease Obligations - The Port Authority financed the acquisition of a mower unit in 2008 through a leasing arrangement. This leasing arrangement meets the criteria of a capital lease as defined by FASB Statement No. 13 "Accounting for Leases", which defines a capital lease as one that transfers benefits and risks of ownership to the lessee. Future payments collectively to satisfy this capital lease obligation are \$977 due in 2013.

Debt Administration - The Port Authority's outstanding debt at December 31, 2012 for governmental activities is \$7,201,511, \$5,160,639 principal and \$2,040,872 interest, consisting of 1) \$75,000 of principal remaining for a zero-percent interest, general obligation loan from Trumbull County received on February 12, 2004, that was utilized to assist the Port Authority in providing an operational security deposit to Vacation Express Airlines necessary for the Airlines to begin its operations of providing direct commercial flights to Myrtle Beach, SC and to Orlando-Sanford Airport, FL, 2) \$3,545,000 of principal remaining for 20-year Airport Development Revenue Bonds with various interest rates from 2.125% to 4.625% issued in December 2011 to provide financial resources for the construction and/or improvement of Port Authority Airport facilities. Amounts needed to service this debt, including interest and fiscal charges, approximately 55% will be derived from Passenger Facility Charges that are assessed to each enplaning commercial airline passenger as approved by the Federal Aviation Administration and approximately 45% will be derived from revenues (fees, charges, and rents) generated from facilities of which the construction and/or improvement thereof were financed by the proceeds of the Bonds, 3) \$465,639 of principal remaining for a 10-year Development Revenue Bond, 2.84%, issued in 2012 to provide financial resources for the construction of a 14-unit T-Hangar. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the T-Hangar, and 4) \$1,075,000 of principal remaining for a 10-year Development Revenue Bond, 2.60%, issued in 2012 to provide financial resources for the acquisition of an air cargo building. Amounts needed to service this debt, including interest and fiscal charges, will be derived from rent generated from the air cargo building.

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The Port Authority's outstanding debt (principal and interest) at December 31, 2012 for business-type activities is \$75,094,600, \$6,394,060 in capital lease payments due to the Director of the Ohio Department of Development as related to the Timken Latrobe Steel Distribution Project, \$3,095,263 in loan payments due to the Director of the Ohio Department of Development as related to the EXAL Corporation Project, \$1,426,513 in loan payments due to the Summit County Port Authority as related to the EXAL Corporation Project, and \$64,178,764 in loan payments due to the Director of the Ohio Department of Development as related to the Central Waste, Inc. Project. However, debt service obligations for the Timken, EXAL, and Central Waste, Inc. Projects are made directly from these companies to the trustees of such debt obligations and do not pass-through the Port Authority.

General Fund and Economic Development Fund Budgeting Highlights

The Port Authority's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements, and encumbrances (budgetary basis of accounting). The *Statements of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual (Budget Basis)*, presents the Port Authority's estimated resources and appropriations for its major and non-major governmental funds and for its Economic Development Fund (proprietary fund). Budgeting highlights for the operating funds of the Port Authority's two major Divisions follow:

The General Fund had final budgeted receipts of \$1,853,401 while actual receipts were \$1,994,566 for a positive variance of \$141,165. The General Fund had final budgeted disbursements of \$1,980,708 while actual disbursements were \$1,922,949, for a positive variance of \$57,759.

The Economic Development Fund had final budgeted receipts of \$684,717 while actual receipts were \$364,901 for a negative variance of \$319,816. The negative variance was primarily the result of 1) \$225,000 in subsidies from the ED Division's funding partners that were anticipated to be received in late 2012 but were not received until early 2013 and 2) project fees anticipated to be received in 2012 but were not received until 2013 due to the timing of the closing of such projects. The Economic Development Fund had final budgeted disbursements of \$381,000 while actual disbursements were \$378,280 for a positive variance of \$2,720.

Current Issues

Aviation Division

Concurrent with the appointment of the Executive Director of Aviation in 2010 and recognizing that the Airport is underutilized, yet its non-terminal facilities are at occupancy capacity, the Port Authority formulated and began implementing aggressively the following three initiatives:

Commercial Air Service Development Initiative of which the goals and objectives are to attract additional leisure air service and daily regional business service to and from connecting hub airports. For the leisure and vacation traveling community, Republic Airways, DBA Frontier Airlines, is beginning charter "junker" service in February 2013 to such destinations as Atlantic City, NJ, Tunica, MS, and New Orleans, LA. In addition, the Airport is receiving consideration from Allegiant Air for future flights to such destinations as Fort Lauderdale, FL, New York, NY, and to Las Vegas, NV, potentially as early as the third quarter of 2014. For the business traveling community, the Airport has met with several airlines interested in servicing the Airport to and from such connecting hub airports as Washington-Dulles, Detroit-Metro, and Chicago O'Hare, potentially as early as the third quarter of 2014. In August 2012, the Department of Transportation awarded the Port Authority a \$780,000 Small Community Air Service Development Program Grant to reestablish regularly scheduled commercial air service at the Airport to a hub of a major U.S. airline in the East, Midwest, or Southeast U.S.. This grant, in combination with an additional \$420,000 in local cash contributions and \$480,000 of in-kind services, will be used to develop an airline revenue guarantee program to support the first 12 months of such air service by mitigating the initial business risk that a carrier will face in entering a new market.

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Corporate, General Aviation, and Other Aeronautical Development Initiative of which the goals and objectives are to satisfy present and anticipated demand for aeronautical facilities. Airport Management formulated a Plan for Development that, resultant of a multiphase process, identifies such demand and depicts proposed layouts of buildings, access, utilities, other necessary improvements, and a general use of land to accomplish the demand for the same. The first Project of the Plan for Development is the construction of the East Side Development Project, a designed / planned aircraft hangar and service facility development, for which the \$1.7 mil Phase I of the Project was completed in 2012 and included the construction of the first of three 14-unit T-Hangars.

In 2013, the Port Authority was awarded a \$110,000 Appalachian Regional Commission Grant to replace the Airport Terminal sanitary sewer line and to provide the same service to the East Site Development Project. In November 2013, the Port Authority issued a \$300,000 Development Revenue Bond for the construction of a wheeled-vehicle maintenance building, located within the East Site Development Project. An additional \$1.6 mil is committed toward Phase II of the Project, which is scheduled to be completed by 2014, including the construction of the second 14-unit T-Hangar. Design and engineering for the South Side Development Project, a planned aircraft hangar and service facility development, is scheduled for 2014 as well.

Air Cargo Development Initiative of which the goals and objectives are to establish domestic, national, and international air cargo and freight forwarding services at the Airport by implementing a cooperative strategy, that includes the Airport as a regional air cargo facility, with regional freight forwarders, shippers, consignees, and air cargo airlines that currently ship significant cargo to / from the area via other airports, that will result in shipping cargo more efficiently and at a lower cost. As mentioned previously, the Port Authority issued in December 2012, a \$1,075,000 in Development Revenue Bond for the acquisition of an existing air cargo building located on the Airport's Air Cargo Apron that will provide space to potential cargo facilitators.

Economic Development Division

Through 2012, the Port Authority obtained conduit debt financing in excess of \$92,000,000 for economic development projects within Mahoning and Trumbull Counties. In July 2013, the Port Authority issued \$60,000,000 in development revenue bonds to provide financial resources to Beulah Park Gaming Ventures for its construction of a racino entertainment complex and equipping and furnishing the same.

As 2012 was only the ED Division's third full-year of operations, the undertaking of other projects such as 1) assisting V&M Star with its \$650 million pipe mill construction project by purchasing the former Indalex property in Girard and leasing it to V&M for storage of construction materials during construction, 2) working with Trumbull County to become the lead agency in a countywide redevelopment plan to identify brownfield sites, and seeking state and federal funding for cleanup initiatives, and 3) spearheading a feasibility study to quantify how many business that could benefit from an intermodal facility located in the community, provide testimony to the ED Division's abilities and value to the community. In 2013, the Port Authority was awarded a \$600,000 U.S. Environmental Protection Agency Grant to assist with its brownfield sites initiative.

Contacting the Port Authority's Management

This financial report is designed to provide our users, citizens, taxpayers, creditors, and all other interested parties with a general overview of the Port Authority's finances and to reflect the Port Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ron Klinge, Chairman of the Board of Directors, Western Reserve Port Authority, Youngstown-Warren Regional Airport, 1453 Youngstown-Kingsville Road, NE, Vienna, Ohio, 44473.

ATTACHMENT 4



Industrial Appraisal Company

603 Stanwix St Suite 1500, Pittsburgh PA 15222
Phone: 1-800-245-2718, Fax: 412-227-3736
www.indappr.com

Introductory Explanation

The Report is based on the original description of the property covered by our appraisal Contract.

We have indicated the month and year of the most recent appraisals for the various classifications shown on the enclosed Report. The appraisal date appears to the right of the classification designation. However, in the case of reported changes, the appraisal dates will not appear. Changes will be included at your reported cost, and designated with an "X". The "X" represents unappraised value / items.

Buildings/structures physically appraised by the Industrial Appraisal Company after January 1, 2006 will include several data elements of each building/structure. Most of these are self-explanatory, such as the estimated year of construction, number of stories, and occupancy. The construction class information is based on the ISO (Insurance Service Office) code. These are identified as:

Class 1: Frame Construction	Class 4: Masonry, Non Combustible
Class 2: Joisted Masonry	Class 5: Modified Fire Resistant
Class 3: Non Combustible	Class 6: Fire Resistant

The fire alarm designations in the report are defined as follows:

None: No fire alarm exists
Local: Alarm sounds in captioned building only
Central: Alarm sounds in captioned building and at a remote designated location (fire station, residence, etc.)

The square foot areas listed on the summary pertain only to buildings/structures physically appraised by the Industrial Appraisal Company. The total square foot area for all properties included in the Report and appraised by the Industrial Appraisal Company after January 1, 2006 will be listed at the end of the summary. Buildings/Structures appraised prior to January 1, 2006* and unappraised or reported buildings/structures will not have their square footage listed. (*This will not apply to some large risk pool clients or some diocesan clients.)

The Report is presented as a six column summary, arranged in well-defined property classifications and furnishes a disinterested and impartial statement of:

Cost of Reproduction new (Columns 1, 2, 3)
Sound Value (Columns 4, 5, 6)

The "Cost of Reproduction New" is defined as the cost to reproduce the entire property at one time, in new condition of like kind and quality at current prices for material, labor, cost of freight and installation, contractor's overhead and profits, but without provision for overtime, bonuses, and premiums of any kind.

The "Sound Value" is defined as the Cost of Reproduction New less accrued depreciation resulting from observed conditions involving age, condition, utility, and remaining serviceable life.

The "Exclusions" set out in our Summary represent items that are usually excluded by the insurance policy and comprise of the following items: excavations and filling; portions of foundations which are below the undersurface of the lowest basement floor, or, where there is no basement, which are below the surface of the ground; and underground sewerage, piping, and wiring.

Certain items, such as articles containing gems, precious metals, antiques, fine arts (which include, among other things, art glass windows, murals, icons, iconostasis), organs, sacred vessels, vestments, articles of historical value, trophies, books, periodicals, and library volumes are not repriced.

Data Processing Equipment, due to rapid obsolescence factors and the pricing practices of manufacturers, is shown as a separate classification on the summary. This category is not repriced, but reflects the initial valuation and any reported changes. Software is not usually included; however, we will include it at your instruction. The Software classification will not be repriced.

Special arrangements for coverage of the above exceptions should be made with your insurance carrier or agent.

On receipt of this Report, we suggest that you call your insurance agent or broker and check the amount of insurance carried on the appraised property against the Inclusion Values shown in the Summary.

If your property is insured on the basis of Cost of Reproduction New (Replacement Costs) the values in Column 3 apply. If your insurance is based on Sound Values (Actual Cash Value) the values in Column 6 apply.

Should you have any questions regarding the age of your appraisal or the advisability of a reinspection, please contact either your District Representative or this office at the number listed above.

IMPORTANT NOTICE ABOUT THIS REPORT

The values contained in this Report have been determined on the basis of an operating unit and we do not assume any responsibility for matters of a legal nature and have not examined the title to or encumbrances on the properties included in the Report. We have made no investigation of and assume no responsibility for title to or liabilities against the properties appraised. We have no present or prospective interest in the property appraised nor is our compensation for this appraisal contingent in any way to the conclusions of value. Our estimates of value should be viewed as independently established, reasonable, true and correct to the best of our knowledge.

When reviewing this Report, it is important to keep in mind the date of the appraisal of the properties covered. As pointed out on our Certification, the Report is an office reprinting in summary form and changes may have occurred that may not have been reported to us. Reinspections should be accomplished on a periodic basis to bring our files into agreement with the actual condition of the property and to include items not covered by the original appraisal.

These updated replacement cost estimates do not include any increase caused by a restriction or probation in any by-law, regulation, ordinance or law. They do not consider or include possible changes in local building codes, federal standards, or other legal restrictions. No value was assigned to the cost of demolition or the removal of debris should a loss occur. This appraisal update does not include land, additional value due to historical relevance, or landscaping.

Many insurance policies contain an "Amount of Insurance" clause – sometimes referred to as a "Stipulated Amount" or an "Agreed Amount" clause. These policies require the filing of a notarized statement of values each year. Failure to do so may revert the insurance coverage to a coinsurance basis.

Under the coinsurance clause, adjustment of insurance coverage must be made periodically or the insured runs the risk of coinsurance deductions at the time of a loss.

We suggest you have your insurance agent assist you in filing values and/or adjusting coverage as required by the terms of your insurance policy. Your annual appraisal protection service supplies some of the valuation data required for this purpose.



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
<p>Western Reserve Port Authority 1453 YNG-Kingsville Rd Vienna OH 44473</p> <p style="text-align: center;">VALUATION DATE 7/01/13</p> <p>BLDG. 0101 YNG-Terminal</p> <p>1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Terminal CONST.YEARS: 1961-1941/1978/2000 CONSTRUCTION CLASS: 4 SUPER SqFt: 43,481 BASEMENT SqFt: 6,685 STORIES: 2 BUILD COND: Good EMERGENCY GEN: YES</p>						
<p>BUILDING 6/11</p> <p>ARCHITECT FEES 6/11</p> <p style="padding-left: 20px;">TOTAL BUILDING</p> <p>EQUIPMENT 6/11</p> <p>OFFICE FURN & FIXTURES 6/11</p> <p>OFFICE MACH & DEVICES 6/11</p> <p>EDP EQUIPMENT 6/11</p> <p>TELEPHONE SYSTEM 6/11</p> <p>COMMUNICATIONS EQUIPME 6/11</p> <p style="padding-left: 20px;">TOTAL EQUIPMENT</p> <p style="padding-left: 40px;">TOTAL</p>	<p>9,182,794</p> <p>642,796</p> <p>9,825,590</p> <p>399,224</p> <p>48,379</p> <p>14,701</p> <p>28,280</p> <p>33,698</p> <p>2,843</p> <p>527,125</p> <p>10,352,715</p>	<p>322,368</p> <p>322,368</p> <p>322,368</p>	<p>8,860,426</p> <p>642,796</p> <p>9,503,222</p> <p>399,224</p> <p>48,379</p> <p>14,701</p> <p>28,280</p> <p>33,698</p> <p>2,843</p> <p>527,125</p> <p>10,030,347</p>	<p>6,173,251</p> <p>432,128</p> <p>6,605,379</p> <p>229,155</p> <p>28,737</p> <p>6,042</p> <p>20,336</p> <p>16,647</p> <p>2,203</p> <p>303,120</p> <p>6,908,499</p>	<p>210,184</p> <p>210,184</p>	<p>5,963,067</p> <p>432,128</p> <p>6,395,195</p> <p>229,155</p> <p>28,737</p> <p>6,042</p> <p>20,336</p> <p>16,647</p> <p>2,203</p> <p>303,120</p> <p>6,698,315</p>

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE			
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6	
BLDG. 0102 YNG-Hangar #1 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Hangar CONST.YEARS: 1941 CONSTRUCTION CLASS: 4 SUPER SqFt: 29,737 STORIES: 1 BUILD COND: Average							
BUILDING	6/11	2,653,712	64,336	2,589,376	1,109,251	26,892	1,082,359
ARCHITECT FEES		185,760		185,760	77,648		77,648
TOTAL BUILDING		2,839,472	64,336	2,775,136	1,186,899	26,892	1,160,007
TOTAL		2,839,472	64,336	2,775,136	1,186,899	26,892	1,160,007
BLDG. 0103 YNG-Hangar #2 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Hangar CONST.YEARS: 1941 CONSTRUCTION CLASS: 4 SUPER SqFt: 17,740 STORIES: 1 BUILD COND: Good							
BUILDING	6/11	1,374,170	41,756	1,332,414	643,112	19,542	623,570
ARCHITECT FEES		96,192		96,192	45,018		45,018
TOTAL BUILDING		1,470,362	41,756	1,428,606	688,130	19,542	668,588
TOTAL		1,470,362	41,756	1,428,606	688,130	19,542	668,588

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
BLDG. 0104 YNG-Hangar #3 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Hangar CONST. YEARS: 1941 CONSTRUCTION CLASS: 3 SUPER SqFt: 14,865 STORIES: 1 BUILD COND: Good CENTRAL FIRE ALARM SYSTEM:100 BUILDING 6/11 ARCHITECT FEES 77,571 TOTAL BUILDING 1,185,724 TOTAL 1,185,724						
	1,108,153	39,027	1,069,126	474,290	16,704	457,586
	77,571		77,571	33,200		33,200
	1,185,724	39,027	1,146,697	507,490	16,704	490,786
	1,185,724	39,027	1,146,697	507,490	16,704	490,786
BLDG. 0105 YNG-Hangar #4 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Hangar CONST. YEARS: 1980 CONSTRUCTION CLASS: 3 SUPER SqFt: 11,033 STORIES: 1 BUILD COND: Good BUILDING 6/11 ARCHITECT FEES 61,739 TOTAL BUILDING 943,728 TOTAL 943,728						
	881,989	32,183	849,806	539,777	19,696	520,081
	61,739		61,739	37,784		37,784
	943,728	32,183	911,545	577,561	19,696	557,865
	943,728	32,183	911,545	577,561	19,696	557,865

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE			
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6	
BLDG. 0106 YNG-Hangar #5 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Hangar/Offices CONST. YEARS: 1980 CONSTRUCTION CLASS: 3 SUPER SqFt: 17,764 STORIES: 1 BUILD COND: Good							
BUILDING	6/11	1,375,538	46,998	1,328,540	841,829	28,763	813,066
ARCHITECT FEES		96,288		96,288	58,928		58,928
TOTAL BUILDING		1,471,826	46,998	1,424,828	900,757	28,763	871,994
TOTAL		1,471,826	46,998	1,424,828	900,757	28,763	871,994
BLDG. 0107 YNG-Maintenance Garage 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Maintenance Garage CONST. YEARS: 1992-2010 CONSTRUCTION CLASS: 3 SUPER SqFt: 9,515 STORIES: 1 BUILD COND: Good							
BUILDING	6/11	858,339	34,577	823,762	734,669	29,529	705,140
ARCHITECT FEES		60,084		60,084	51,427		51,427
TOTAL BUILDING		918,423	34,577	883,846	786,096	29,529	756,567

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
MACHINERY 6/11	13,374		13,374	7,650		7,650
EQUIPMENT 6/11	38,121		38,121	18,832		18,832
COMMUNICATIONS EQUIPME 6/11	6,318		6,318	3,007		3,007
EQUIPMENT - AVG RETAIL 6/11	56,000		56,000	56,000		56,000
MOBILE EQUIPMENT 6/11	2,351,105		2,351,105	1,779,786		1,779,786
TOTAL EQUIPMENT	2,464,918		2,464,918	1,865,275		1,865,275
TOTAL	3,383,341	34,577	3,348,764	2,651,371	29,529	2,621,842
<p>BLDG. 0108 YNG-Tenant Maintenance Garage/Storage 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Garage/Storage CONST. YEARS: 1941 CONSTRUCTION CLASS: 2 SUPER SqFt: 4,879 STORIES: 1 BUILD COND: Average</p>						
BUILDING 6/11	180,063	8,412	171,651	62,662	2,927	59,735
ARCHITECT FEES	12,604		12,604	4,386		4,386
TOTAL BUILDING	192,667	8,412	184,255	67,048	2,927	64,121
MOBILE EQUIPMENT 6/11	43,913		43,913	25,470		25,470
EQUIPMENT-STATED VALUE 6/11	11,500		11,500	11,500		11,500
TOTAL EQUIPMENT	55,413		55,413	36,970		36,970
TOTAL	248,080	8,412	239,668	104,018	2,927	101,091

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INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
<p>BLDG. 0109 YNG-T-Hangar T1/T6</p> <p>1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: T- Hangar CONST. YEARS: 1941 CONSTRUCTION CLASS: 3 SUPER SqFt: 5,888 STORIES: 1 BUILD COND: Poor</p>						
<p>BUILDING 6/11</p> <p>ARCHITECT FEES</p> <p>TOTAL BUILDING</p> <p>TOTAL</p>	<p>212,844</p> <p>14,899</p> <p>227,743</p> <p>227,743</p>	<p>6,248</p> <p>6,248</p> <p>6,248</p>	<p>206,596</p> <p>14,899</p> <p>221,495</p> <p>221,495</p>	<p>67,685</p> <p>4,738</p> <p>72,423</p> <p>72,423</p>	<p>1,987</p> <p>1,987</p> <p>1,987</p>	<p>65,698</p> <p>4,738</p> <p>70,436</p> <p>70,436</p>
<p>BLDG. 0110 YNG-T-Hangar T7/T12</p> <p>1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: T-Hangar CONST. YEARS: 1941 CONSTRUCTION CLASS: 3 SUPER SqFt: 5,888 STORIES: 1 BUILD COND: Poor</p>						
<p>BUILDING 6/11</p> <p>ARCHITECT FEES</p> <p>TOTAL BUILDING</p> <p>TOTAL</p>	<p>212,844</p> <p>14,899</p> <p>227,743</p> <p>227,743</p>	<p>6,248</p> <p>6,248</p> <p>6,248</p>	<p>206,596</p> <p>14,899</p> <p>221,495</p> <p>221,495</p>	<p>67,685</p> <p>4,738</p> <p>72,423</p> <p>72,423</p>	<p>1,987</p> <p>1,987</p> <p>1,987</p>	<p>65,698</p> <p>4,738</p> <p>70,436</p> <p>70,436</p>

Deno
2013



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
BLDG. 0111 YNG-Old Electrical Building 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Storage CONST.YEARS: 1941 CONSTRUCTION CLASS: 4 SUPER SqFt: 788 BASEMENT SqFt: 560 STORIES: 1 BUILD COND: Average						
BUILDING 6/11	94,744	6,247	88,497	39,603	2,611	36,992
ARCHITECT FEES	6,632		6,632	2,772		2,772
TOTAL BUILDING	101,376	6,247	95,129	42,375	2,611	39,764
TOTAL	101,376	6,247	95,129	42,375	2,611	39,764
BLDG. 0112 YNG-Rental Car Service Building 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Garage CONST.YEARS: 1950 CONSTRUCTION CLASS: 2 SUPER SqFt: 827 STORIES: 1 BUILD COND: Good						
BUILDING 6/11	38,546	2,780	35,766	16,112	1,162	14,950
ARCHITECT FEES	2,698		2,698	1,128		1,128
TOTAL BUILDING	41,244	2,780	38,464	17,240	1,162	16,078
TOTAL	41,244	2,780	38,464	17,240	1,162	16,078

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
BLDG. 0113 YNG-Electrical Vault Building 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Electrical Controls CONST.YEARS: 2000 CONSTRUCTION CLASS: 4 SUPER SqFt: 2,371 STORIES: 1 BUILD COND: Good						
BUILDING 6/11 ARCHITECT FEES TOTAL BUILDING	516,439 36,151 552,590	10,403 10,403	506,036 36,151 542,187	482,236 33,757 515,993	9,092 9,092	473,144 33,757 506,901
MACHINERY 6/11 MOBILE EQUIPMENT 6/11 EQUIPMENT-STATED VALUE 6/11 TOTAL EQUIPMENT TOTAL	21,062 47,389 2,500 70,951 623,541	 10,403	21,062 47,389 2,500 70,951 613,138	14,364 40,044 2,500 56,908 572,901	 9,092	14,364 40,044 2,500 56,908 563,809
BLDG. 0114 YNG-Generator Building 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Generator CONST.YEARS: 2000 CONSTRUCTION CLASS: 2 SUPER SqFt: 230 STORIES: 1 BUILD COND: Good EMERGENCY GEN: YES						
BUILDING 6/11 ARCHITECT FEES TOTAL BUILDING TOTAL	182,344 12,764 195,108 195,108	1,642 1,642 1,642	180,702 12,764 193,466 193,466	152,074 10,645 162,719 162,719	1,369 1,369 1,369	150,705 10,645 161,350 161,350

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
BLDG. 0115 YNG-Parking Attendants Building 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Parking Attendant CONST. YEARS: 2000 CONSTRUCTION CLASS: 3 SUPER SqFt: 35 STORIES: 1 BUILD COND: Good						
BUILDING 6/11	14,769	1,518	13,251	12,317	1,266	11,051
TOTAL BUILDING	14,769	1,518	13,251	12,317	1,266	11,051
TOTAL	14,769	1,518	13,251	12,317	1,266	11,051
BLDG. 0196 YNG-Cargo Glycol System 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Equipment Only						
EQUIPMENT 6/11	2,948,636		2,948,636	2,010,970		2,010,970
TOTAL EQUIPMENT	2,948,636		2,948,636	2,010,970		2,010,970
TOTAL	2,948,636		2,948,636	2,010,970		2,010,970

PLEASE READ INTRODUCTORY EXPLANATION



INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
BLDG. 0197 YNG-Terminal Apron Glycol System 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Equipment Only EQUIPMENT 6/11 TOTAL EQUIPMENT 2,948,636 TOTAL 2,948,636						
BLDG. 0198 YNG-Runway Lighting 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Runway Lighting INSURABLE PROPERTY IN THE OPEN 6/11 TOTAL BUILDING 2,948,297 TOTAL 2,948,297						
BLDG. 0199 YNG-PITO 1453 YNG-Kingsville Rd CITY: Vienna STATE: OH ZIP CODE: 44473 COUNTY: Trumbull OCCUPANCY: Property in the Open INSURABLE PROPERTY IN THE OPEN 6/11 TOTAL BUILDING 3,121,336						

PLEASE READ INTRODUCTORY EXPLANATION



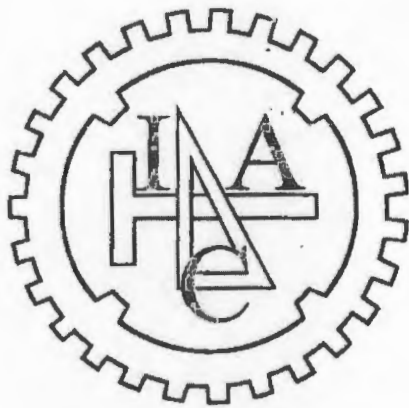
INDUSTRIAL APPRAISAL COMPANY - INSURANCE SUMMARY

BUILDING OR UNIT	COST OF REPRODUCTION NEW			SOUND VALUE		
	TOTAL COLUMN 1	EXCLUSIONS COLUMN 2	INCLUSIONS COLUMN 3	TOTAL COLUMN 4	EXCLUSIONS COLUMN 5	INCLUSIONS COLUMN 6
MACHINERY 6/11	12,953		12,953	9,132		9,132
EQUIPMENT 6/11	126,791		126,791	114,999		114,999
MOBILE EQUIPMENT 6/11	103,518		103,518	40,786		40,786
EQUIPMENT-STATED VALUE 6/11	1,500		1,500	1,500		1,500
TOTAL EQUIPMENT	244,762		244,762	166,417		166,417
TOTAL	3,366,098		3,366,098	2,947,527		2,947,527
BUILDING TOTAL	24,956,921	624,743	24,332,178	15,662,967	373,711	15,289,256
ARCHITECT FEE TOTAL	1,321,077		1,321,077	798,297		798,297
GRAND TOTAL BUILDING	26,277,998	624,743	25,653,255	16,461,264	373,711	16,087,553
EQUIPMENT TOTAL	9,260,441		9,260,441	6,450,630		6,450,630
GRAND TOTAL EQUIPMENT	9,260,441		9,260,441	6,450,630		6,450,630
GRAND TOTAL	35,538,439	624,743	34,913,696	22,911,894	373,711	22,538,183
GRAND TOTAL APPRAISED						
SQ. FOOTAGE: 165041						

PLEASE READ INTRODUCTORY EXPLANATION

PROOF OF LOSS SERVICE

In the event of a loss covered by insurance, provided immediate written notice is given to our Home Office and our Annual Revaluation Service is in effect, the Industrial Appraisal Company will provide updated values, for preparation of proof of loss, of the appraised property as of the date of the loss.



Industrial Appraisal Company

Two Gateway Center

603 Stanwix Street

Suite 1500

Pittsburgh, PA 15222-9008

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing supplement, including all attachments, has been provided by email on August 28, 2014, to each of the following persons:

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