

AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING
HAILEY CITY HALL
115 MAIN STREET SOUTH
HAILEY, ID
January 31, 2018 - 2:00 P.M.

CALL TO ORDER

ROLL CALL

ELECTION OF OFFICERS FOR 2018

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

CONSENT AGENDA *All items listed under the Consent Agenda will be approved in one motion without discussion unless any Board Member requests that the item be removed for individual discussion and possible action.*

1. Approval of Air Service Board Minutes of December 6, 2017;
2. Receive and File Financials:
 - a. 1% Local Option Tax Report – October 2017 and November 2017;

PRESENTATIONS

3. Presentation of FY17 audited financial statement by Dennis Brown, CPA;
4. Fly Sun Valley Alliance, Semi-Annual Report, Carol Waller;
5. Sun Valley Marketing Alliance, Semi-Annual Report, Scott Fortner;

EXECUTIVE SESSION – Pursuant to Idaho Code § 74-206(1)(d) to consider records that are exempt from disclosure and Idaho Code § 74-206(1)(e) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states;

NEW BUSINESS/REPORTS

6. Receive and file Allocation of Voting Rights Report for 2018;
7. Continuation of discussion regarding Board Communities' Administrative Costs;
8. Continuation of discussion and possible action regarding a review and scope of work for an audit of Fly Sun Valley Alliance and Sun Valley Marketing Alliance;
9. Discussion and possible adoption of a contract for services between the Sun Valley Air Service Board and Fly Sun Valley Alliance for air service development including maintaining and expanding commercial air service to the local area through the use of Minimum Revenue Guarantees or other inducements to providers and ancillary costs which are associated with the ongoing effort to maintain and expand commercial air service;
10. Authorization of payment of bills on-hand through January 26, 2018;

ADJOURNMENT

Memo

To: Sun Valley Air Service Board
From: Susan E. Robertson, ICMA-CM
City Administrator, City of Sun Valley
Date: January 31, 2018
Re: Election of Officers for 2018

The Sun Valley Air Service Board officers are the positions of Chair, Vice-Chair, and Secretary/Treasurer. Section 3.1 of the Sun Valley Air Service Board Bylaws specifies that all officers shall be voting members of the Board and, as the first item of business at the first regular meeting of the Board at which a quorum is present, the Board shall elect a Chair, Vice-Chair and Secretary/Treasurer. Officer terms are for one (1) year in duration and the duties of the officers are not required to rotate among the members each year. The duties of the officers follow:

1. The Chair presides at all meetings and hearings of the Board, maintains order, and conducts the meetings in accordance with the voting and motion procedures set forth in the Bylaws. Other duties include setting the agenda for each meeting and executing all contracts and checks approved by the Board. The Chair, with the consent of the Board, is also able to appoint standing or ad hoc committees when necessary to carry out the functions of the Board.
2. The Vice-Chair performs the duties of the Chair if the Chair is absent or unable to preside at a meeting.
3. The Secretary/Treasurer keeps the minutes of Board meetings and signs the minutes when approved by the Board. The preparation and retention of the minutes has been delegated to appropriate staff from the member cities. The Secretary/Treasurer also has charge and custody of and is responsible for all funds received by the Board and deposit the funds at the bank. The Secretary/Treasurer, along with the Chair, also signs all checks approved by the Board.

**SUN VALLEY AIR SERVICE BOARD
MEETING MINUTES
December 6, 2017**

SUN VALLEY COUNCIL CHAMBERS, 2:00 PM

Present: Nina Jonas – Mayor, City of Ketchum
Fritz Haemmerle – Mayor, City of Hailey
Peter Hendricks – Mayor, City of Sun Valley
Larry Schoen – Blaine County Commissioner

Staff: Grant Gager – Finance Director/Internal Services – City of Ketchum
Suzanne Frick – City Administrator, City of Ketchum
Susan Robertson – City Administrator, City of Sun Valley

CALL TO ORDER

Mayor Haemmerle called the meeting to order at 2:02 p.m.

ROLL CALL

Nina Jonas, Fritz Haemmerle, Peter Hendricks and Larry Schoen were present.

PLEDGE OF ALLEGIANCE

Mayor Hendricks led the pledge of allegiance.

PUBLIC COMMENT

No public comment.

REMARKS FROM THE CHAIR

Mayor Haemmerle mentioned that he is happy to be here.

REMARKS FROM THE BOARD

Mayor Hendricks wishes Mayor Haemmerle a speedy recovery and he is glad that he's here as well. He also thanked Mayor Jonas for her service on the Air Service Board, which was echoed by Mayor Haemmerle.

CONSENT AGENDA

- 1. Approval of Sun Valley Air Service Board Minutes of September 27, 2017**
- 2. Receive and File Financials**

Motion to approve the Consent Agenda in full.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Peter Hendricks, Mayor of Sun Valley
SECONDER:	Nina Jonas, Mayor of Ketchum
AYES:	Hendricks, Jonas, Haemmerle

ACTION/DISCUSSION

3. Discussion regarding Board Communities’ Administrative Costs

City Administrator Robertson mentioned that each city was asked to explain how they determine their administrative costs. Mayor Haemmerle asked if there was a standard way in which the cities came up with their costs to which City Administrator Robertson mentioned that they all do it slightly differently. Mayor Haemmerle mentioned that he believes fees should be rational. Mayor Hendricks asked about the allocation for a LOT specialist in Ketchum to which Finance Director Gager responded that the burdened amount is \$97,000. Mayor Hendricks noted that the number of Sun Valley businesses listed is similar to what Ketchum receives. Finance Director Gager responded that some filers are annual filers and that January will have more like 1,200 filers and he would argue that the fees are rational; they charge 47% of the specialist’s costs. The City of Ketchum will revisit this cost structure in the FY19 budget and Finance Director Gager pointed out that this structure has been in place for years.

Eric Seder, President of Fly Sun Valley Alliance, had a comment. He reminded the Board that it was specifically discussed that there would be no staff and administrative functions would be provided by the cities.

Mayor Haemmerle asked that City Administrator Robertson collect historical data for their review; let’s see what promises were made at the time.

Dick Fenton, Treasurer/Secretary of Fly Sun Valley Alliance, had a comment. He mentioned that this came up when the tax was first implemented in the interest of being equitable and getting more dollars to the Air Service Board. He went on to put some context regarding the finances.

Commissioner Schoen had a few comments and asked about the role of the Community Service Officers to which Finance Director Gager mentioned that they use their Officers to make visits to delinquent tax payers.

4. Approval of payment schedules for Fly Sun Valley Alliance and Sun Valley Marketing Alliance for the 2017-2018 fiscal year

City Administrator Robertson briefly went over the history and the reason for this payment schedule.

Motion to approve the payment schedule as proposed on page 17 of the packet.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Peter Hendricks, Mayor of Sun Valley
SECONDER:	Nina Jonas, Mayor of Ketchum
AYES:	Hendricks, Jonas, Haemmerle

5. Authorization of payment of bills on-hand through September 21, 2017

Motion to authorize payment of bills on-hand as of September 21, 2017.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Nina, Mayor of Sun Valley
SECONDER:	Hendricks, Mayor of Ketchum
AYES:	Hendricks, Jonas, Haemmerle

6. Discussion and action regarding Resolution 2017-01 Setting the Sun Valley Air Service Board Meeting Dates for 2018.

City Administrator Robertson mentioned that we set these dates every year and the dates are similar to last year.

Motion to approve Resolution 2017-01 Setting the Sun Valley Air Service Board Meeting Dates for 2018. Nina.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Peter Hendricks, Mayor of Sun Valley
SECONDER:	Nina Jonas, Mayor of Ketchum
AYES:	Hendricks, Jonas, Haemmerle

7. Discussion of a review and audit of Fly Sun Valley Alliance

Mayor Jonas mentioned that this agenda item is here because she wants an audit -- a more complete review of revenue and expenses. Mayors Hendricks and Haemmerle mentioned that they have no problem with it. Carol Waller, Executive Director of Fly Sun Valley Alliance, mentioned that she has provided information and that they will be sharing their final FY17 when they give their mid-year report. Scott Fortner, Executive Director of Visit Sun Valley, added that he already does a review; it's in their by-laws.

Commissioner Schoen wonders what the statute mentions about this issue because it is a tax issue. He went on to discuss that we have a right to ask for an audit on behalf of the Air Service Board but questions how to audit just a portion of the organization. Mayor Jonas mentioned the section of the JPA that mentions that we can get an audit and went on to question if Sun Valley Company pays their share. Mayor Haemmerle mentions that we should work on the scope of the audit.

Carol Waller mentions that they keep the funds completely separate and Scott Fortner said they do as well.

Mayor Haemmerle asked that Robertson check the contracts and develop a scope of work for an auditor.

Dick Fenton mentioned that it would be good to have some discussion about what level of review the board is talking about. Mayor Haemmerle asked that this come back on the next agenda and Mayor Jonas asked that we also revisit the contracts.

ADJOURNMENT

Motion to Adjourn at 2:57 PM.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Nina Jonas, Mayor of Ketchum
SECONDER:	Peter Hendricks, Mayor of Sun Valley
AYES:	Hendricks, Jonas, Haemmerle

Fritz Haemmerle, Chair

Nina Jonas, Secretary/Treasurer

**Sun Valley Air Service Board
1% Local Option Tax Report
October 2017 and November 2017**

1% LOT Generated	1% LOT Received	1% LOT Contribution				Expenses		Funds for Contracts
		Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	SVASB Administrative Budget	
Fund Balance								
Oct-17	Dec-17	28,376.50	131,270.25	4,387.28	164,034.03	(6,292.22)	(2,893.00)	154,848.81
Nov-17	Jan-18	23,640.11	123,216.81	4,585.85	151,442.77	(6,297.76)	(83.00)	145,062.01
Dec-17	Feb-18						(83.00)	
Jan-18	Mar-18						(83.00)	
Feb-18	Apr-18						(83.00)	
Mar-18	May-18						(83.00)	
Apr-18	Jun-18						(583.00)	
May-18	Jul-18						(83.00)	
Jun-18	Aug-18						(83.00)	
Jul-18	Sep-18						(83.00)	
Aug-18	Oct-18						(83.00)	
Sep-18	Nov-18						(15,083.00)	
Total		52,016.61	254,487.06	8,973.13	315,476.80	(12,589.98)	(19,306.00)	

1% LOT Generated	1% LOT Received	Funds for Contracts	Fly SV Alliance				SVMA			
			% of Available Funds Owed	Funds for Contract	Invoiced Amount	Available Funds	% of Available Funds Owed	Funds for Contract	Invoiced Amount	Available Funds
			Budget Remaining 1,268,849 100%				Budget Remaining 1,300,000 100%			
Fund Balance										
Oct-17	Dec-17	154,848.81	20%	30,969.76			80%	123,879.05		
Nov-17	Jan-18	145,062.01	20%	29,012.40			80%	116,049.61		
Dec-17	Feb-18		20%				80%			
Jan-18	Mar-18		20%				80%			
Feb-18	Apr-18		20%				80%			
Mar-18	May-18		80%				20%			
Apr-18	Jun-18		80%				20%			
May-18	Jul-18		80%				20%			
Jun-18	Aug-18		80%				20%			
Jul-18	Sep-18		80%				20%			
Aug-18	Oct-18		80%				20%			
Sep-18	Nov-18									
Total				59,982.16				239,928.65		

SUN VALLEY AIR SERVICE BOARD

KETCHUM, IDAHO

**Financial Statements
at September 30, 2017**

**SUN VALLEY AIR SERVICE BOARD
KETCHUM, IDAHO
For the year ended September 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

December 30, 2017

Members of the Board
Sun Valley Air Service Board

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, of the Sun Valley Air Service Board, as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the Sun Valley Air Service Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the Sun Valley Air Service Board, as of September 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 11 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2017, on our consideration of the Sun Valley Air Service Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sun Valley Air Service Board's internal control over financial reporting and compliance.



DENNIS R BROWN
Certified Public Accountant
Twin Falls, Idaho

SUN VALLEY AIR SERVICE BOARD
Statement of Net Position
at September 30, 2017

ASSETS

Cash in Checking	\$ 337,285	
Cash in LGIP	23,770	
Total Cash and Deposits		\$ 361,055
Local Option Tax Receivables:		
City of Sun Valley	142,317	
City of Ketchum	403,687	
City of Hailey	38,608	
Total Tax Receivables		<u>584,612</u>
Total Assets		<u><u>945,667</u></u>

LIABILITIES

Accrued Contracts Payable:		
Air Sun Valley	590,416	
Sun Valley Marketing	240,473	
Total Contracts Payable		830,889
Other Accounts Payable		<u>0</u>
Total Liabilities		<u><u>830,889</u></u>

NET POSITION

Invested in Capital Assets - net of related debt	0	
Restricted for Local Aviation Services	114,778	
Unrestricted	0	
Total Net Position		<u><u>\$ 114,778</u></u>

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Revenue, Expenses,
and Changes in Net Position
for the year ended September 30, 2017

Operating Revenues:

Local Option Tax Revenues:

City of Sun Valley \$ 602,844

City of Ketchum 1,980,091

City of Hailey 93,147

Total Tax Revenues \$ 2,676,082

Interest Income 687

Total Operating Revenue: 2,676,769

Operating Expenses:

Fly Sun Valley Contract 1,495,000

Sun Valley Marketing Contract 1,510,750

Professional Fees 995

Insurance 1,201

Administrative Expenses 392

Total Operating Expenses 3,008,338

Operating Income (331,569)

Total Net Position - Beginning 446,347

Total Net Position - Ending \$ 114,778

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Cash Flows
for the year ended September 30, 2016

Cash Flows From Operating Activities:

Receipts from other governments	\$ 2,627,049	
Payments to suppliers and vendors	(2,403,430)	
Other receipts	<u>0</u>	
Net cash provided (used) by operations		\$ 223,619

Cash Flows From Capital Related Financing Activities:

Payment of Debts and Interest	<u>0</u>	
Net cash provided by capital and related financing activities		0

Cash Flows From Investing Activities:

Purchase of Capital Assets		
Interest Income	<u>687</u>	
Net cash used by investing activities		<u>687</u>

Net Increase (Decrease) in Cash and Equivalents 224,306

Balances - Beginning of the year 136,749

Balances - Ending of the year \$ 361,055

Displayed as:
Cash and Deposits 361,055

Balances - Ending of the year \$ 361,055

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:		
Operating Income	(331,569)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	(687)	
Change in assets and liabilities:		
Local Option Taxes Receivable	(49,032)	
Accounts and Contracts Payable	<u>604,907</u>	
Net Cash Provided (Used) by Operating Activities:		<u>\$ 223,619</u>

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Balance Sheet
Governmental Funds
at September 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS:		
Cash and Deposits	\$ 361,055	\$ 361,055
City of Sun Valley LOT Receivable	142,317	142,317
City of Ketchum LOT Receivable	403,687	403,687
City of Hailey LOT Receivable	<u>38,608</u>	<u>38,608</u>
 Total Assets	 \$ <u>945,667</u>	 \$ <u>945,667</u>
LIABILITIES:		
Accounts Payable	\$ 830,889	\$ 830,889
Due To Other Funds	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>830,889</u>	 <u>830,889</u>
FUND BALANCE:		
Non-spendable	0	0
Restricted	114,778	114,778
Committed	0	0
Assigned	0	0
Unassigned	<u>0</u>	<u>0</u>
 Total Fund Balance	 <u>114,778</u>	 <u>114,778</u>
 Total Liabilities and Fund Balance	 \$ <u>945,667</u>	 \$ <u>945,667</u>

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUE:		
Sun Valley 1% Local Option Tax Revenues	\$ 602,844	\$ 602,844
Ketchum 1% Local Option Tax Revenues	1,980,091	1,980,091
Hailey 1% Local Option Tax Revenues	93,147	93,147
Interest Earned	<u>687</u>	<u>687</u>
 Total Revenue	 <u>2,676,769</u>	 <u>2,676,769</u>
EXPENDITURES:		
Fly Sun Valley Contracted Services	1,495,000	1,495,000
Sun Valley Marketing Contracted Services	1,510,750	1,510,750
Professional Fees	995	995
Insurance	1,201	1,201
Administrative Services	<u>392</u>	<u>392</u>
 Total Expenditures	 <u>3,008,338</u>	 <u>3,008,338</u>
EXCESS REVENUE (EXPENDITURES)	(331,569)	(331,569)
OTHER FINANCING SOURCES (USES):		
Due (to) from other funds	<u>0</u>	<u>0</u>
 NET CHANGE IN FUND BALANCES	 (331,569)	 (331,569)
 FUND BALANCE - BEGINNING	 <u>446,347</u>	 <u>446,347</u>
 FUND BALANCE - ENDING	 <u>\$ 114,778</u>	 <u>\$ 114,778</u>

The accompanying notes are a part of these financial statements.

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Sun Valley Air Service Board (the Board) was established on November 16, 2013 under a Joint Powers Agreement among the municipal corporations of the CITY OF KETCHUM, IDAHO, the CITY OF SUN VALLEY, IDAHO, and the CITY OF HAILEY, IDAHO. The Board was created for the purpose of collecting the 1% local option tax levied in each City by voter approval and appropriating said option tax to provide for local air service, including minimum revenue guarantees for air service providers.

The financial statements of the Sun Valley Air Service Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the Board.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Board's activities and general administrative services are classified as governmental activities. The Board has no business-type activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All other revenue items are considered to be measurable and available only when the Board receives cash.

The Board reports the following major governmental fund:

- The *General Fund* is the Board's operating fund. It accounts for all financial resources of the Board.

Capital Assets

The Board currently owns no property held for future uses nor does it anticipate any such ownership.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

Continued—

2. LOCAL OPTION TAXES

Each City has legally adopted a 1% Local Option Sales Tax that is collected monthly. Each City collects said tax by the end of the calendar month following the collection period. Those collected taxes are conveyed to the Board by the end of the month following collection.

3. CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board has no deposit policy for custodial credit risk. At year end, \$87,285 of the Board's bank balance was exposed to custodial credit risk because it exceeded the maximum deposits insured by the FDIC.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Board held the following investments:

Investment Type

Idaho State Local Government Investment Pool \$ 23,770.

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the Board voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the Board's position in the external investment pool is the same as the value of the pool shares.

Credit Risk: The Board's policy is to comply with Idaho State statutes which authorize the Board to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Interest rate risk and concentration of credit risk: The Board has no policy regarding these two investment risk categories.

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	\$ 0
Deposits with financial institutions:	
Demand deposits	337,285
State of Idaho Investment Pool	<u>23,770</u>
Total	<u>\$ 361,055</u>

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

Continued—

4. RESTRICTED NET POSITON

Under the Joint Powers Agreement the Board is only to provide for the local air service activities. This restricts the available net position for that expressed purpose.

5. GENERAL FIXED ASSETS

The Board has no fixed assets.

6. CONTRACTS PAYABLE

The Board has entered into two contracts with local vendors to provide for its express purpose in the air service industry. These two contracts are between the Board and Fly Sun Valley Alliance, Inc. (an Idaho nonprofit corporation) and Sun Valley Marketing Alliance, Inc. (an Idaho nonprofit corporation.) Additionally, these two corporations have the express purpose of a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees (MRG's) or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; and c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service.

7. RETIREMENT PLAN

The Board has no employees and therefore no retirement plan.

8. LITIGATION

The Board, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

9. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the fiscal year, the Board contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance. Under the terms of the ICRMP policy, the Board's liability is limited to the amount of annual financial membership contributions, including a per occurrence deductible. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

SUN VALLEY AIR SERVICE BOARD
Budgetary Comparison Schedule
Government-Wide Statement of Activities
for the year ended September 30, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
City of Hailey 1% Local Option Tax	\$ 77,760	\$ 93,147	\$ 15,387
City of Ketchum 1% Local Option Tax	1,848,451	1,980,091	131,640
City of Sun Valley 1% Local Option Tax	476,667	602,844	126,177
Earnings on investments	180	687	507
Total revenues	<u>2,403,058</u>	<u>2,676,769</u>	<u>273,711</u>
EXPENDITURES:			
Contracts for Services	3,005,750	3,005,750	0
Administrative Costs	1,300	392	908
Professional	2,000	995	1,005
Insurance	1,150	1,201	(51)
Total expenditures	<u>3,010,200</u>	<u>3,008,338</u>	<u>1,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(607,142)</u>	<u>(331,569)</u>	<u>275,573</u>
FUND BALANCE - BEGINNING	<u>446,347</u>	<u>446,347</u>	
FUND BALANCE - ENDING	<u>\$ (160,795)</u>	<u>\$ 114,778</u>	

The accompanying notes are a part of these financial statements.



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 30, 2017

Member of the Board
Sun Valley Air Service Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Sun Valley Air Service Board, as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the Sun Valley Air Service Board's basic financial statements, and have issued our report thereon dated December 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sun Valley Air Service Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sun Valley Air Service Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sun Valley Air Service Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sun Valley Air Service Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report Continued—

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DENNIS R. BROWN
Certified Public Accountant
Twin Falls, Idaho



FY18 PROGRESS REPORT

January 31, 2018

Presented To

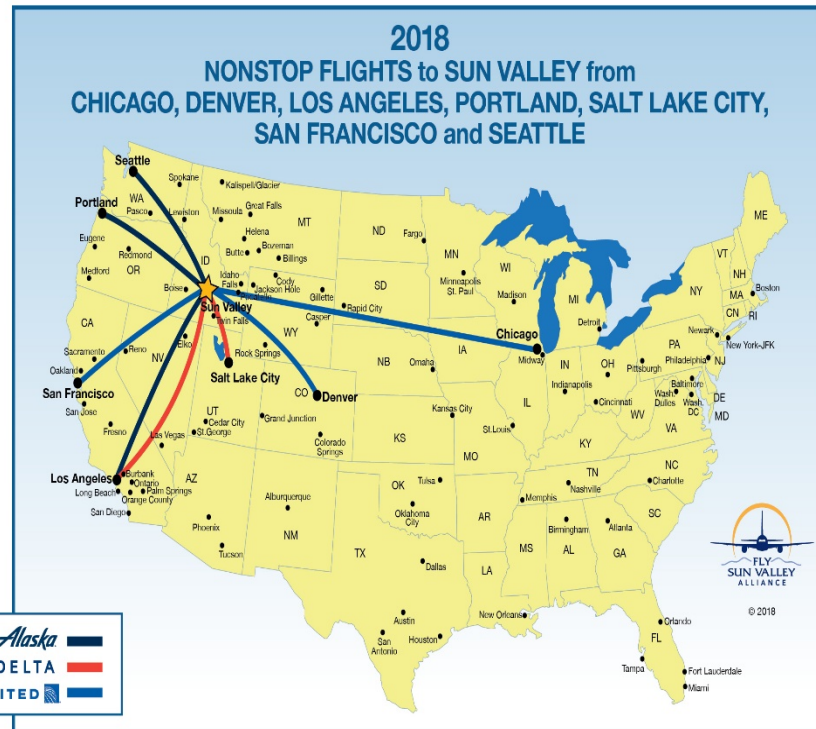
**SUN VALLEY
AIR SERVICE BOARD**





CONTINUED SUCCESS

Investment in Air Service Continues to Deliver Results





RESULTS & SUCCESS (2014 - 2017)

NONSTOP FLIGHTS TO 7 CITIES!

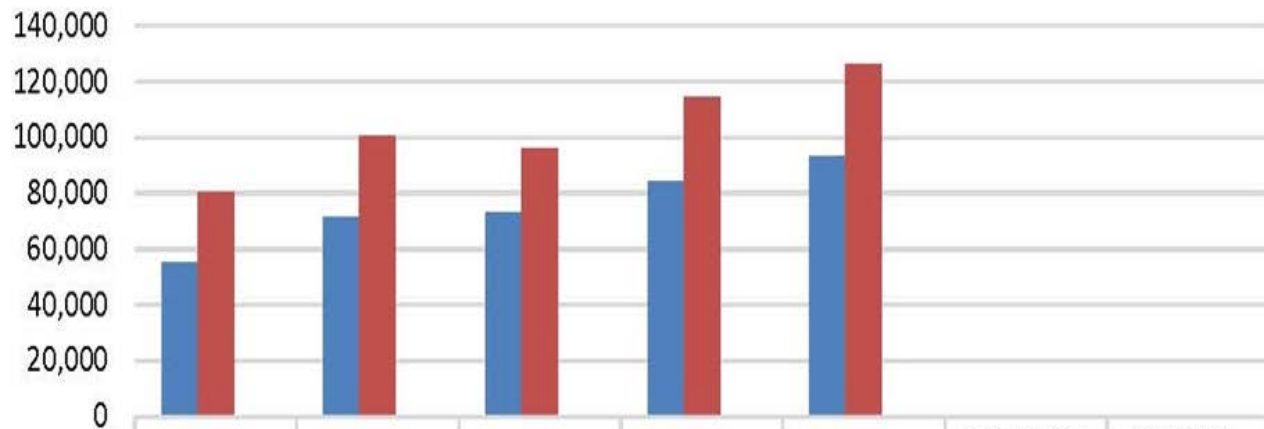


- ✓ 4 NEW FLIGHTS - ORD, DEN, PDX, SFO (+LAX, SEA, SLC)
- ✓ NEW AIRLINE (United); NEW AIRCRAFT (CRJ700, E175)
- ✓ 56% more SEATS, 68% more ENPLANEMENTS (2013-17), longer seasons
- ✓ 58,000 new air-travel visitors; spending \$81M
- ✓ \$477M total in direct spending by visitors and part-time residents
- ✓ \$200M economic impact from new tourism developments/enhancements (hotels, airport, etc.)
- ✓ Improved airline reliability (re: Horizon RNP landing approach system)



RESULTS & SUCCESS (2013-17)

SUN Air Service Growth 2013 - 2017*

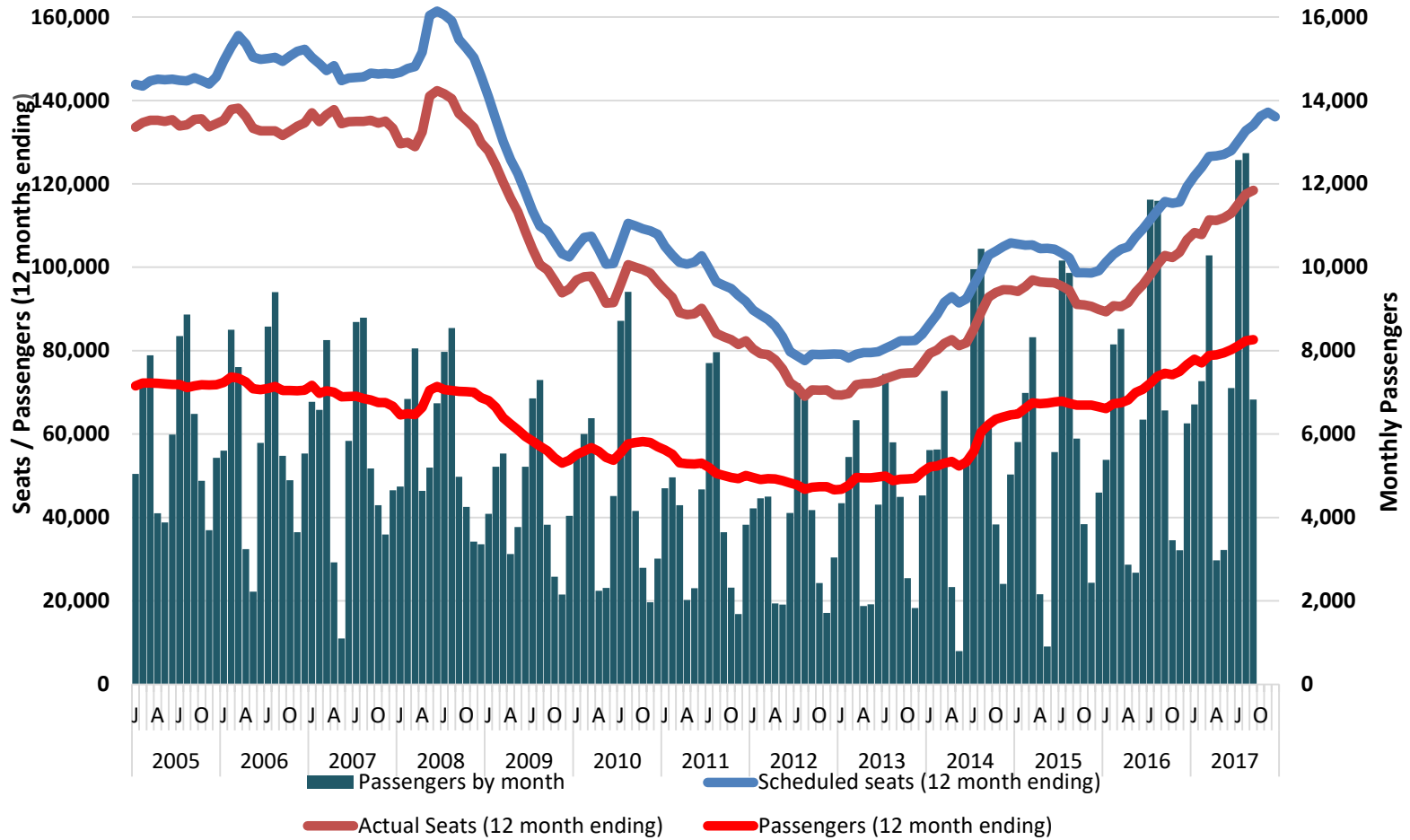


	2013	2014	2015	2016	2017	2016-2017 Increase	2013-17 Increase
■ ENPLANEMENTS	55,313	71,543	73,420	84,560	93,068	10%	68%
■ SEATS	80,663	100,777	96,309	114,370	126,203	10%	56%
■ LOAD FACTOR%	69%	71%	76%	74%	74%		

*SUN Airport Stats +5% estimated for diverted flights/passengers. New service: SFO Dec 2013; DEN June 2014; PDX Dec 2016; ORD Dec 2017



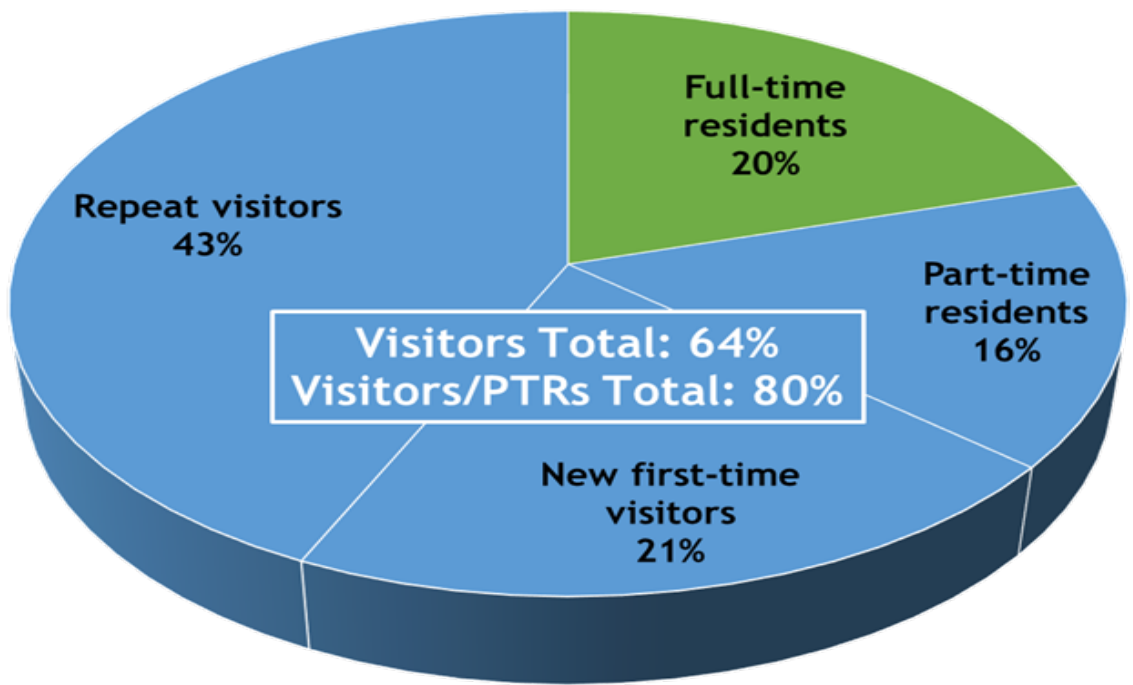
SUN AIR SERVICE OVER TIME





SUN AIR TRAVELERS – WHO ARE THEY?

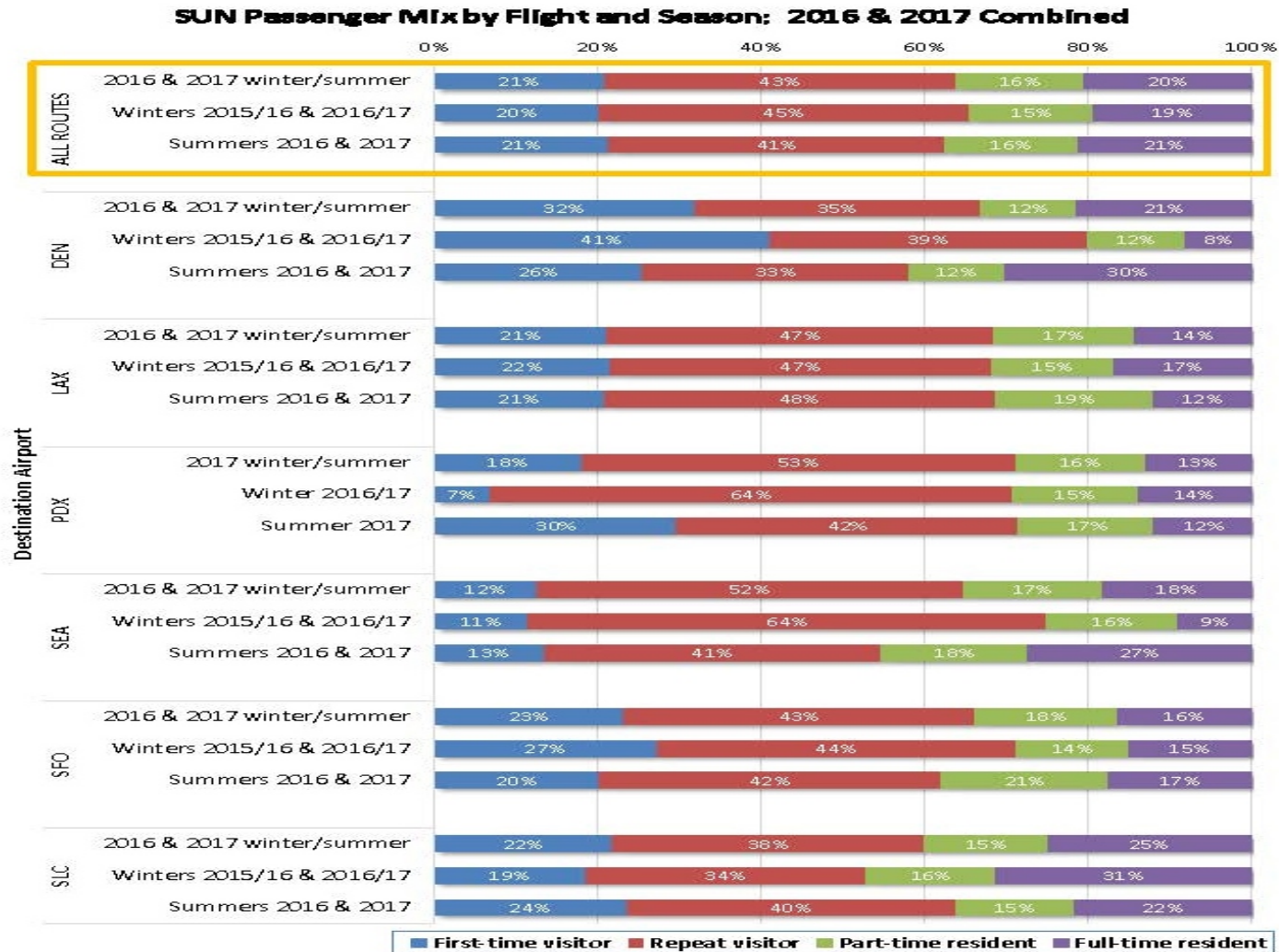
Resident/Visitor Mix of SUN Passengers
2016 & 2017 Combined Annual Results



Source: FSVA SUN Air Passenger Survey, RRC Associates

SUN AIR TRAVELERS – WHO ARE THEY?

- The vast majority of passengers on all SUN flights are short-term visitors (new and repeat).



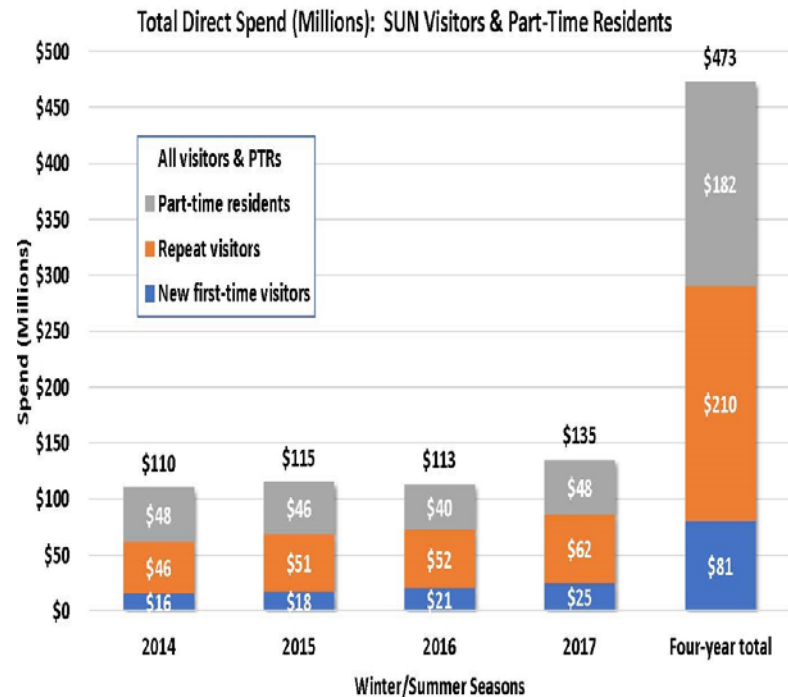


SUN AIR TRAVEL VISITORS - ECONOMIC IMPACT

58,000 New Visitors



\$81M spent by New Visitors



Source: FSVA SUN Air Passenger Survey, RRC Associates

Source: FSVA SUN Air Passenger Survey, RRC Associates

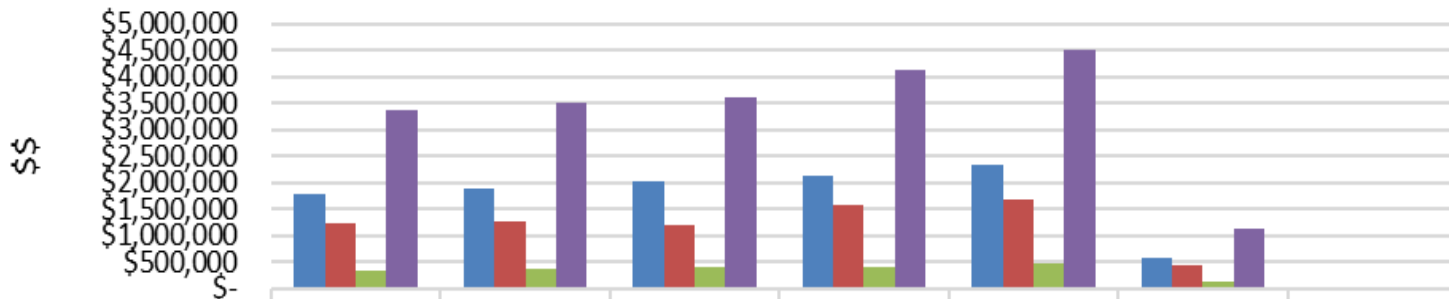


ECONOMIC IMPACT - LOT

- Dramatic growth in SUN air seats and enplanements over past 4 years at SUN, tracks with strong growth in general Local Option Tax revenues.
- Investment in air service & marketing has significant community ROI in many ways

General LOT Revenues 2013-17

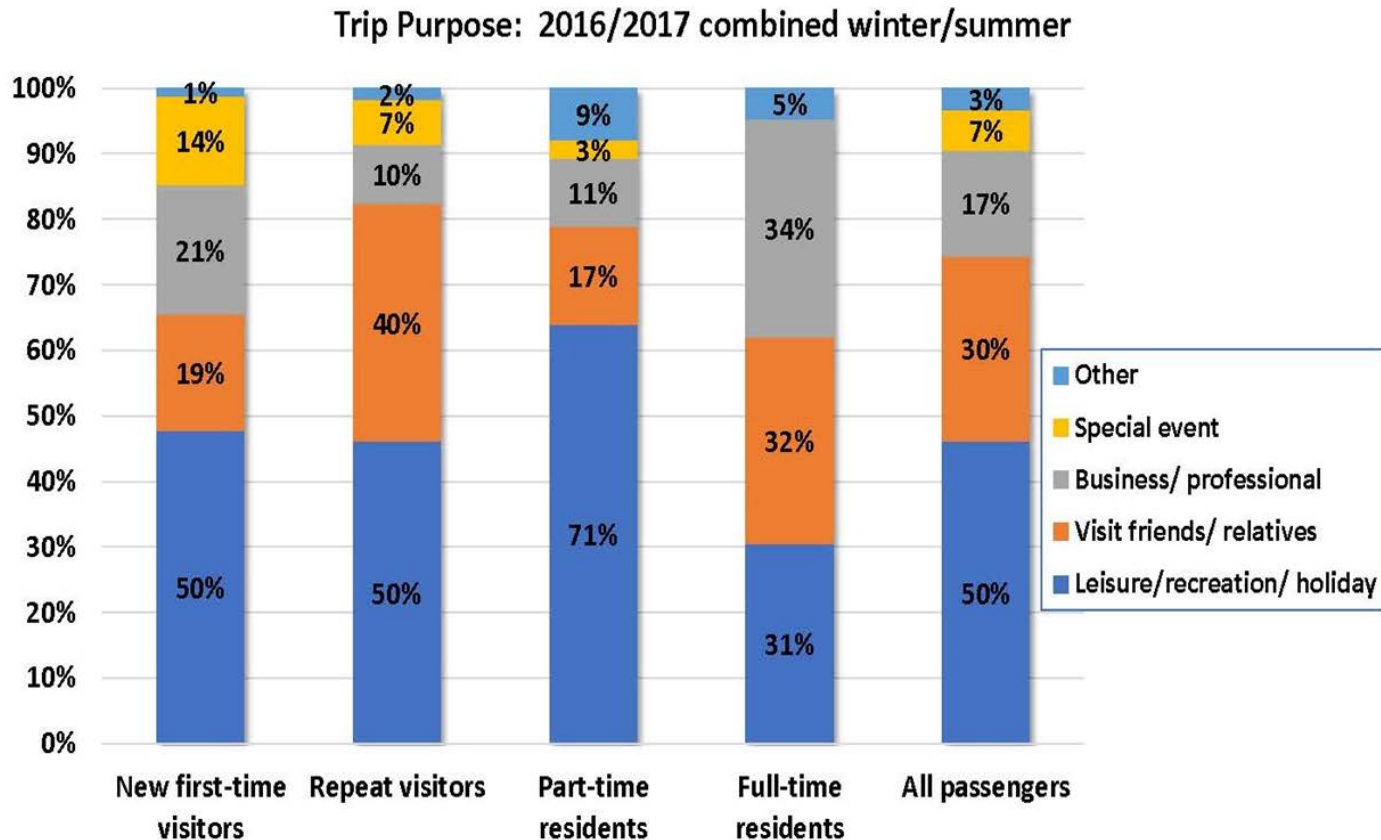
(not including 1% for Air)



	FY13	FY14	FY15	FY16	FY 17	\$ Increase FY14-17	TOTAL % increase FY14-17
■ Ketchum	\$1,774,378	\$1,891,103	\$2,019,867	\$2,141,419	\$2,338,874	\$564,496	32%
■ Sun Valley	\$1,248,522	\$1,257,699	\$1,196,547	\$1,572,788	\$1,682,102	\$433,580	35%
■ Hailey	\$348,850	\$367,757	\$403,174	\$411,368	\$489,139	\$140,288	40%
■ TOTAL	\$3,371,750	\$3,516,559	\$3,619,588	\$4,125,575	\$4,510,114	\$1,138,364	34%

SUN AIR TRAVELERS – TRIP PURPOSE

- Majority of visitors are coming for leisure/recreation/events



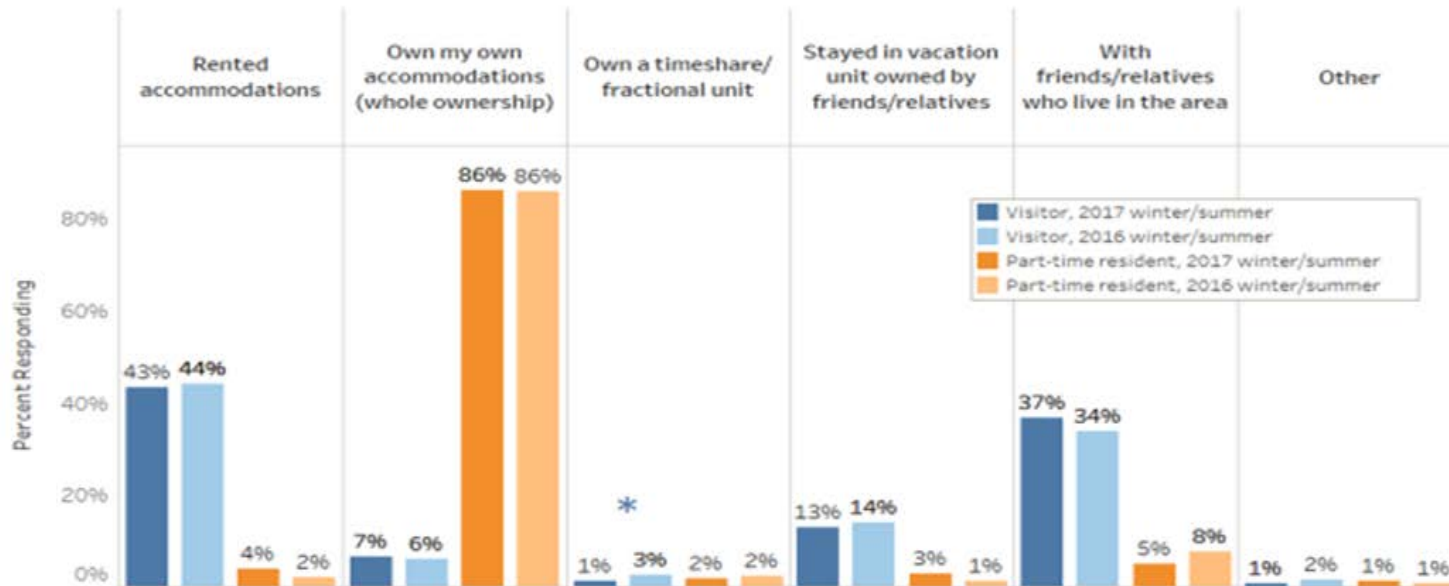
Source: FSVA SUN Air Passenger Survey, RRC Associates. Numbers shown in graph sum to greater than 100% due to multiple responses.



SUN AIR VISITOR TRAVELERS - LODGING

- Less than half (43%) of SUN air travel visitors stay in paid lodging

ACCOMMODATIONS TYPE



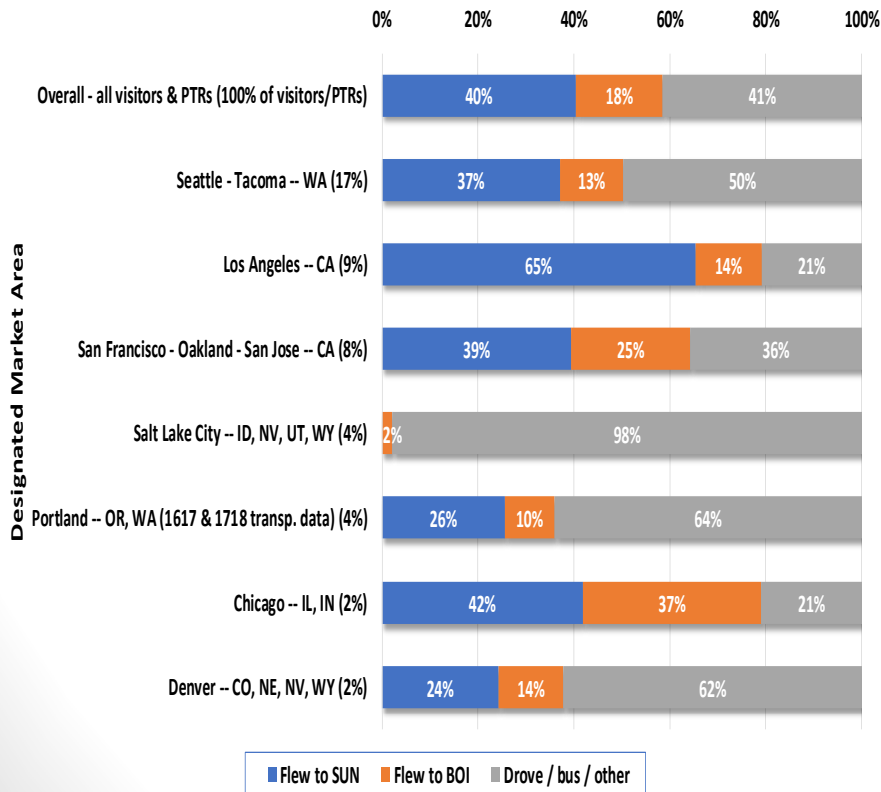
- Among 2017 Visitors, just 43% stayed in rental accommodations, while 57% stayed in other unit types (i.e. 37% with family & friends, 21% in vacation homes/timeshares owned by them/family/friends, 1% in other types of accommodations). Significant decrease in share that own a timeshare/fractional unit.
- Most PTRs stayed in units they own (86%). Consistent results year over year.



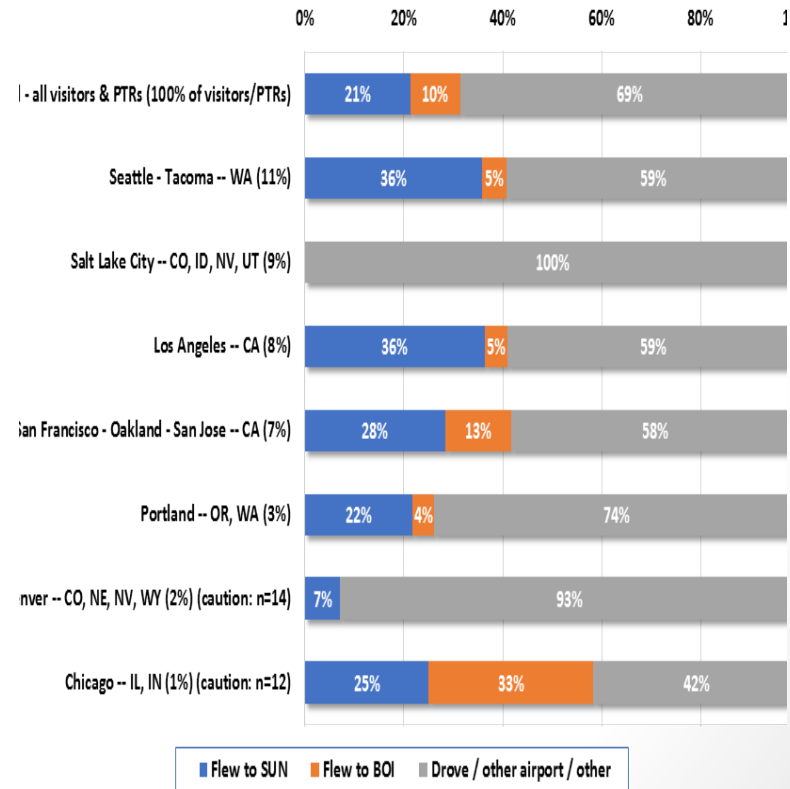
LEAKAGE OVERVIEW

- Of all SV Visitors/PTR who traveled by air, 30% use Boise
 - (In winter 69% SUN/31% BOI; in summer 68% SUN/32% BOI)

Mode of Travel to Sun Valley: Sun Valley Resort Skiers, 1415-1718 Seasons



Mode of Travel to Sun Valley: Summer 2017 (VSV research)

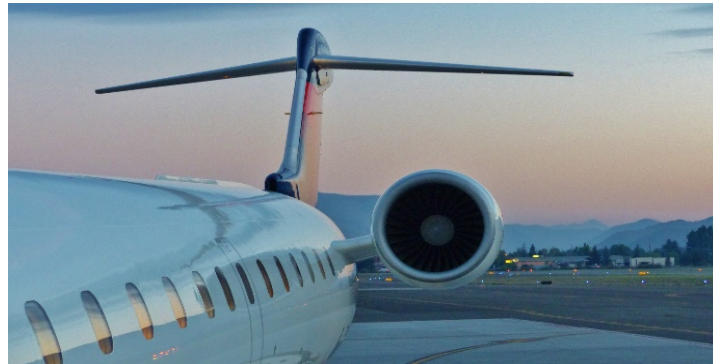




FY18 STRATEGIC GOALS

Retain & Improve Air Service

- Retain contracted nonstop SEA, LAX, SFO, DEN, PDX, ORD flights
- Support SLC flights; continue to advocate and promote frequency
- Work to strategically optimize schedules for all flights
- Work with airlines & marketing partners to increase load factors
- Pursue new flight market opportunities
- Support SUN airport improvements
 - Reliability
 - Infrastructure
 - Operations



Research

- Conduct Air Passenger Surveys at SUN (expand to 12 months)
- Continue competitive analysis, economic impact and air service ROI research

Local Air Marketing/Community Outreach

- Continue local educational/promotional outreach efforts on air service, FLY SUN



FY18 WINTER UPDATE

- ❖ **NEW!** United Chicago (ORD) nonstop weekly flight
 - Holiday flights strong, bookings good but season affected by lack of snow
 - Fewer diversions, enhanced communications with passengers and others
 - Welcoming educational video on busses enroute from TWF or BOI to SUN
 - Text messages to hotel shuttles, taxis, etc re: bus departure times from TWF, BOI





SUMMER 2018 UPDATE

- Finalizing schedule for summer/fall service – to be announced early February
- Delta has 3 daily SLC flights currently scheduled beginning in June



© Carol Waller



FSVA AIR SERVICE PARTNERS

FLY SUN VALLEY ALLIANCE SUN VALLEY AIR SERVICE KEY PARTNERS

SUN VALLEY
AIR SERVICE BOARD



Plus.....

The Wood River Valley Community

Over 50 Local Businesses



AIR SERVICE = BUSINESS

The investment in air service is working for our community.

THANK YOU



5. Sun Valley Marketing Alliance, Semi-Annual Report

***Documents will be distributed at the meeting.**

NO DOCUMENTS

2018 Voting Rights

	<u>Total 1% LOT Collected in FY17</u>	<u>Percent of Total LOT Collected</u>	<u>Each City's Percentage of Total LOT Multiplied by 90%</u>	<u>Each City's Voting Rights (add 10% to Hailey's rights)</u>
Ketchum	\$1,980,091	74.0%	(.74 x .9) = 66.59%	66.59%
Sun Valley	\$602,844	22.5%	(.225 x .9) = 20.27%	20.27%
Hailey	<u>\$93,147</u>	3.5%	(.035 x .9) = 3.13%	13.13%
Total	\$2,676,082	100.0%	90.00%	100.00%

2017 Voting Rights

	<u>Total 1% LOT Collected in FY16</u>	<u>Percent of Total LOT Collected</u>	<u>Each City's Percentage of Total LOT Multiplied by 90%</u>	<u>Each City's Voting Rights (add 10% to Hailey's rights)</u>
Ketchum	\$1,843,913	73.7%	(.737 x .9) = 66.35%	66.35%
Sun Valley	\$572,322	22.9%	(.229 x .9) = 20.60%	20.60%
Hailey	<u>\$84,796</u>	3.4%	(.034 x .9) = 3.05%	13.05%
Total	\$2,501,031	100.0%	90.00%	100.00%

Memo

To: Sun Valley Air Service Board

From: Susan E. Robertson, ICMA-CM
City Administrator, City of Sun Valley

Date: December 1, 2017

Re: Discussion re Sun Valley Air Service Board Member Communities'
Determination of Administrative Costs

At the last Sun Valley Air Service Board meeting, the Board indicated that it wanted to review how member communities determined the administrative costs they deduct from the 1% Local Option Tax (LOT) proceeds before they are sent to the Sun Valley Air Service Board. I have contacted each community and a description of what they do follows. I have also included the Joint Powers Agreement establishing the Sun Valley Air Service Board in your packet and highlighted the section on page 4 that deals with communities' administrative costs to aid in your discussion.

City of Hailey

The City of Hailey has tracked its time spent on collecting, reconciling, and reporting the 1% aspect of their LOT through a project management software module. It averages out to be 2.8%, which they deduct from their payments to the Sun Valley Air Service Board. When the FY 18 Budget was developed, the total amount of the cost was estimated at \$2,240. Hailey receives LOT payments from approximately 33 entities.

City of Ketchum

The City of Ketchum assigns a pro-rata share of total LOT collection costs to its 1% LOT fund. Since inception of the 1% LOT, it has accounted for 47% of total Ketchum LOT collections (in the just closed FY 17, it was \$2,031,295 of \$4,314,694). So, 47% of their total LOT collection costs are assigned to that fund and deducted before the proceeds are sent to the Sun Valley Air Service Board.

The amount to be deducted in FY 18 for the collection costs is the same as for FY 17. In FY 17, Ketchum's total cost of collecting its LOT was budgeted at approximately \$141,005, which included \$2,500 of materials/supplies cost with the remainder personnel costs. The personnel involved include the Business License and Tax Specialist as well as portions of a Community Service Officer (for enforcement purposes) and the Treasurer. The Business License and Tax

Specialist is the bulk of the cost at approximately \$97,000 in total compensation (salary and benefits). Taking the \$141,005 in total LOT collection costs and assigning 47% to those costs results in a deduction of \$66,272 for Ketchum's collection costs. Ketchum receives LOT payments from approximately 700 businesses.

City of Sun Valley

The City of Sun Valley reviews the amount of time spent on collecting and administering the 1% LOT each year. The City Administrator, Finance Manager/Treasurer, City Clerk, and Assistant City Clerk/Assistant Treasurer positions are involved with the 1% LOT collection and administration. Based on the time each position spends, a pro-rata portion of their salary and benefits costs along with a small amount of related office supply expenses (\$35 in FY 18) is determined. In FY 18, the cost that will be deducted from the Sun Valley's 1% LOT receipts will be \$646.70/month for a total of \$7,760.42. Sun Valley receives LOT payments from approximately 614 business.

**JOINT POWERS AGREEMENT ESTABLISHING
THE SUN VALLEY AIR SERVICE BOARD
TO RETAIN, IMPROVE AND DEVELOP COMMERCIAL AIR TRANSPORTATION
SERVICES AT FRIEDMAN MEMORIAL AIRPORT**

November, 2013

This Agreement ("Agreement"), made and entered into on November 16, 2013, by and between the CITY OF KETCHUM, IDAHO, a municipal corporation ("Ketchum"), the CITY OF SUN VALLEY, IDAHO, a municipal corporation ("Sun Valley"), the CITY OF HAILEY, a municipal corporation ("Hailey"), (collectively known as "Cities"), and the COUNTY OF BLAINE, a body politic and corporate ("Blaine County") all described, individually as "Party," or jointly as "Parties;"

WITNESSETH:

WHEREAS, the Friedman Memorial Airport Authority ("FMAA"), of which Hailey and Blaine County are members, operates the Friedman Memorial Airport (the "Airport"), and over the past six years commercial enplanements have decreased to the Airport; and

WHEREAS, the Parties recognize both year-round tourism and commerce are primary contributors to the economic base of Blaine County and its Cities; and

WHEREAS, air service to the Airport is critical for such year-round tourism and commerce; and

WHEREAS, each of the respective City Councils of the Cities of Ketchum, Sun Valley, and Hailey have either: (i) voted in properly noticed public meetings to place before their respective voters on the November 5, 2013, ballot, the question of a 1% Local Option Tax ("LOT") (the "Ballot Questions") to fund retention, improvement and development of commercial air transportation services to the Airport, or (ii) previously received voter approval on the Ballot Questions; and

WHEREAS, an opinion from the Office of the Attorney General dated March 12, 2012, to Representative Wendy Jaquet (the "AG Opinion"), indicates that general authority exists under Idaho Code Section 67-2328 for cities and counties to enter into a joint powers agreement to provide for agreements for air service, including minimum revenue guarantees ("MRG's"); and

WHEREAS, to retain, improve and develop commercial air transportation services, the Ballot Questions provide for MRG's and promotion of commercial air service to increase seats and enplanements to the Airport; and

WHEREAS, this Agreement will create the separate legal entity described below, the Sun Valley Air Service Board (the "Board"), which will contract with one or more parties, pursuant to Contracts for Services as described herein, to discharge the Board's duties and responsibilities described in the Ballot Questions; and

WHEREAS, each of the Parties has made findings regarding the need for this Agreement to satisfy the duties and responsibilities described in the Ballot Questions; and

WHEREAS, the City Parties hereto are municipal corporations organized and existing under and by virtue of the laws of the State of Idaho and as such are authorized and empowered by Idaho Code Sections 50-321, 50-322, 21-110, 21-401 and related statutes to undertake the responsibilities contemplated by the Ballot Questions; and

WHEREAS, the County, pursuant to Idaho Code Sections 31-110, 21-876 and related statutes, in coordination with Hailey, provides for the operation of the Airport through the FMAA and the County as a Party to this Agreement may assist in discharging the duties contemplated by the Ballot Questions; and

WHEREAS, it is the mutual desire of the Parties hereto, acting pursuant to Idaho Code Sections 67-2328, *et seq.*, and Idaho Code Section 21-403, to create and maintain the Authority to discharge the duties and responsibilities set forth in the Ballot Questions;

NOW, THEREFORE, in order to accomplish the aforesaid purposes, and in consideration of the mutual term, covenants and conditions set forth herein, the Parties hereto agree as follows:

1. **Establishment of Separate Legal Entity; Governance.** The Parties hereto hereby establish the Sun Valley Air Service Board (“Board”) as a separate legal entity and delegate each Party’s respective power to the Board to oversee and administer the joint undertakings contemplated herein. Parties will join and become members of the Board upon execution of this Agreement by their respective governing body.
2. **Board Membership.** The representatives of the Parties who shall be members of the Board shall be configured as described below:
 - A. One (1) member from the City of Ketchum, one (1) member from the City of Sun Valley and one (1) member from the City of Hailey shall be respectively appointed by the Mayors of Ketchum, Sun Valley and Hailey with the consent and approval of the City Council of each city.
 - B. One (1) member from Blaine County shall be appointed by the Board of County Commissioners.
 - C. Each of the Parties shall establish its own Board member qualification criteria subject to subparagraph E.
 - D. Employees, directors, shareholders, partners, owners and others with financial interests in any business, company or entity which the Board has employed or contracted with to provide equipment or services shall not be appointed or remain members of the Board.

E. Members of the Board shall be appointed without respect to political affiliation or religious denomination. Any person over the age of eighteen (18) may be eligible for appointment.

F. Members of the Board shall serve without compensation.

3. Board Member Voting Power & Voting Majority.

A. City Parties shall retain 90% of the voting rights and voting rights shall be allocated among all Board members based on their respective annual 1% LOT contributions to the Board. The initial allocation of these voting rights shall be determined using each City Party's year ending September 30, 2013, total fiscal year actual LOT revenue collection on taxable sales described in the Ballot Questions. Each year thereafter, the voting percentages shall be revised as necessary to reflect each City Party's year ending September 30 actual 1% LOT revenue contributions to the Board.

B. Blaine County shall not have a vote as a member of the Board, except in the instance described herein. In recognition that Friedman Memorial Airport is jointly owned by the City of Hailey and Blaine County, 10% of the voting rights of the Board members will be allocated to the Board member appointed by Hailey, unless Hailey is not a Party to this Agreement, in which case such 10% shall be allocated to the Board member appointed by Blaine County.

C. Voting Majorities. The members of the Board shall take action upon the affirmative vote of those members holding more than 50% of the voting rights, unless otherwise provided herein. A super-majority of two-thirds of those members holding voting rights shall be needed to (1) approve any initial Contract for Services with an entity or contractor or change an entity or contractor with a Contract for Services in excess of \$50,000 to a different entity and/or contractor; and (2) approve any initial performance metrics and change in performance metrics determined jointly by members of the Board and contractor(s) as identified in the Contracts for Services.

4. Term of Office. The term of office on said Board shall be for the following initial terms:

- 1 member from Ketchum for one (1) year
- 1 member from Sun Valley for one (1) year
- 1 member from Hailey for one (1) year
- 1 member from Blaine County for one (1) year

Subsequent appointments shall be for one (1) year and a board member shall hold a seat on the board until his or her successor has been appointed and qualified. Vacancies occurring otherwise than through the expiration of appointed terms or removal shall be filled for the remainder of the term by the Party that appointed the board member. Removal of any member may only be made by the Party that appointed such board member.

5. Organization Bylaws. The Board shall be governed by the Bylaws specifying the procedural method and manner by which it shall conduct its business and affairs, provided, however, that said Bylaws shall be amended so as not be inconsistent with or contrary to the provisions of this Agreement, or any applicable local, state or federal law and shall provide that at least a simple majority must concur for the Board to act. The Bylaws shall provide, among other items, that a majority of the members of the Board shall constitute a quorum. A non-voting member is not a member for quorum purposes.

6. Purposes and Powers. The purpose of the Board is to establish, implement, maintain and fund a program to retain, improve and develop commercial air service to Friedman Memorial Airport. In furtherance of that purpose, the Parties hereto hereby delegate to the Board their power to carry out the duties as described and contemplated by the Ballot Questions, including entering into Contracts for Services with such entities as the Board may select, subject to the specific LOT allocations of the City Parties. It is anticipated that the Board will have no employees and that, except for the holding, distribution and oversight of the monetary contributions and entering into Contracts for Services, the Board will have a very limited scope of operation. Such delegated powers shall more specifically include, but not be limited to, the following:

- A. The Board, as allowed under state and federal statutes, may apply for, receive and operate under financial assistance from the federal or state government, and from any agency or political subdivision thereof, or from any private sources;
- B. To acquire by purchase, gift, lease, sublease or otherwise, to the extent and in the manner that a city or county operating under the laws of the State of Idaho might do so, personal property, including money, necessary to carry out the purposes of the Board and to invest and hold such money until distributed for the purposes contemplated by the Ballot Questions;
- C. To fund administrative costs, if any, to carry out the purposes of the Board;
- D. To contract with public or private agencies, companies or entities to retain, improve and develop commercial air transportation services to Friedman Memorial Airport, including contracting with third parties pursuant to Contracts for Services;

7. Manner of Financing. The Board shall annually adopt a budget. Subject to the provisions herein, each City Party hereto will annually budget and contribute monthly to the Board the money collected pursuant to their respective Ballot Question, **less their direct costs to collect and enforce the tax, including administrative and legal fees**; each City has the option to direct its monetary contribution to those purposes it specifically directs as allowed by the Ballot Questions, except for contributions to cover a pro-rata share of administrative expenses, if any, of the Board; provided, however, in the event of any litigation or other challenges to the Ballot Questions, this Agreement, the Board, or any related matters, each City shall contribute a pro-rata share of its contribution to defray any expenses related thereto. During each fiscal year, the City Parties shall contribute monthly to the Board their respective amount of money collected,

less their direct costs to collect and enforce the tax, including administrative and legal fees, subject to allocations approved by each City Party's governing board.

- A. In adopting the annual budget, each City Party must contribute the money collected pursuant to its respective Ballot Question, less their direct costs to collect and enforce the tax, including administrative and legal fees. The County, in its discretion, may contribute funds to the Board; it is anticipated that the County will continue its historical support for the Airport.
- B. Any entity may contribute additional funds to the Board. It is anticipated that Sun Valley Company will fund fifty percent (50%) of any MRG expenses and will provide marketing support for the air service in collaboration with the airlines and other community marketing efforts.
- C. Any funds received by the Board shall be used for payments to entities pursuant to the Contract for Services, as contemplated by the Ballot Questions, for the purposes authorized therein. The budgeting, allocation and use of said funds by the Board shall be in accordance with the purposes and powers herein provided for, and in no event shall the Board use, spend, encumber or commit funds of the Parties hereto in amounts exceeding those actually budgeted and contributed to the Board by the Parties. All specific allocations of LOT proceeds by a City Party shall be followed by the Board in its budget and actual spending.
- D. An annual audit or similar financial review shall be conducted consistent with Idaho statutory requirements.
- E. So as to minimize Board expenses, all City Parties may agree to share in the administrative tasks of the Board through pro-rata contribution of their City staff time to perform such tasks.

8. Contracts for Services. The initial Contracts for Services with entity(ies) selected by the Board shall be entered into as soon as practicable following the appointment of the Board Members and passage of the Ballot Questions. Each year thereafter, the Board shall enter into similar contracts with such entities as the Board may select. The Contracts for Services shall (i) set forth those specific services which are to be provided consistent with the Ballot Questions, (ii) provide for detailed reporting to the Board and, as appropriate directly to the Parties, of how funds were spent in sufficient detail to demonstrate compliance with constitutional and statutory guidelines as reflected in the AG Opinion; (iii) include performance metrics consistent with expectations for the work to be performed. A Contract for Services may be for more than one year, but must explicitly state that annual funding is subject to annual appropriations which meet the Cities' statutory limitations.

9. Duration. The duration of the Board created by this Agreement shall be for a period of at least five and one-half years; provided, however, that the same may be extended for an additional period of time, as the Parties hereto deem appropriate in order to expend the monies and satisfy the purposes set forth in the Ballot Questions. Any such extension of this Agreement shall be in writing, adopted by the governing body of each of the Parties hereto.

No Party may withdraw from the Agreement, except that any City Party that has failed to pass its Ballot Question shall be deemed to have withdrawn from this Agreement once such election results have been certified. Should fewer than two City Parties pass a Ballot Question, this Agreement shall be terminated.

10. Dissolution of the Board. Parties, upon the dissolution of the Board created by this Agreement or any extension or renewal thereof, for whatever reason, may agree to (1) distribute the personal property owned by the Board among themselves in a manner deemed by them to be equitable and approved in writing by the governing body of each; or (2) to sell the property in the manner provided for by law for the disposition of property by cities and counties, and the proceeds of any such sale shall be divided among the Parties hereto in proportion equal to the annual operating contributions of each to the Board since its inception.

11. Mediation. Any controversy or claim arising out of or relating to this Agreement or breach thereof, shall be submitted to non-binding mediation upon the written request of any Party and conducted by one (1) neutral mediator. If the Parties are unable to select a mediator, then selection shall follow the procedure published by the American Arbitration Association Commercial Mediation Rules. Mediation shall be held in Blaine County. This Agreement to mediate and any other agreement or consent to mediate entered into in accordance with this Agreement shall be specifically enforceable under the prevailing law of Idaho. Each party shall bear its own costs and the parties shall split equally the cost and expenses of the mediator.

12. Execution and Effect. Upon execution of this Agreement by the Parties, this Agreement shall be effective. This Agreement may be executed in counterparts, each of which shall be deemed to be an original.

13. Amendment. This Agreement may only be amended upon the unanimous approval of the voting Parties, and only as would be not inconsistent with the Ballot Questions.

[Signatures Appear on Following Pages]

As of the date hereof, the Parties hereto have caused this Agreement to be executed by the duly-authorized representatives this 5th day of September, 2013.

CITY OF KETCHUM

By: [Signature]
Mayor

Date: 5/09/13

ATTEST:

[Signature: Sandra E. Cadey]
City Clerk



CITY OF SUN VALLEY

By: Raymond D. Brown
Mayor

Date: 8/28/13

ATTEST:

Hy Grant
City Clerk

CITY OF HAILEY

By: *Alex. Heavil*
Mayor

Date: 8/27/13

ATTEST:

[Signature]
City Clerk



BLAINE COUNTY COMMISSIONERS

By: Amy McCarty

Date: 10/1/13

By: [Signature]

Date: 10/1/2013

By: [Signature]

Date: 10.1.13



ATTEST:

[Signature]

9. Continued discussion and possible action regarding a review and scope of work for an audit of Fly Sun Valley Alliance and Sun Valley Marketing Alliance

NO DOCUMENTS

CONTRACT FOR SERVICES
BETWEEN THE
SUN VALLEY AIR SERVICE BOARD AND
FSVA

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this ~~7th-31st~~ day of ~~December 2015~~January 2018, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Fly Sun Valley Alliance, Inc., an Idaho nonprofit corporation with an IRS 501 (c) (6) designation, (hereinafter referred to as "FSVA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67- 2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):
 - a. The City of Sun Valley, Idaho
 - b. The City of Ketchum, Idaho
 - c. The City of Hailey, Idaho
 - d. Blaine County, Idaho [non-voting]

2. FSVA is an Idaho non-profit corporation with an IRC 501(c)(6) designation engaged in the business of commercial air service development for the Sun Valley, Idaho area ~~domestically marketing the Sun Valley, Idaho resort area as a destination resort~~ as further described in **Exhibit "A"**.

3. Pursuant to Idaho Code §§ 67-2328, 50-301 and 50-302, the ASB is empowered to enter into contracts and take such steps as ~~are~~are reasonably necessary to maintain the peace, good government and welfare of the Component Members and their trade, commerce and industry. Accordingly, the ASB has the power as conferred by the State of Idaho, to provide directly for certain promotional activities to enhance the trade, commerce, industry, and economic well-being of the Component Members.

4. The following ordinances have been adopted by certain Component Members (except Blaine County) for the purposes of a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees ("MRG's") or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service, including reasonable program management costs and busing due to

flight diversion(s); and d) direct costs to collect and enforce the tax, including administrative and legal fees:

- a. Sun Valley Ordinance No. 45G.
- b. Ketchum Ordinance No. 1108.
- c. Hailey Ordinance No. 1133.

5. The primary reason for the ASB to enter this Contract is to effectuate the purposes of the local option taxes and Component Member ordinances recited above.

6. FSVA's mission is to retain, develop and improve air service to the Friedman Memorial Airport (SUN) in Blaine County.

7. The organizational goals of FSVA are consistent with the purposes and findings of the ordinances recited above.

8. It is the intention of the ASB to contract with FSVA to provide such services for consideration as hereinafter provided, subject to the tracking and reporting requirements described herein.

9. FSVA desires to enter into a contract with the ASB to retain, develop and improve air service as hereinafter provided.

10. ASB and FSVA intend to dedicate local option taxes to the payment of Air Service Contract Costs, defined as: 1) MRG's, 2) bussing costs for airline passengers due to weather related flight diversions, 3) Letter of Credit fees and 4) any applicable airline start-up costs ("Air Service Contract Costs"), as well as other air service development efforts as outlined in Exhibit A. ~~Sun Valley FSVA Company~~ has entered into ~~one seasonal contracts~~ with commercial airlines ~~United Airlines (providing air service to and from San Francisco and Denver) and one annual contact with Alaska Airlines (providing service to and from Los Angeles and Seattle)~~ which require the payment of Air Service Contract Costs. The contracts between ~~Sun Valley Company and United Airlines and Alaska Airlines~~ FSVA and the airlines contain confidentiality provisions.

10-11. FSVA and Sun Valley Company have agreed that ~~FSVA Sun Valley Company~~ shall pay all of the Air Service Contract Costs under the airline contracts ~~with funds from ASB with United Airlines and Alaska Airlines~~ but will be reimbursed by ~~FSVA Sun Valley Company (SVC) in an amount not to exceed One Million One Hundred Eighty Five Thousand and no/100's Dollars (\$1,185,000) for~~ in the amount of 50% of the Air Service Contract Costs, from funds received by FSVA from ASB. A portion of the reimbursement to FSVA from SVC for certain Air Service Contract Costs may be provided in contributions of products that provide an equivalent cash value. FSVA will use ASB funds to pay 100% of the annual fixed cost for Enhanced diversion bussing services (including upgraded equipment, on

call drivers and airport hosts), which are provided for all airlines at Friedman Memorial Airport during the winter.

11.12. ASB and FSVA intend to honor the confidentiality provisions in the airline United Airlines and Alaska Airlines contracts but verify the costs amount of the MRG's and bussing expenses by examining the invoices for Air Service Contract Costs in executive session.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between the ASB and FSVA as follows:

1. All Recitals above are incorporated herein by reference.
2. Services. FSVA agrees to make its dedicated professional best efforts work toward retaining, developing and improvinge air service consisting of by securing and management managing air service into Friedman Memorial Airport; providing other air service support; pursuing new and/or expanded air service; and other air service development related tasks ("Air Service Development") as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference, and to pay no more than 50% of the Air Service Contract Costs.
3. Expenses. FSVA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.
4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, 20162018. This Contract shall be automatically extended for one (1) year terms, unless notice is provided as set forth herein. Such notice shall be served not less than sixty (60) days prior to the expiration of any annual term. This Contract may be amended to increase the length of the term if so determined by the parties.
5. Consideration.

————Air Service Contract Costs and Air Service Development Reimbursement.
During the term of this Contract, ASB shall pay FSVA, as reimbursement for Air Service Contract Costs and as payment for Air Service Development, a maximum sum not to exceed the total "Fly SV Alliance Contract Expenses" for Services amount as identified on the schedule attached hereto as **Exhibit "B"** One Million Three Hundred Thousand Dollars and no/100's Dollars (\$1,300,000), for the present fiscal year ending September 30, 2016-2018 ("FY 186"), payable on a monthly basis. The maximum payment for Air Service

~~Contract Costs shall not exceed One Million One Hundred Eighty Five Thousand and no/100's Dollars (\$1,185,000), while the maximum payment for Air Service Development shall not exceed One Hundred Fifteen Thousand and no/100's Dollars (\$115,000).~~ Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for FSVA as set forth in the Payment Schedule ~~attached hereto as in Exhibit "B"~~ by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, and fund balance, which is ~~described designated~~ as "Funds Available for Contracts", ~~as depicted in the Payment Schedule attached hereto as in Exhibit "B"~~. In the event the monthly payments derived during FY ~~186~~ would exceed the "Fly SV Alliance Contract Expenses" amount in Exhibit "B" the contract amount in Exhibit B \$1,300,000, the last monthly payment(s) shall be reduced to ensure only a payment of the contract amount in Exhibit B \$1,300,000. In the event the monthly payments derived during FY ~~186~~ are less than the contract amount in Exhibit B \$1,300,000, FSVA shall not be entitled to the difference between the total of the monthly payments and the contract amount in Exhibit B \$1,300,000. The Payment Schedule for each subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

A.

B. FSVA shall ~~reimburse~~maintain ~~enter into~~ a contract with ~~Sun Valley Company~~SVC wherein SVC shall reimburse FSVA for 50% of Air Service Contract Costs. Said reimbursements shall include a cash payment for 50% of MRG cost, and other contributions for at least 50% of other Air Service Contract Costs. ~~A.~~ for Air Service Contract Costs a maximum of 50% of the actual payment for MRG's, 75% of the actual payment for bussing and 50% of any applicable start up costs required under each of the United and Alaska Airlines contracts described in Recital 10, above. The Payment Schedule for each subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

B.C. Limitation of Funds. Funds paid by ASB to FSVA shall only be used for the purposes set forth in this Contract, and for no other purpose. The annual FSVA ASB contract budget is outlined on the spread sheet attached hereto as Exhibit "C". In the event FSVA pays ~~Sun Valley Company~~ pursuant to the contracts described in Recital 10, above, less than the "Total FSVA Contract Amount" identified in Exhibit "C", the ~~maximum amount of One Million One Hundred Eighty Five Thousand Dollars (\$1,185,000) described in Paragraph 5(A), above,~~

~~the~~ difference may be retained by FSVA as reserves but such amount shall only be used for ~~reimbursement payment of~~ future Air Service Contract Costs, if approved by ASB, under other airline contracts, subject to the same limitations set forth in this Contract.

6. Reporting Requirements. In partial consideration ~~for, and as part of this Contract~~, FSVA agrees to provide to the ASB:

- A. Written and in-person presentations and reports in January and July during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached **Exhibit "A"**. Semi-annual reports will be based on the government fiscal year of October 1st to September 30th.
- B. The ASB has at all times the right to request an independent audit, at the sole cost of FSVA, under the provisions herein, and such audit obligation and cost on the part of FSVA shall survive any termination.
- C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the FSVA's financial records, and within a reasonable time period, FSVA shall submit such information or reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and records of FSVA for compliance with the terms of this Contract. Any record provided hereunder which would be covered by the confidentiality provisions described in Recital 11, above, shall not be disclosed unless ordered by a court of competent jurisdiction or unless consent is provided by the Sun Valley Company and the relevant airline. FSVA agrees to retain all financial records, supporting documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.
- D. Invoices and supporting documents from ~~United Airlines and Alaska Airlines~~ airlines for the Air Service Contract Costs to be paid by FSVA, and documentation of reimbursement of 50% of Air Service Contract Costs by SVC to FSVA-Sun Valley Company. ~~Submittal of such invoices and documents is a condition precedent to the payment of the amount by FSVA to Sun Valley~~

~~Company under Paragraph 5(A), above.~~ Such invoices and supporting documentation shall be presented to the ASB by FSVA in executive session.

7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to FSVA with or without cause. The ASB recognizes that the FSVA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to FSVA under this Contract at the end of the 90-day period.
8. Equal Employment Opportunity. FSVA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.
9. Independent Contractor Status. The parties acknowledge and agree that FSVA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. FSVA shall create, direct and control its own means and methods of performing this Contract. FSVA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by FSVA in a competent, efficient and satisfactory manner.
10. Hold Harmless Agreement. FSVA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials, officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of non-disclosure of information pursuant to Paragraph 6(D) of this Contract or by reason of any wrongful act or omission on the part of FSVA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of FSVA's actions or omissions associated with the services or obligations described in this Contract. FSVA shall have the duty to appear and defend any such demand, claim, suit or action on behalf of ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.
11. Non-Assignment. This Contract may not be assigned by or transferred by FSVA, in whole or in part, without the prior written consent of the ASB.
12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the

scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute, shall be finally settled through litigation in the District Court, Blaine County Idaho. The court shall have no power to award punitive or exemplary damages.

13. Attorney's Fees. In the event of any dispute with regard to the interpretation or enforcement of this Contract, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred therein, whether or not a lawsuit is actually filed, and on any appeals, and in any bankruptcy proceeding.

14. Appropriations. No commitment of public funds will be made prior to the approval of this Contract nor are any public funds committed beyond the current fiscal year. The terms of this Contract ~~are~~are contingent upon sufficient appropriations being made each fiscal year by the ASB for the performance of this Contract. If sufficient appropriations are not made, this Contract shall terminate subject to the conditions subsequent concerning notice. Termination pursuant to the terms of this Contract shall not result in any claim for payment or damages by FSVA. ASB's decision as to whether sufficient appropriations are available shall be accepted by FSVA and shall be final. FSVA HAS NO RIGHT TO COMPEL COMPONENT MEMBERS TO LEVY OR COLLECT TAXES TO MAKE ANY PAYMENTS REQUIRED HEREUNDER, OR TO EXPEND FUNDS BEYOND THE AMOUNT PROVIDED FOR IN THE THEN CURRENT FISCAL YEAR. In the event that this provision conflicts with any other provision in the Agreement, this provision shall prevail.

15. Miscellaneous Provisions.
 - a. Paragraph Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any of the provisions of the Contract.

 - b. Provisions Severable. Every provision of this Contract is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.

 - c. Rights and Remedies are Cumulative. The rights and remedies provided by this Contract are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Contract are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

- d. Successor and Assigns. This Contract and the terms and provisions ~~hereof~~ herein shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.
- e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.
- f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.
- g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.
- h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.
- i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.
- j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:
 - a. ASB: P.O. Box 3801, Ketchum, Idaho 83340
 - b. FSVA: P.O. Box 6316, Ketchum, Idaho 83340
- k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.
- l. No Third Party Beneficiaries. This Agreement shall not create any rights or interest in any third parties.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first set forth above.

Signatures:

Dated: _____	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: _____ Its: _____
Dated: _____	FSVA, an Idaho Non-Profit Corporation By: _____ Its: President



MISSION

FY18

Retain, develop and improve air service at Friedman Memorial Airport (SUN).

ORGANIZATIONAL STRUCTURE

Fly Sun Valley Alliance (FSVA) is an Idaho non-profit 501c(6) corporation with both private and public sector volunteer board members representing governments, organizations and businesses throughout Blaine County.

SCOPE OF WORK

AIR SERVICE DEVELOPMENT

Secure & Manage Contract Air Service: Currently Alaska (SEA/LAX/PDX) flights; United (SFO/DEN/ORD) flights

- Negotiate air service contract terms with airlines, in partnership with Sun Valley Company:
 - Operating season, schedules, equipment
 - MRG cap amount; analysis of cost per flight & projected revenues
 - LOC requirements; Weather diversion busing provisions
- Monitor bookings on weekly basis; cost & revenue monthly
- Monitor fares on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare and schedule adjustment discussions with airline partners as needed
- Assist with coordination of air service market planning for SUN with other partners (SVMA, SVR, ITC, etc.)
- Support coordination of start-up effort for new service (as needed) – launch celebrations, marketing, etc.
- Organize/support enhanced weather diversion bussing program for all SUN commercial air travelers and airlines
- Coordinate with Friedman Memorial Airport in all aspects of air service planning/implementation

Manage & Support Non-Contract Air Service: Currently Delta for year-round SLC and limited LAX flights

- Monitor fares on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare & schedule adjustment discussions with airline as appropriate
- Assist with coordination of air service marketing planning for SUN with other partners (SVMA, SVR, ITC, etc.)
- Organize/support enhanced weather diversion bussing program for all SUN commercial air travelers and airlines

RESEARCH

- Conduct air passenger survey research at SUN during winter & summer/fall seasons
- Conduct other market research on local air travel patterns – i.e., business travel survey
- Collect/analyze/report other research re: travel trends, demographics, economic impact
- Monitor monthly enplanement, seat occupancy, other air service data relative to SUN, industry & competitive set

COMMUNITY OUTREACH/EDUCATION - LOCAL AIR MARKETING

- Maintain FSVA website, www.flysunvalleyalliance.com, with information on SUN air service, news, studies, etc.
- Provide ongoing public outreach/communications via Enews, social media, meetings, presentations, other
- Create & implement local air service marketing/PR programs targeted to local and regional air travelers
- Assist with coordination of marketing of flights/fares sales, etc. with airlines and local/state partners

KEY PERFORMANCE METRICS

- **Retain/Expand Current Air Service:** Retain contracted nonstop SEA/LAX/SFO/DEN/PDX flights and support SLC flights; improve air service schedules/frequency as feasible.
- **New Air Service:** Pursue new nonstop flight market for FY18 (secured ORD winter flights) and future
- **Build SUN Passenger Traffic:** Work with airlines/marketing partners to increase load factors & minimize air service costs as feasible. Work with airlines on SUN fares and schedules to reduce air passenger leakage.
- **Research:** Conduct seasonal air passenger surveys at SUN; conduct competitive analysis, economic impact and other research as needed.

EXHIBIT B

1% LOT Generated	1% LOT Received					Communities' Direct Costs	LOT Funds from Communities	Air Service Board Administrative Expenses	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
		Sun Valley	Ketchum	Hailey	TOTAL									
								\$0	\$0	\$0	20%	\$0	80%	
Oct-17	Dec-17	\$22,806	\$165,740	\$8,748	\$197,294	\$6,407	\$190,887	-\$2,893	\$187,993	\$37,599	20%	\$150,395	80%	
Nov-17	Jan-18	\$17,339	\$121,309	\$3,917	\$142,565	\$6,276	\$136,289	-\$83	\$136,206	\$27,241	20%	\$108,965	80%	
Dec-17	Feb-18	\$59,627	\$118,703	\$3,917	\$182,246	\$6,276	\$175,971	-\$83	\$175,887	\$35,177	20%	\$140,710	80%	
Jan-18	Mar-18	\$37,553	\$273,546	\$5,870	\$316,969	\$6,329	\$310,640	-\$83	\$310,557	\$62,111	20%	\$248,445	80%	
Feb-18	Apr-18	\$45,407	\$176,491	\$10,496	\$232,394	\$6,455	\$225,939	-\$83	\$225,855	\$45,171	20%	\$180,684	80%	
Mar-18	May-18	\$38,945	\$195,238	\$8,440	\$242,622	\$6,399	\$236,223	-\$83	\$236,140	\$188,912	80%	\$47,228	20%	
Apr-18	Jun-18	\$16,779	\$172,511	\$7,720	\$197,010	\$6,379	\$190,631	-\$583	\$190,048	\$152,038	80%	\$38,010	20%	
May-18	Jul-18	\$19,234	\$101,602	\$4,122	\$124,958	\$6,281	\$118,677	-\$83	\$118,594	\$94,875	80%	\$23,719	20%	
Jun-18	Aug-18	\$42,954	\$104,634	\$3,608	\$151,196	\$6,267	\$144,929	-\$83	\$144,845	\$115,876	80%	\$28,969	20%	
Jul-18	Sep-18	\$99,066	\$164,815	\$7,206	\$271,087	\$6,365	\$264,722	-\$83	\$264,639	\$211,711	80%	\$52,928	20%	
Aug-18	Oct-18	\$81,694	\$232,389	\$15,430	\$329,513	\$6,589	\$322,923	-\$83	\$322,840	\$258,272	80%	\$64,568	20%	
Sep-18	Nov-18	\$36,987	\$226,023	\$13,683	\$276,693	\$6,542	\$270,151	-\$15,083	\$255,245	\$39,865	15%	\$215,380	85%	
		\$518,390	\$2,053,000	\$93,157	\$2,664,548	\$76,566	\$2,587,982	-\$19,310	\$0	\$2,568,849	\$1,268,849		\$1,300,000	

FSVA 1% LOT ASB CONTRACT BUDGET (FYE 9/30/18)

FSVA CONTRACT INCOME	FY18 1% LOT Budget
1% LOT Revenues/ASB Contract for Services	\$ 1,268,849
Interest	\$ 3,000
TOTAL INCOME	\$ 1,271,849
<i>*Contract for Services with Air Service Board</i>	
FSVA AIR SERVICE DEVELOPMENT EXPENSE	
Air Service Contract Costs <i>(Net FSVA for MRG/Busing/LOC - 50% cost share with Sun Valley Resort)</i>	\$ 1,138,849
Air Service Consulting Fees/Meetings <i>(Mead&Hunt consulting fees, airline meetings, etc)</i>	\$ 80,000
Local Air Service Marketing <i>(ads, EDM, website, etc)</i>	\$ 25,000
Research <i>(SUN air passenger surveys, other)</i>	\$ 25,000
TOTAL EXPENSE	\$ 1,268,849
Strategic Reserves (for future flights)	
TOTAL FSVA CONTRACT AMOUNT	\$ 1,268,849

CONTRACT FOR SERVICES
BETWEEN THE
SUN VALLEY AIR SERVICE BOARD AND
FSVA

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this 31st day of January 2018, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Fly Sun Valley Alliance, Inc., an Idaho nonprofit corporation with an IRS 501 (c) (6) designation, (hereinafter referred to as "FSVA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67- 2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):
 - a. The City of Sun Valley, Idaho
 - b. The City of Ketchum, Idaho
 - c. The City of Hailey, Idaho
 - d. Blaine County, Idaho [non-voting]

2. FSVA is an Idaho non-profit corporation with an IRC 501(c)(6) designation engaged in the business of commercial air service development for the Sun Valley, Idaho area as further described in **Exhibit "A"**.

3. Pursuant to Idaho Code §§ 67-2328, 50-301 and 50-302, the ASB is empowered to enter into contracts and take such steps as are reasonably necessary to maintain the peace, good government and welfare of the Component Members and their trade, commerce and industry. Accordingly, the ASB has the power as conferred by the State of Idaho, to provide directly for certain promotional activities to enhance the trade, commerce, industry, and economic well-being of the Component Members.

4. The following ordinances have been adopted by certain Component Members (except Blaine County) for the purposes of a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees ("MRG's") or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service, including reasonable program management costs and busing due to flight diversion(s); and d) direct costs to collect and enforce the tax, including administrative and legal fees:

- a. Sun Valley Ordinance No. 45G.
 - b. Ketchum Ordinance No. 1108.
 - c. Hailey Ordinance No. 1133.
5. The primary reason for the ASB to enter this Contract is to effectuate the purposes of the local option taxes and Component Member ordinances recited above.
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 7. The organizational goals of FSVA are consistent with the purposes and findings of the ordinances recited above.
 8. It is the intention of the ASB to contract with FSVA to provide such services for consideration as hereinafter provided, subject to the tracking and reporting requirements described herein.
 9. FSVA desires to enter into a contract with the ASB to retain, develop and improve air service as hereinafter provided.
 10. ASB and FSVA intend to dedicate local option taxes to the payment of Air Service Contract Costs, defined as; 1) MRG's, 2) bussing costs for airline passengers due to weather related flight diversions, 3) Letter of Credit fees and 4) any applicable airline start-up costs , as well as other air service development efforts as outlined in Exhibit AFSVA has entered into contracts with commercial airlines which require the payment of Air Service Contract Costs. The contracts between FSVA and the airlines contain confidentiality provisions.
 11. FSVA and Sun Valley Company have agreed that FSVA shall pay all of the Air Service Contract Costs under the airline contracts with funds from ASB but will be reimbursed by Sun Valley Company (SVC) in the amount of 50% of the Air Service Contract Costs. A portion of the reimbursement to FSVA from SVC for certain Air Service Contract Costs may be provided in contributions of products that provide an equivalent cash value. FSVA will use ASB funds to pay 100% of the annual fixed cost for Enhanced diversion bussing services (including upgraded equipment, on call drivers and airport hosts), which are provided for all airlines at Friedman Memorial Airport during the winter.
 12. ASB and FSVA intend to honor the confidentiality provisions in the airline contracts but verify the costs by examining the invoices for Air Service Contract Costs in executive session.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, it is agreed by and between the ASB and FSVA as follows:

1. All Recitals above are incorporated herein by reference.
2. Services. FSVA agrees to make its dedicated professional best efforts toward retaining, developing and improving air service by securing and managing air service into Friedman Memorial Airport; providing other air service support; pursuing new and/or expanded air service; and other air service development related tasks ("Air Service Development") as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference, and to pay 50% of the Air Service Contract Costs.
3. Expenses. FSVA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.
4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, 2018. This Contract shall be automatically extended for one (1) year terms, unless notice is provided as set forth herein. Such notice shall be served not less than sixty (60) days prior to the expiration of any annual term. This Contract may be amended to increase the length of the term if so determined by the parties.
5. Consideration.
 - A. Air Service Contract Costs and Air Service Development Reimbursement. During the term of this Contract, ASB shall pay FSVA, as reimbursement for Air Service Contract Costs and as payment for Air Service Development, a maximum sum not to exceed the total "Fly SV Alliance Contract Expenses" as identified in the schedule attached hereto as **Exhibit "B"** for the present fiscal year ending September 30, 2018 ("FY 18"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for FSVA as set forth in the Payment Schedule in **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, and fund balance, which is designated as "Funds Available for Contracts", in **Exhibit "B"**. In the event the monthly payments derived during FY 18 would exceed the "Fly SV Alliance Contract Expenses" amount in **Exhibit "B"**, the last monthly payment(s) shall be reduced to ensure only a payment of the contract amount in Exhibit B.. In the event the monthly payments derived during FY 18 are less than the contract amount in Exhibit B FSVA shall not be entitled to the difference between the total of the monthly payments and the contract amount in Exhibit B. The Payment Schedule for each

subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

- B. FSVA shall maintain a contract with SVC wherein SVC shall reimburse FSVA for 50% of Air Service Contract Costs. Said reimbursements shall include a cash payment for 50% of MRG cost, and other contributions for at least 50% of other Air Service Contract Costs.
- C. Limitation of Funds. Funds paid by ASB to FSVA shall only be used for the purposes set forth in this Contract, and for no other purpose. The annual FSVA ASB contract budget is outlined on the spread sheet attached hereto as **Exhibit "C"**. In the event FSVA pays pursuant to the contracts described in Recital 10, above, less than the "Total FSVA Contract Amount" identified in **Exhibit "C"**, the difference may be retained by FSVA as reserves but such amount shall only be used for payment of future Air Service Contract Costs, if approved by ASB, under other airline contracts, subject to the same limitations set forth in this Contract.

6. Reporting Requirements. In partial consideration for, , FSVA agrees to provide to the ASB:

- A. Written and in-person presentations and reports in January and July during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached **Exhibit "A"**. Semi-annual reports will be based on the government fiscal year of October 1st to September 30th.
- B. The ASB has at all times the right to request an independent audit, at the sole cost of FSVA, under the provisions herein, and such audit obligation and cost on the part of FSVA shall survive any termination.
- C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the FSVA's financial records, and within a reasonable time period, FSVA shall submit such information or reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and records of FSVA for compliance with the terms of this Contract. Any record provided hereunder which would be covered by the confidentiality provisions described in Recital 11, above, shall not be disclosed unless ordered by a court of competent

jurisdiction or unless consent is provided by the Sun Valley Company and the relevant airline. FSVA agrees to retain all financial records, supporting documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.

- D. Invoices and supporting documents from airlines for the Air Service Contract Costs to be paid by FSVA, and documentation of reimbursement of 50% of Air Service Contract Costs by SVC to FSVA. Such invoices and supporting documentation shall be presented to the ASB by FSVA in executive session.
- 7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to FSVA with or without cause. The ASB recognizes that the FSVA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to FSVA under this Contract at the end of the 90-day period.
- 8. Equal Employment Opportunity. FSVA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.
- 9. Independent Contractor Status. The parties acknowledge and agree that FSVA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. FSVA shall create, direct and control its own means and methods of performing this Contract. FSVA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by FSVA in a competent, efficient and satisfactory manner.
- 10. Hold Harmless Agreement. FSVA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials, officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of non-disclosure of information pursuant to Paragraph 6(D) of this Contract or by reason of any wrongful act or omission on the part of FSVA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of FSVA's actions or omissions associated with the services or obligations described in this Contract. FSVA shall have the duty to appear and defend

any such demand, claim, suit or action on behalf of ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.

11. Non-Assignment. This Contract may not be assigned by or transferred by FSVA, in whole or in part, without the prior written consent of the ASB.
12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute, shall be finally settled through litigation in the District Court, Blaine County Idaho. The court shall have no power to award punitive or exemplary damages.
13. Attorney's Fees. In the event of any dispute with regard to the interpretation or enforcement of this Contract, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred therein, whether or not a lawsuit is actually filed, and on any appeals, and in any bankruptcy proceeding.
14. Appropriations. No commitment of public funds will be made prior to the approval of this Contract nor are any public funds committed beyond the current fiscal year. The terms of this Contract are contingent upon sufficient appropriations being made each fiscal year by the ASB for the performance of this Contract. If sufficient appropriations are not made, this Contract shall terminate subject to the conditions subsequent concerning notice. Termination pursuant to the terms of this Contract shall not result in any claim for payment or damages by FSVA. ASB's decision as to whether sufficient appropriations are available shall be accepted by FSVA and shall be final. FSVA HAS NO RIGHT TO COMPEL COMPONENT MEMBERS TO LEVY OR COLLECT TAXES TO MAKE ANY PAYMENTS REQUIRED HEREUNDER, OR TO EXPEND FUNDS BEYOND THE AMOUNT PROVIDED FOR IN THE THEN CURRENT FISCAL YEAR. In the event that this provision conflicts with any other provision in the Agreement, this provision shall prevail.
15. Miscellaneous Provisions.
 - a. Paragraph Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Contract or any of the provisions of the Contract.
 - b. Provisions Severable. Every provision of this Contract is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Contract.

- c. Rights and Remedies are Cumulative. The rights and remedies provided by this Contract are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Contract are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.
- d. Successor and Assigns. This Contract and the terms and provisions herein shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.
- e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.
- f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.
- g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.
- h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.
- i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.
- j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:
 - a. ASB: P.O. Box 3801, Ketchum, Idaho 83340
 - b. FSVA: P.O. Box 6316, Ketchum, Idaho 83340
- k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.

- I. No Third Party Beneficiaries. This Agreement shall not create any rights or interest in any third parties.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first set forth above.

Signatures:

Dated: _____ 	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: _____ Its: _____
Dated: _____ 	FSVA, an Idaho Non-Profit Corporation By: _____ Its: President



MISSION

FY18

Retain, develop and improve air service at Friedman Memorial Airport (SUN).

ORGANIZATIONAL STRUCTURE

Fly Sun Valley Alliance (FSVA) is an Idaho non-profit 501c(6) corporation with both private and public sector volunteer board members representing governments, organizations and businesses throughout Blaine County.

SCOPE OF WORK

AIR SERVICE DEVELOPMENT

Secure & Manage Contract Air Service: Currently Alaska (SEA/LAX/PDX) flights; United (SFO/DEN/ORD) flights

- Negotiate air service contract terms with airlines, in partnership with Sun Valley Company:
 - Operating season, schedules, equipment
 - MRG cap amount; analysis of cost per flight & projected revenues
 - LOC requirements; Weather diversion busing provisions
- Monitor bookings on weekly basis; cost & revenue monthly
- Monitor fares on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare and schedule adjustment discussions with airline partners as needed
- Assist with coordination of air service market planning for SUN with other partners (SVMA, SVR, ITC, etc.)
- Support coordination of start-up effort for new service (as needed) – launch celebrations, marketing, etc.
- Organize/support enhanced weather diversion bussing program for all SUN commercial air travelers and airlines
- Coordinate with Friedman Memorial Airport in all aspects of air service planning/implementation

Manage & Support Non-Contract Air Service: Currently Delta for year-round SLC and limited LAX flights

- Monitor fares on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare & schedule adjustment discussions with airline as appropriate
- Assist with coordination of air service marketing planning for SUN with other partners (SVMA, SVR, ITC, etc.)
- Organize/support enhanced weather diversion bussing program for all SUN commercial air travelers and airlines

RESEARCH

- Conduct air passenger survey research at SUN during winter & summer/fall seasons
- Conduct other market research on local air travel patterns – i.e., business travel survey
- Collect/analyze/report other research re: travel trends, demographics, economic impact
- Monitor monthly enplanement, seat occupancy, other air service data relative to SUN, industry & competitive set

COMMUNITY OUTREACH/EDUCATION - LOCAL AIR MARKETING

- Maintain FSVA website, www.flysunvalleyalliance.com, with information on SUN air service, news, studies, etc.
- Provide ongoing public outreach/communications via Enews, social media, meetings, presentations, other
- Create & implement local air service marketing/PR programs targeted to local and regional air travelers
- Assist with coordination of marketing of flights/fares sales, etc. with airlines and local/state partners

KEY PERFORMANCE METRICS

- **Retain/Expand Current Air Service:** Retain contracted nonstop SEA/LAX/SFO/DEN/PDX flights and support SLC flights; improve air service schedules/frequency as feasible.
- **New Air Service:** Pursue new nonstop flight market for FY18 (secured ORD winter flights) and future
- **Build SUN Passenger Traffic:** Work with airlines/marketing partners to increase load factors & minimize air service costs as feasible. Work with airlines on SUN fares and schedules to reduce air passenger leakage.
- **Research:** Conduct seasonal air passenger surveys at SUN; conduct competitive analysis, economic impact and other research as needed.

EXHIBIT B

1% LOT Generated	1% LOT Received					Communities' Direct Costs	LOT Funds from Communities	Air Service Board Administrative Expenses	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
		Sun Valley	Ketchum	Hailey	TOTAL									
								\$0	\$0	\$0	20%	\$0	80%	
Oct-17	Dec-17	\$22,806	\$165,740	\$8,748	\$197,294	\$6,407	\$190,887	-\$2,893	\$187,993	\$37,599	20%	\$150,395	80%	
Nov-17	Jan-18	\$17,339	\$121,309	\$3,917	\$142,565	\$6,276	\$136,289	-\$83	\$136,206	\$27,241	20%	\$108,965	80%	
Dec-17	Feb-18	\$59,627	\$118,703	\$3,917	\$182,246	\$6,276	\$175,971	-\$83	\$175,887	\$35,177	20%	\$140,710	80%	
Jan-18	Mar-18	\$37,553	\$273,546	\$5,870	\$316,969	\$6,329	\$310,640	-\$83	\$310,557	\$62,111	20%	\$248,445	80%	
Feb-18	Apr-18	\$45,407	\$176,491	\$10,496	\$232,394	\$6,455	\$225,939	-\$83	\$225,855	\$45,171	20%	\$180,684	80%	
Mar-18	May-18	\$38,945	\$195,238	\$8,440	\$242,622	\$6,399	\$236,223	-\$83	\$236,140	\$188,912	80%	\$47,228	20%	
Apr-18	Jun-18	\$16,779	\$172,511	\$7,720	\$197,010	\$6,379	\$190,631	-\$583	\$190,048	\$152,038	80%	\$38,010	20%	
May-18	Jul-18	\$19,234	\$101,602	\$4,122	\$124,958	\$6,281	\$118,677	-\$83	\$118,594	\$94,875	80%	\$23,719	20%	
Jun-18	Aug-18	\$42,954	\$104,634	\$3,608	\$151,196	\$6,267	\$144,929	-\$83	\$144,845	\$115,876	80%	\$28,969	20%	
Jul-18	Sep-18	\$99,066	\$164,815	\$7,206	\$271,087	\$6,365	\$264,722	-\$83	\$264,639	\$211,711	80%	\$52,928	20%	
Aug-18	Oct-18	\$81,694	\$232,389	\$15,430	\$329,513	\$6,589	\$322,923	-\$83	\$322,840	\$258,272	80%	\$64,568	20%	
Sep-18	Nov-18	\$36,987	\$226,023	\$13,683	\$276,693	\$6,542	\$270,151	-\$15,083	\$255,245	\$39,865	15%	\$215,380	85%	
		\$518,390	\$2,053,000	\$93,157	\$2,664,548	\$76,566	\$2,587,982	-\$19,310	\$0	\$2,568,849	\$1,268,849		\$1,300,000	

FSVA 1% LOT ASB CONTRACT BUDGET (FYE 9/30/18)

FSVA CONTRACT INCOME	FY18 1% LOT Budget
1% LOT Revenues/ASB Contract for Services	\$ 1,268,849
Interest	\$ 3,000
TOTAL INCOME	\$ 1,271,849
<i>*Contract for Services with Air Service Board</i>	
FSVA AIR SERVICE DEVELOPMENT EXPENSE	
Air Service Contract Costs <i>(Net FSVA for MRG/Busing/LOC - 50% cost share with Sun Valley Resort)</i>	\$ 1,138,849
Air Service Consulting Fees/Meetings <i>(Mead&Hunt consulting fees, airline meetings, etc)</i>	\$ 80,000
Local Air Service Marketing <i>(ads, EDM, website, etc)</i>	\$ 25,000
Research <i>(SUN air passenger surveys, other)</i>	\$ 25,000
TOTAL EXPENSE	\$ 1,268,849
Strategic Reserves (for future flights)	
TOTAL FSVA CONTRACT AMOUNT	\$ 1,268,849

SUN VALLEY AIR SERVICES BOARD

INVOICES TO BE PAID

Through January 26, 2018

Fly Sun Valley Alliance	October 2017 LOT Invoice	\$ 30,969.76
Fly Sun Valley Alliance	November 2017 LOT Invoice	29,012.40
Sun Valley Marketing Alliance	October 2017 LOT Invoice	123,879.05
Sun Valley Marketing Alliance	November 2017 LOT Invoice	116,049.61
TOTAL		\$299,910.82

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
10/31/2017	197

Bill To
Sun Valley Air Service Board Attn: Grant G & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - October 2017 LOT – December 2017 FSVA Contract Services	30,969.76	30,969.76
		Total	\$30,969.76



TO: SUN VALLEY AIR SERVICE BOARD

CONTRACT SERVICES RENDERED – December 2017

AIR SERVICE

AIR SERVICE DEVELOPMENT

- Reviewed/monitored/analyzed weekly flight booking reports; monthly reports
- Ongoing research/analysis of seat, enplanements, load factors; for SUN and competitive markets
- Continued strategic planning/analysis regarding future air service needs/opportunities FY18 and beyond
- Continued discussions/planning with airlines regarding current and future service; contracts, etc.
- Monitored diversion busing program; continued implementation of various enhanced communication systems for passengers, stakeholders.
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed
- Worked with VSV and other marketing partners on air service marketing efforts in key markets

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Coordinated/promoted United Airlines Inaugural SUN flight celebration on Dec 23
- Provided information via monthly FSVA Enews and ongoing social media channels; updated website
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications
- Created/executed ongoing FSVA local marketing/ PR for air service (*print, digital*); fare sale promotions
- Attended various community and stakeholder meetings to continue information outreach efforts
- Provided information regarding air service to inquiries from local and other travelers

RESEARCH/OTHER

- Continued winter SUN Air Passenger survey collection
- Worked on analysis of survey data from FSVA summer/fall air passenger survey, VSV summer visitor survey and other survey data from industry and competitor resort destinations.
- Continued work on compiling/tracking relevant news and comparative data and information of air service

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
11/30/2017	198

Bill To
Sun Valley Air Service Board Attn: Grant G & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - November 2017 LOT – January 2018 FSVA Contract Services	29,012.40	29,012.40
		Total	\$29,012.40



TO: SUN VALLEY AIR SERVICE BOARD

CONTRACT SERVICES RENDERED – January 2018

AIR SERVICE

AIR SERVICE DEVELOPMENT

- Reviewed/monitored/analyzed weekly flight booking reports; monthly reports
- Ongoing research/analysis of seat, enplanements, load factors; for SUN and competitive markets
- Continued strategic planning/analysis regarding future air service needs/opportunities
- Continued discussions/planning with airlines regarding current and future service; contracts, etc.
- Monitored diversion busing program; continued implementation of various enhanced communication systems for passengers, stakeholders.
- Planning for upcoming airline meetings at Mead & Hunt Air Service Conference in March
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed
- Worked with VSV and other marketing partners on air service marketing efforts in key markets

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media channels; updated website
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications
- Created/executed ongoing FSVA local marketing/ PR for air service (*print, digital*); fare sale promotions
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RESEARCH/OTHER

- Continued winter SUN Air Passenger survey collection
- Worked on analysis of survey data from FSVA summer/fall air passenger survey, VSV summer visitor survey and other survey data from industry and competitor resort destinations.
- Continued work on compiling/tracking relevant news and comparative data and information of air service

SUN VALLEY MARKETING ALLIANCE, INC.

PO Box 4934
Ketchum, ID 83340
208-726-3423
Scott@VisitSunValley.com
www.visitsunvalley.com

Invoice



BILL TO
Air Service Board PO Box 3801 Ketchum, ID 83340

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
951	01/25/2018	\$123,879.05	02/24/2018	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing October 2017	1	123,879.05	123,879.05

Thank you for your support of Visit Sun Valley!

BALANCE DUE

\$123,879.05

SUN VALLEY MARKETING ALLIANCE, INC.

PO Box 4934
Ketchum, ID 83340
208-726-3423
Scott@VisitSunValley.com
www.visitsunvalley.com

Invoice



BILL TO
Air Service Board PO Box 3801 Ketchum, ID 83340

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
952	01/25/2018	\$116,049.61	02/24/2018	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing November 2017	1	116,049.61	116,049.61

Thank you for your continued support of Visit Sun Valley!

BALANCE DUE

\$116,049.61



Sun Valley Air Service Board

Jan. 2018 UPDATES

Updates

- DestiMetrics:
 - Occupancy:
 - October 35.6% vs. 36.1% in 2016
 - November 23.9% vs. 28.9% in 2016
 - ADR: (Average Daily Rate)
 - October \$148 vs. \$143 in 2016
 - November \$126 vs. \$129 in 2016
 - 11 properties reporting (added Pennay's at River Run)
- Facebook fans: 3,521 | November gained +501, December gained +696
- Instagram followers: 10,200 (gained 266 since November)
- Website sessions YTD (Jan 1st – December 27th) to visitsunvalley.com were up 21% compared to the same period in 2016.
- Visit Sun Valley DMO page on TripAdvisor saw a 27% decrease in page views from October to November

Marketing & Advertising

- Winter advertising tapering off as we had an early season push. Winter initiatives include:
 - New partnership with [Thrillist](#), [Outdoor Project](#) & [Teton Gravity Research](#)
 - Internal blog content creation
 - Paid social promotions focusing on our winter videos and blog content
- Continuing to work on building out deliverables from summer hyper-lapse video captures.
- Working on a winter influencer campaign with Origin for 2019 season

PR

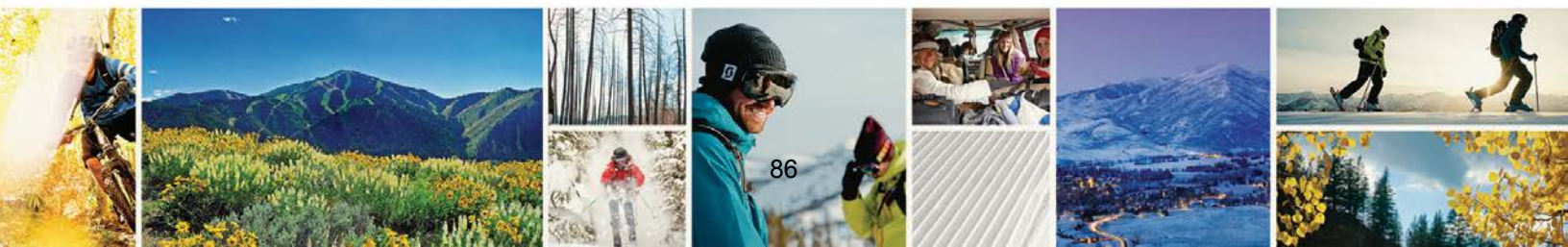
- Working with Fahlgren Mortine to continually refine our PR strategy
- Chicago Media Mission
 - Partnered with a select group of lodging partners to host a media event in Chicago to drum up awareness in our newest air service market – Happened November 15th
 - Our PR team connected with several writers and is in the process of lining stories up.
- Connected with Kari Bodnarchuk and her family from the Boston Globe during her stay orchestrated by Carol Waller & the Sun Valley Resort. Interjected a variety of story ideas ranging from arts & culture to innovation.



- Connected with Helen Hayes, by the Idaho Travel Council, an Australian travel writer brought in to give her a broader perspective of the area.
- Will be hosting a [newly-wed influencer couple](#) to integrate a social sharing campaign as well as a blog entry.
- Sun Valley Mentions & Features
 - SKI Magazine | [Powder Hounds](#)
 - LA Times | [Idaho's Sun Valley is a Grand Dame and a Grand Time Among Skiers & Snowboarders](#)
 - Portland Monthly | [Fat Biking and Dive Bars: Sun Valley Offers Serious Off-Slope Fun](#)
 - Huffington Post | [Live Streaming Sheep in In Ketchum](#)
 - Men's Journal | [The Best Non-Ski Activities in Popular Ski Towns](#)
 - Goop.com | [Ski Report: What to See/Do/Wear in Courchevel, Sun Valley and Whistler](#)
 - Curbed.com | [10 Best Ski Towns to Visit this Winter](#)
 - Men's Fitness | [7 Under-the-Radar Ski Resorts](#)
 - Pure Wow | [The 30 Best Ski Resort Destinations in the World](#)

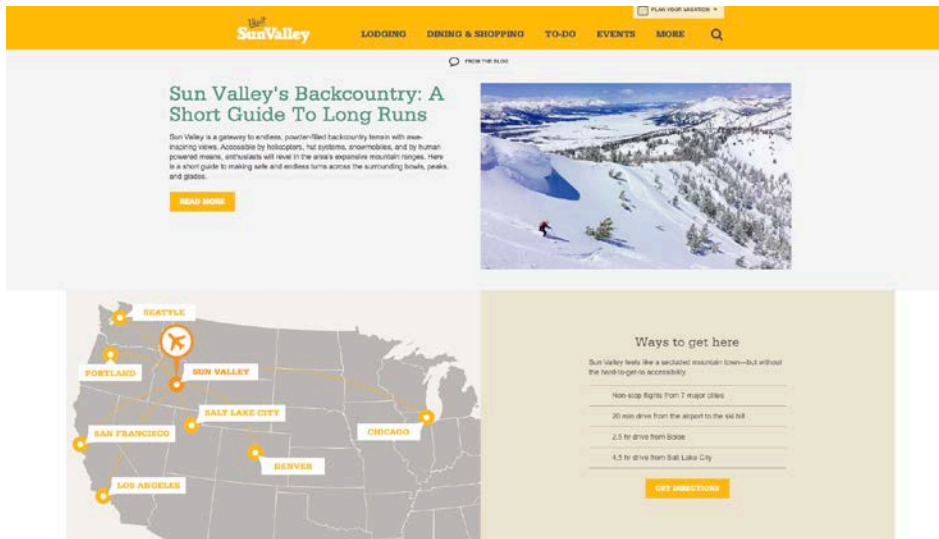
Social Media

- Continual content building and distribution of Visit Sun Valley Facebook page
- Began to collect on agreed compensation from Sun Valley Company for incurring the Facebook page split
- Will be pushing our winter videos through the various social outlets
- [Internally composed and distributed a variety of blog pieces including:](#)
 - [Dark Skies of Sun Valley](#)
 - [Ketchum, Idaho's Modern Art Scene](#)
 - [Immerse Yourself in Sun Valley's Artist in Residence Scene](#)
 - [The Fab 5: Winter Family Activities in Sun Valley](#)
 - [Sun Valley Family Dining Guide](#)
 - [Get Your Sweat On](#)
 - [Skiing & Snowboarding Sun Valley on a Budget](#)
 - [Your Guide to the Holidays in Sun Valley](#)
 - [Sun Valley's Backcountry: A Short Guide to Long Runs](#)



Air Service Messaging & Changes

- Telling a little different story so that we can paint a picture of all the ways to get in to Sun Valley
- Using a widget from [Rio2Rome](#) that taps into a users IP Address and gives them a variety of routing options to get to Sun Valley including non-stop flights, driving, and more
- Included information of how to get here on our home page and seasonal landing pages
- Revamped our “[Getting Here](#)” page to provide more insight on options for getting here and around

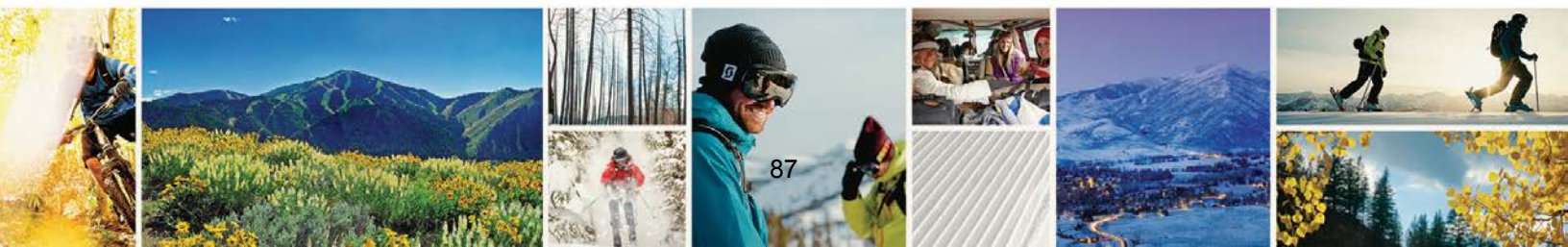


Website Changes:

- Addition of ways to get here section on our [homepage](#) with dynamic content based on where you're coming from
- Revamped our “[Getting Here](#)” webpage with more in-depth information, dynamic content based on where you're coming from, airline specials and direct links for booking
- Increased frequency & retargeting on our social media post. (see attached) “How to Get Here” blog sticky at the top of our [Winter landing](#) page on our blog.

Social Media Posts Move Monies around and messaging to:

- Alaska Airfare Deal: put out targeted advertising in non-stop flight markets to promote Alaska Airlines airfare deal on Facebook. See attached graphic
- Facebook Down-the-Funnel Advertising: Implemented unique direct flight message promotions to non-stop flight market audiences (see attached for sample)





We are working with lodging partners to allow them to retarget visitors from our website “getting here pages” with lodging offers. We have also backed off some of our social spends in Seattle / Chicago toward SLC to take advantage of lack of snow & opened resort.

What we are seeing on our website Metrics.

- [How to Get Here Blog](#): 1,409 page views with an average time on site of 1:57 | Date Range: October 1 – December 7, 2017 (no data available for last year) New content.
- [Getting Here Page](#): 1,830 page views with an average time on site of 3:18 | Date Range: October 1 – December 7, 2017 (Up 22% from 2016 period)
- Top City Traffic - Date Range: October 1 – December 7, 2017
 1. San Francisco: Page views Up 376% from 2016 period
 2. San Jose: Page views Up 1,312% from 2016 period
 3. New York: Page views Up 76% from 2016 period
 4. Los Angeles: Page views Up 4% from 2016 period
 5. Seattle: Page views Up 38% from 2016 period
 6. Chicago: Page views Up 107% from 2016 period
 7. Portland: Page views Up 67% from 2016 period

We are discussing the timing, logistics & cost associated with a Air Credit promotion. More to come on that. We will be reaching out (face to face) to the lodging community to provide them with the information and links as it pertains to access to air, for their own newsletters and website implementation. As many of them own additional in other destinations to leverage customers.

