

AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING
Sun Valley City Hall
81 Elkhorn Road, Sun Valley, Idaho
Wednesday, January 18, 2023 - 2:00 PM

Join Zoom Meeting

<https://us02web.zoom.us/j/89571692533?pwd=MkJvVlh1eTRXbGxZUUhvMXI5K25XUT09>

Meeting ID: 895 7169 2533

Passcode: 970994

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

ELECTION

1. Election of Officers for 2023 (action item)

CONSENT AGENDA (action item). *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.*

2. Approval of Sun Valley Air Service Board Meeting Minutes from December 14, 2022
3. Approve the Contract Amounts for FSVA (45%) and VSV (55%)
4. Receive and File Financials:
 - a. 1% Local Option Tax Report: October - November 2022 Months of Service

ACTIONS/DISCUSSIONS/PRESENTATIONS

5. Authorization for Payment of Bills on-hand through January 13, 2023 (action item)
6. Presentation and acceptance of the FY2022 audited financial statements by Workman & Company (action item)
7. Discussion on renewing/extending the contracts with Fly Sun Valley Alliance and Sun Valley Tourism [f/k/a Marketing] Alliance (action item)
8. Receive and file Allocation of Voting Rights Report for 2023 (action item)
9. Fly Sun Valley Alliance Air Service update
10. Sun Valley Tourism Alliance update

ADJOURNMENT

Please Note: The agenda is subject to revisions. Any person in need of assistance to attend or participate should contact Sun Valley City Hall prior to the meeting. Air Service Board Packets are online at www.haileycityhall.org; www.sunvalleyidaho.gov; and www.ketchumidaho.org.

Memo

To: Sun Valley Air Service Board
From: Nancy Flannigan
City Clerk/Asst. to the City Administrator, City of Sun Valley
Date: January 11, 2023
Re: Election of Officers for 2023

The Sun Valley Air Service Board Bylaws (Section 3.1) 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 in 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 and position 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.

In order to keep things simple and running smoothly, staff recommends re-electing Neil Bradshaw as Chair, Martha Burke as Vice-Chair and Peter Hendricks as Secretary/Treasurer.

MEETING MINUTES FOR
December 14, 2022 - 2:00 PM
SUN VALLEY AIR SERVICE BOARD MEETING
Ketchum City Hall
191 Fifth Street West, Ketchum, Idaho

Join Zoom Meeting

<https://ketchumidaho-org.zoom.us/j/85997640694>

CALL TO ORDER: Neil Bradshaw - Mayor, City of Ketchum (30sec)

ROLL CALL: Peter Hendricks - Mayor, City of Sun Valley; Martha Burke - Mayor, City of Hailey; Muffy Davis - Blaine County Commissioner

Staff: Nancy Flannigan - City Clerk/Asst. to the City Administrator - City of Sun Valley, Trent Donat - City Clerk, City of Ketchum, Carol Waller, and Scott Forner

PUBLIC COMMENT: N/A

REMARKS FROM THE CHAIR : N/A

REMARKS FROM THE BOARD N/A

CONSENT AGENDA (action item).

Motion to approve: Neil Bradshaw (01:06)

Second: Martha

All in favor.

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 Sun Valley Air Service Board Meeting Minutes from September 21, 2022

Motion to Approve

2. Receive and File Financials:

a. 1% Local Option Tax Report: September 2022 Month of Service

ACTIONS/DISCUSSIONS/PRESENTATIONS

3. Authorization for Payment of Bills on-hand through December 9, 2022 (action item)

Motion to approve: Martha Burke (02:20)

Second: Peter Hendricks

All in Favor.

4. Discussion and possible approval of Resolution 2022-01 Setting the Meeting Dates for 2023 (action item)

Motion to approve: Peter Hendricks (40:12)

Second: Martha Burke

All in favor.

5. Discussion and possible authorization to sign an engagement letter with Workman & Company for the FY2022 Audit (action item)

Motion to approve: Peter Hendricks (04:37)

Second: Martha Burke

All in favor.

6. Fly Sun Valley Alliance Air Service 2023 Budget Presentation - **Carol Waller (05:18)**

7. Sun Valley Marketing Alliance 2023 Budget Presentation - **Scott Fortner (22:05)**

ADJOURNMENT :

Neil Bradshaw (1:08:46)

Second: Martha Burke

All in favor.

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MOS		1% LOT Contribution				Expenses		Funds for Contracts
1% LOT Generated	1% LOT Received	Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	SVASB Administrative Fees	
Oct-22	Dec-22	56,018.60	191,688.62	10,519.42	258,226.64	(6,738.13)	(450.00)	251,038.51
Nov-22	Jan-23	43,721.66	201,664.55	5,814.28	251,200.49	(7,757.58)	(450.00)	242,992.91
Dec-22	Feb-23	-	-	-	-	-	-	-
Jan-23	Mar-23	-	-	-	-	-	-	-
Feb-23	Apr-23	-	-	-	-	-	-	-
Mar-23	May-23	-	-	-	-	-	-	-
Apr-23	Jun-23	-	-	-	-	-	-	-
May-23	Jul-23	-	-	-	-	-	-	-
Jun-23	Aug-23	-	-	-	-	-	-	-
Jul-23	Sep-23	-	-	-	-	-	-	-
Aug-23	Oct-23	-	-	-	-	-	-	-
Sep-23	Nov-23	-	-	-	-	-	-	-
Total		99,740.26	393,353.17	16,333.70	509,427.13	(14,495.71)	(900.00)	494,031.42

Fly SV Alliance								SVMA						
FY2022		Budget	1,400,000					FY2022	Budget	1,689,110				
		Remaining	1,177,686		84%					Remaining	1,417,393		84%	
MOS 1% LOT Generated	1% LOT Received	Funds for Contracts	% of Available Funds Owed	Funds for Contract	Invoiced Amount	Paid	Check	% of Available Funds Owed	Funds for Contract	Invoiced Amount	Paid	Check		
Oct-22	Dec-22	251,038.51	45%	112,967.33				55%	138,071.18					
Nov-22	Jan-23	242,992.91	45%	109,346.81	222,314.14			55%	133,646.10	271,717.28				
Dec-22	Feb-23	0.00	45%	-				55%	-					
Jan-23	Mar-23	0.00	45%	-				55%	-					
Feb-23	Apr-23	0.00	45%	-				55%	-					
Mar-23	May-23	0.00	45%	-				55%	-					
Apr-23	Jun-23	0.00	45%	-				55%	-					
May-23	Jul-23	0.00	45%	-				55%	-					
Jun-23	Aug-23	0.00	45%	-				55%	-					
Jul-23	Sep-23	0.00	45%	-				55%	-					
Aug-23	Oct-23	0.00	45%	-				55%	-					
Sep-23	Nov-23	0.00	45%	-				55%	-					
Total				222,314.14	222,314.14	-			271,717.28	271,717.28	0.00			

Cash Flow Statement	
665,849.46	cash balance
(271,717.28)	SVMA
(222,314.14)	Fly Sv Alliance
(1,300.00)	Workman & Co Audit
43,021.66	Sun Valley Revenue
4,279.38	Hailey Revenue
196,141.87	Ketchum Revenue
-	Investment transfer to be authorized
413,960.95	ending cash balance
LGIP #3358	1,671,965.83 LGIP Investment Balance as of 12-6-2022

**SUN VALLEY AIR SERVICE BOARD
INVOICES TO BE PAID**

Through: January 13, 2023

Vendor	Date	Invoice #	Description	Amount
Fly Sun Valley Alliance	10/31/2022	282	1% LOT - October 2022 collections (December services)	112,967.33
Fly Sun Valley Alliance	11/30/2022	283	1% LOT - November 2022 collections (January services)	109,346.81
Visit Sun Valley	2/10/2023	1505	1% LOT - October 2022 collections (December services)	138,071.18
Visit Sun Valley	1/22/2023	1506	1% Lot - November 2022 collections (January services)	133,646.10
Workman & Co.	12/31/2022	17696	Audited Financial Statements	1,300.00
Total Invoices to be paid:				\$ 495,331.42

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
10/31/2022	282

Bill To
Sun Valley Air Service Board Attn: Shellie Rubel & Jade Riley City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT – October 2022 collections – FSVA Dec 2022 services	112,967.33	112,967.33
		Total	\$112,967.33



FSVA CONTRACT SERVICES RENDERED TO SUN VALLEY AIR SERVICE BOARD DECEMBER 2022

AIR SERVICE

AIR SERVICE DEVELOPMENT

- Reviewed/monitored/analyzed SUN weekly flight booking reports, monthly airline performance reports
- Ongoing research/analysis of seat, enplanements, load factors, fares for SUN and other markets
- Distributed airport advisory statement to outline changes to winter busing program, follow up
- Ongoing communication & meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, other. Attended meetings as needed.
- Worked with VSV and other partners on air service marketing planning efforts
- Continued strategic plan implementation

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews, social media channels, website
- Created/coordinated/executed ongoing FSVA/FMA joint local public outreach campaign
- Created/executed ongoing FSVA local marketing & PR for air service (*print, digital*)
- Attended regular meetings of FMAA board, VSV board, Blaine County Economic Business Group, and other community/stakeholder meetings
- Provided information regarding air service to inquiries from local and other travelers

RESEARCH/OTHER

- Finalized and began implementation of 2022-23 winter air passenger survey via SUN airport Wifi
- Continued compiling/tracking relevant news and comparative data and information on air service

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
11/30/2022	283

Bill To
Sun Valley Air Service Board Attn: Shellie Rubel & Jade Riley City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT – November 2022 collections - FSVA Jan 2023 services	109,346.81	109,346.81
		Total	\$109,346.81



FSVA CONTRACT SERVICES RENDERED TO SUN VALLEY AIR SERVICE BOARD

JANUARY 2023

AIR SERVICE

- Reviewed/monitored/analyzed SUN weekly flight booking reports, monthly airline performance reports
- Ongoing research/analysis of seat, enplanements, load factors, fares for SUN and other markets
- Distributed airport advisory statement to outline changes to winter busing program, follow up
- Ongoing communication & meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, other. Attended meetings as needed.
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- Provided information regarding air service to inquiries from local and other travelers

RESEARCH/OTHER

- Continued implementation of 2022-23 winter air passenger survey via SUN airport Wifi
- Continued compiling/tracking relevant news and comparative data and information on air service

Sun Valley Tourism Alliance dba Visit Sun Valley
PO Box 4934
Ketchum, ID 83340 US
208-725-2104
jessica@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
1505	01/11/2023	\$138,071.18	02/10/2023	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing October 2022	1	138,071.18	138,071.18

BALANCE DUE

\$138,071.18

Sun Valley Tourism Alliance dba Visit Sun Valley
PO Box 4934
Ketchum, ID 83340 US
208-725-2104
jessica@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
1506	01/11/2023	\$133,646.10	02/10/2023	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing November 2022	1	133,646.10	133,646.10

BALANCE DUE

\$133,646.10

Sun Valley Air Service Board January 2023 Operational Highlights | October 22' - December 22'

Executive Summary

October through December is an ebb and flow as we transition from fall to winter. November is traditionally one of the quietest months of our year and 2022 proved to be no different. For many, it was a welcome reprieve from the hustle and bustle that ran from late June clear through October. The pace gave many an opportunity to recharge and gear up for the December holiday rush.

We took advantage of the lull between seasons to inform our local stakeholders about what Visit Sun Valley had been up to along with an outlook on the winter via our semi-annual [Community Meeting](#).

The shoulder season was also a great opportunity for us to put together two collaborative press trips with local lodging partners. We ventured down to Boise and hosted a happy hour reception to stay in touch with the local media. Next up was a trip to Seattle where we invited journalists for small bites and drinks before venturing to the Warren Miller ski movie premier which featured several Sun Valley athletes.

Now that we're talking winter, new for the 2022/2023 season is the partnership between the Sun Valley Resort and the IKON and Mt. Collective ski pass offerings. In an effort to ensure that pass holders were aware of Sun Valley's presence with the partners, a significant portion of our advertising messaging set out to reach these customers.

In addition to our core skier/snowboarder messaging, we launched a digital campaign that targeted 5 different winter personas. Advertising assets were designed to cut through the clutter in a sea of winter mountain town sameness. Viewers that engaged with the creative were directed to unique landing pages based on the persona delivered. At the end of the landing page experience, users were invited to download a unique itinerary filled with recommendations for their winter stay. We're hoping to capture email addresses for future first-party data collection and remarketing.

Early snowfall in throughout the end of November and into the middle of December aided in building winter excitement for the Sun Valley area. We built out a [Holiday Toolkit](#) for local businesses to have a consolidated place for most things they would need to know.

Visitors showed their eagerness to venture back to Sun Valley for those cherished holiday traditions. Hotel occupancies were strong, flights enplanements followed suit all while businesses and restaurants saw a flurry of activity. We will be paying close attention to actualized flight bookings and tax collections for December as those numbers become available.

We're closed on 2022 with strength and look forward to tackling the 2023 calendar year.

Beyond the visitation side of things, the 1% for Air Local Option Tax will be coming to the end of its current term December 31st, 2023. The renewal conversation is heating up with sunseting of this funding source on the horizon. We have been working closely with the Air Service Board to align our messaging and have been staying in close contact with the City of Ketchum to offer cooperative dialogue and transparent with our desired direction.

VISIT SUN VALLEY

visit sun valley | 160 sun valley rd, ketchum, id 83340 | 208.725.2101

Tourism Indicators

Lodging Occupancy

<u>2021</u>		<u>2022</u>		<u>% Change</u>
January	35.74%	January	46.49%	24.00%
February	48.00%	February	61.27%	27.65%
March	38.00%	March	53.74%	41.42%
April	16.30%	April	23.05%	41.41%
May	23.59%	May	26.16%	10.89%
June	45.47%	June	52.04%	14.45%
July	59.38%	July	66.22%	11.52%
August	45.00%	August	59.00%	31.11%
September	36.42%	September	51.92%	42.56%
October	31.96%	October	40.39%	26.38%
November	21.09%	November	23.53%	11.57%
December	35.00%	December	39.47%	8.37%

Lodging ADR

<u>2021</u>		<u>2022</u>		<u>% Change</u>
January	\$256	January	\$306	20%
February	\$282	February	\$357	27%
March	\$261	March	\$320	23%
April	\$179	April	\$193	8%
May	\$183	May	\$187	2%
June	\$301	June	\$307	2%
July	\$427	July	\$425	0%
August	\$398.00	August	\$366.00	-8%
September	\$313	September	\$294	-6%
October	\$210	October	\$228	9%
November	\$188	November	\$195	3%
December	\$459	December	\$457	0%

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Organic Web Sessions

<u>2021</u>		<u>2022</u>		<u>% Change</u>
January	29,253	January	32,937	13%
February	26,986	February	31,187	16%
March	27,754	March	28,060	1%
April	23,980	April	19,164	-20%
May	29,257	May	21,098	-28%
June	47,040	June	32,735	-30%
July	55,925	July	45,950	-18%
August	42,460	August	45,503	7%
September	29,781	September	23,712	-20%
October	27,296	October	20,236	-26%
November	24,672	November	23,429	-5%
December	33,066	December	34,628	5%

Average Organic Web Session Duration

<u>2021</u>		<u>2022</u>		<u>% Change</u>
January	1:34	January	1:28	-5%
February	1:35	February	1:36	1%
March	1:42	March	1:35	-6%
April	1:47	April	1:28	-18%
May	1:54	May	1:36	14%
June	1:57	June	1:46	-3%
July	1:45	July	1:37	-8%
August	1:36	August	1:11	-38%
September	1:25	September	1:28	3%
October	1:28	October	1:24	-1%
November	1:36	November	1:33	-3%
December	1:28	December	1:25	-3%

VISIT SUN VALLEY

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Facebook Followers

2021		% Change Month over Month	2022		% Change M.O.M.
January	10,624		January	11,260	4%
February	10,697		February	10,865	-4%
March	10,745	0%	March	10,837	0%
April	10,727	0%	April	10,874	0%
May	10,746	0%	May	11,269	4%
June	10,757	0%	June	10,981	-3%
July	10,764	0%	July	11,324	3%
August	10,791	0%	August	11,346	0%
September	11,171	4%	September	11,233	-1%
October	11,216	0%	October	11,418	2%
November	10,860	-3%	November	11,302	-1%
December	10,868	0%	December	11,306	0%

Instagram Fans

2021		2022		% Change
January	19,100	January	20,300	0%
February	19,200	February	20,500	1%
March	19,300	March	20,600	0%
April	19,300	April	20,700	0%
May	19,300	May	20,600	0%
June	19,600	June	20,600	0%
July	19,900	July	20,600	0%
August	19,900	August	20,600	0%
September	20,000	September	20,600	0%
October	20,000	October	20,500	0%
November	20,100	November	20,700	1%
December	20,200	December	21,000	1%

VISIT SUN VALLEY

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Enplanements

<u>2021</u>		<u>2022</u>		<u>% Change M.O.M.</u>	<u>Running total % Change</u>
January	6,537	January	11,945	82.7%	
February	7,847	February	11,483	46.3%	63%
March	9,532	March	12,396	30.0%	50%
April	4,087	April	2,658	-35.0%	37%
May	4,761	May	2,030	-57.4%	24%
June	8,788	June	8,090	-7.9%	17%
July	12,872	July	12,312	-4.4%	12%
August	12,963	August	12,428	-4.1%	9%
September	8,179	September	8,706	6%	9%
October	6,803	October	6,385	-6%	7%
November	5,809	November	5,159	-11%	6%
December	7,623	December	NA	NA	NA

*Note: Friedman Memorial airport was closed for a significant amount of time in May.

General Aviation

<u>2021</u>		<u>2022</u>	<u>% Change</u>
January	2,001	2,250	12%
February	2,185	2,362	8%
March	2,512	2,376	-5%
April	1,590	748	-53%
May	1,894	779	-59%
June	2,931	2,580	-12%
July	4,005	3,965	-1%
August	3,289	3,286	0%
September	2,884	2,408	-17%
October	2,128	2,236	5%
November	1,665	1,370	-18%
December	2,018	NA	NA

VISIT SUN VALLEY

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Ketchum Local Option Tax

<u>2021</u>		<u>2022</u>		<u>% Change Month to Month</u>	<u>Running total % Change</u>
January	262,350	January	329,250	25.5%	
February	288,554	February	363,726	26.1%	26%
March	304,032	March	365,048	20.1%	24%
April	173,497	April	208,397	20.1%	23%
May	204,477	May	197,726	-3.3%	19%
June	313,108	June	310,735	-0.8%	15%
July	425,023	July	398,565	-6.2%	10%
August	337,221	August	360,027	6.8%	10%
September	289,169	September	331,246	14.6%	10%
October	224,077	October	222,885	-0.5%	9%
November	211,942.28	November	215,561	1.7%	9%
December	\$410,805.14	December	NA	NA	NA

Social Media

The social media realm is an ever-evolving creature, and we are doing our best to stay up on the latest trends. Day to day activities include posting inspirational, in-the-moment content, fielding incoming questions, crafting blogs, and managing our weekly newsletter.

As the State of Idaho and many other states have chosen banned TikTok on company issued devices, we have stepped away from any paid promotions on the platform. We will continue to maintain our current audience and organically post as necessary.

Touchpoints

- Continual content building and distribution of Visit Sun Valley Facebook page & Instagram account
- Internally composed, updated/edited and distributed a variety of blog pieces including:
 - [24hrs in Sun Valley – October – Natalie Battistone – The Spot](#)
 - [24hrs in Sun Valley – November – Travis McDaniel](#)
 - [24hrs in Sun Valley – December – Luis Alberto Lecanda](#)
 - [24hrs in Sun Valley – January – Dave Kelso – Board Bin](#)
 - [Native American Heritage in the Wood River Valley](#)
 - [Beer Buff & Hopheads Guide to Sun Valley's Beer Scene](#)

VISIT SUN VALLEY

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Promotions

Winter advertising kicked off in early December with a persona-based tactic as well as an endemic ski/snowboard front. Deliverables include video, audio, and display elements.

Live winter outlets include:

- Orgury (video)
- The Trade Desk (video & audio)
- Precise TV (video)
- YouTube (video)
- Google PMAX (all assets)
- Google Display (display)
- Google Discover (all assets)
- Flight Aware (display)
- Hemispheres Magazine (print)
- Flipboard (press articles)

Upcoming winter outlets include:

- Accidentally Wes Anderson
- Open Snow

PR

As noted in the executive summary, we hosted two media events this fall to stay in touch with the Boise and Seattle markets.

Our messaging with publications seeks to explore the broader stories and activities found in the area.

Sun Valley Mentions & Features

- [JustLuxe](#) | Star Gazing at Hotel Ketchum in Idaho
- [Thrillist](#) | Hollywood's Favorite Mountain Town Isn't Where You'd Think It Is
- [Local Freshies](#) | Something Old World, Something New – Sun Valley Restaurants
- [So Scottsdale](#) | Snow Day: Sun Valley offers alluring adventure all winter long
- [Oprah Daily](#) | 22 Best Fall Harvest Festivals and Events Across America
- [Trips to Discover](#) | 15 Best Small Towns in the U.S. for Fall Foliage
- [Travel Pulse](#) | 20 Astro-Tourism Experiences Perfect for Fall
- [On the Snow](#) | Top Mountain Biking Trails in the USA
- [Never Stop Traveling](#) | 10 Fall Festivals in the U.S.

Stay Sunny

The Stay Sunny messaging and assets continue to be a part of our daily conversations, especially during the peak travel time. We have several winter items that we have or are currently reworking including buffs, ski straps, “4 of the Good Ones” beer partnership with Warfield, collapsible water bottles, and Friendship partners.

We were able to repurpose the Stay Sunny banner that had been located at the entrance to Ketchum and placed it down at the Christina Potter's Ice Rink.

We will continue to offer the following assets this winter

VISIT SUN VALLEY

visit sun valley | 160 sun valley rd, ketchum, id 83340 | 208.725.2101

- The Friend Chip
- [The Patience Pamphlet](#)
- Stay Sunny swag including t-shirts, stickers, and patches
- [Bus wraps](#)
- [Coasters, coffee sleeves & napkins](#)

Visitor Center

Fall season and the start of winter was great and busy for our Visitor Center. We were able to remain open throughout our off-season months with slight change in hours of operation assisting visitors and local community in person, via phone and email/chat conversations.

- Winter Hours of Operation are 9am – 5 daily.
- Visitors Stats:
 - October
 - 1123 visitors vs 683 in 2021 = 39%
 - 299 Inbound calls vs 233 in 2021 = 22%
 - 54 email/chat conversations vs 25 in 2021 = 54%
 - November
 - 414 visitors vs 132 in 2021 = 68%
 - 289 Inbound calls vs 198 in 2021 = 31%
 - 66 email/chat conversations vs 50 in 2021 = 24%
 - December
 - 732 visitors vs 355 in 2021 = 52%
 - 388 inbound calls vs 372 in 2021 = 4%
 - 57 email/chat conversations vs 33 in 2021 = 42%
- Frequently Asked Questions
 - Hiking trails
 - Ernest Hemingway
 - Redfish Lake & Stanley
 - Dining & Shopping
 - Ikon Pass
 - Snowmobiling
 - Cross country skiing

Community/Membership, Administration and Finance

- Membership
 - Paid members to date: 40 equating to \$7,625.00
 - New (free) members: 1
- Attended Meetings
 - Lodging Association Meeting – bi-weekly
 - 'Long Term Recovery Committee' Meetings
 - Fly Sun Valley Alliance Board Meetings – bi-monthly
 - Air Service Board Meetings – bi-monthly
 - DestiMetrics DMO Roundtables – monthly
 - VSV Advisory Committee meeting – bi-monthly
 - Outdoor Recreation Group – summer & winter season
 - Sun Valley Economic Development Board meeting – bi-monthly
 - Idaho Travel Council meeting

VISIT SUN VALLEY

visit sun valley | 160 sun valley rd, ketchum, id 83340 | 208.725.2101

Workman & Company -AR Account

Office of Accounting
 2190 Village Park Ave, Ste 300
 PO Box 2367
 Twin Falls, ID 83303-2367

Statement

Date
12/31/2022

To:
SUN VALLEY AIR SERVICE BOARD PO BOX 3801 KETCHUM, ID 83340

Terms	Amount Due	Amount Enc.
Net 10	\$1,300.00	

Date	Transaction	Amount	Balance
11/30/2022	Balance forward		0.00
12/22/2022	INV #017696. Due 01/01/2023. --- Audited Financial Statements \$1,300.00	1,300.00	1,300.00

CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
1,300.00	0.00	0.00	0.00	0.00	\$1,300.00

Phone #	Fax #
(208)733-1161	(208)733-6100

BRADY WORKMAN, CPA TWIN FALLS, ID

SUN VALLEY AIR SERVICE BOARD



December 22, 2022

Workman and Company
Certified Public Accountants
2190 Village Park Ave., Suite 300
Twin Falls, Idaho 83301

This representation letter is provided in connection with your audit of the financial statements of the Sun Valley Air Service Board, which comprise the respective financial position of the governmental activities as of September 30, 2022, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 22, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 26, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures, if any, have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list, if any, of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Board is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Board and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Board's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

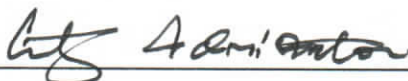
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have reviewed, approved and accepted responsibility for your proposed adjustments to our general ledger account balances.
- 28) The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations if any.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 42) We have appropriately disclosed the Board's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, written over a horizontal line.

Title: _____

A handwritten title in black ink, written in a cursive style, appearing to read "City Administrator", written over a horizontal line.

WORKMAN & COMPANY

Office of
Accounting

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

December 28, 2022

Jade Riley
Sun Valley Air Service Board
P.O. Box 3801
Ketchum, Idaho 83340

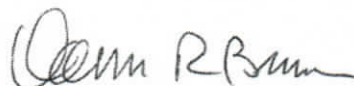
Dear Jade,

Please find enclosed five bound and one unbound copies of the audited financial statements of the Sun Valley Air Service Board for the year ended September 30, 2022. Also, included with this package are the following:

1. A "representation letter" from you to me that basically says you gave me all that I requested. Please sign or have a board member sign and return to me one copy.
2. A billing statement for services rendered.
3. A letter addressed to the board that is referred to as a "management letter". Please provide this to the board.
4. I will e-mail you a pdf file containing the financial statements for you to comply with Idaho statutes for reporting to the state.

If you have any questions, please call me at your convenience. Additionally, please let me know when the board would like me to meet with them to present the audit and answer any questions. Thanks for all your help.

Sincerely yours,



WORKMAN AND COMPANY, CPAS

WORKMAN & COMPANY

Office of
Accounting

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

December 22, 2022

Member of the Board
Sun Valley Air Service Board
Ketchum, Idaho

We have audited the financial statements of the governmental activities of the Sun Valley Air Service Board, for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 26, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Sun Valley Air Service Board, are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Sun Valley Air Service Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Sun Valley Air Service Board's financial statements was:

There are no sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 22, 2022.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Sun Valley Air Service Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Budgetary Information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the Sun Valley Air Service Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

SUN VALLEY AIR SERVICE BOARD

BLAINE COUNTY, IDAHO

**Financial Statements
at September 30, 2022**

**SUN VALLEY AIR SERVICE BOARD
BLAINE COUNTY, IDAHO
For the year ended September 30, 2022**

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2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

INDEPENDENT AUDITOR'S REPORT

December 22, 2022

Members of the Board
Sun Valley Air Service Board

Opinions

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, 2022, 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.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sun Valley Air Service Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sun Valley Air Service Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

Report Continued—

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sun Valley Air Service Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sun Valley Air Service Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planning scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Workman & Company

Certified Public Accountants
Twin Falls, Idaho

SUN VALLEY AIR SERVICE BOARD
Statement of Net Position
at September 30, 2022

ASSETS

Cash in Checking	\$ 916,047	
Cash in LGIP	1,167,641	
Total Cash and Deposits		\$ 2,083,688
Local Option Tax Receivables:		
City of Sun Valley	0	
City of Ketchum	0	
City of Hailey	0	
Total Tax Receivables		0
Total Assets		2,083,688

LIABILITIES

Accrued Contracts Payable:		
Fly Sun Valley	0	
Sun Valley Marketing	0	
Total Contracts Payable		0
Other Accounts Payable		0
Total Liabilities		0

NET POSITION

Invested in Capital Assets - net of related debt	0	
Restricted for Local Aviation Services	2,083,688	
Unrestricted	0	
Total Net Position		\$ 2,083,688

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, 2022

Operating Revenues:

Local Option Tax Revenues:

City of Sun Valley	\$ 157,157	
City of Ketchum	2,200,000	
City of Hailey	1,082,613	
Total Tax Revenues		\$ 3,439,770

Interest Income		5,694
-----------------	--	-------

Total Operating Revenue:		3,445,464
--------------------------	--	-----------

Operating Expenses:

Fly Sun Valley Contract	1,200,000	
Sun Valley Marketing Contract	1,605,075	
Professional Fees	2,044	
Insurance		
Administrative Expenses	537	

Total Operating Expenses		2,807,656
--------------------------	--	-----------

Operating Income		637,808
-------------------------	--	---------

Total Net Position - Beginning		1,445,880
---------------------------------------	--	-----------

Total Net Position - Ending		\$ 2,083,688
------------------------------------	--	--------------

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, 2022

Cash Flows From Operating Activities:

Receipts from other governments	\$ 4,597,706	
Payments to suppliers and vendors	(2,807,656)	
Other receipts	<u>0</u>	
Net cash provided (used) by operations		\$ 1,790,050

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>5,694</u>	
Net cash used by investing activities		<u>5,694</u>

Net Increase (Decrease) in Cash and Equivalent 1,795,744

Balances - Beginning of the year 287,944

Balances - Ending of the year \$ 2,083,688

Displayed as:

Cash and Deposits		916,047
Cash in LGIP		<u>1,167,641</u>

Balances - Ending of the year \$ 2,083,688

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:

Operating Income	637,808	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	(5,694)	
Change in assets and liabilities:		
Local Option Taxes Receivable	1,157,936	
Accounts and Contracts Payable	<u> </u>	

Net Cash Provided (Used) by Operating Activities: \$ 1,790,050

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Balance Sheet
Governmental Funds
at September 30, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS:		
Cash and Deposits	\$ 2,083,688	\$ 2,083,688
City of Sun Valley LOT Receivable		0
City of Ketchum LOT Receivable		0
City of Hailey LOT Receivable		0
	<u> </u>	<u> </u>
Total Assets	\$ <u>2,083,688</u>	\$ <u>2,083,688</u>
LIABILITIES:		
Accounts Payable	\$ 0	\$ 0
Due To Other Funds	0	0
	<u> </u>	<u> </u>
Total Liabilities	0	0
FUND BALANCE:		
Non-spendable	0	0
Restricted	2,083,688	2,083,688
Committed	0	0
Assigned	0	0
Unassigned	0	0
	<u> </u>	<u> </u>
Total Fund Balance	<u>2,083,688</u>	<u>2,083,688</u>
Total Liabilities and Fund Balance	\$ <u>2,083,688</u>	\$ <u>2,083,688</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, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUE:		
Sun Valley 1% Local Option Tax Revenues	\$ 157,157	\$ 157,157
Ketchum 1% Local Option Tax Revenues	2,200,000	2,200,000
Hailey 1% Local Option Tax Revenues	1,082,613	1,082,613
Interest Earned	<u>5,694</u>	<u>5,694</u>
 Total Revenue	 <u>3,445,464</u>	 <u>3,445,464</u>
EXPENDITURES:		
Contracted Services - Fly Sun Valley	1,200,000	1,200,000
Contracted Services - Sun Valley Marketing	1,605,075	1,605,075
Administrative Services	537	537
Professional Fees	2,044	2,044
Insurance	<u>0</u>	<u>0</u>
 Total Expenditures	 <u>2,807,656</u>	 <u>2,807,656</u>
EXCESS REVENUE (EXPENDITURES)	637,808	637,808
OTHER FINANCING SOURCES (USES):		
Due (to) from other funds	<u>0</u>	<u>0</u>
 NET CHANGE IN FUND BALANCES	 637,808	 637,808
 FUND BALANCE - BEGINNING	 <u>1,445,880</u>	 <u>1,445,880</u>
 FUND BALANCE - ENDING	 <u>\$ 2,083,688</u>	 <u>\$ 2,083,688</u>

The accompanying notes are a part of these financial statements.

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022**

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, \$ 387,230 of the Board's bank balance was exposed to custodial credit risk because it was not 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 \$ 1,167,641.

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		916,047
State of Idaho Investment Pooled Cash		<u>1,167,641</u>
Total		<u>\$ 2,083,688</u>

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

SUN VALLEY AIR SERVICE BOARD
Budgetary Comparison Schedule
Government-Wide Statement of Activities
for the year ended September 30, 2022

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES:			
City of Hailey 1% Local Option Tax	\$ 115,000	\$ 157,157	\$ 42,157
City of Ketchum 1% Local Option Tax	1,900,000	2,200,000	300,000
City of Sun Valley 1% Local Option Tax	650,000	1,082,613	432,613
Earnings on investments	1,300	5,694	4,394
Total revenues	<u>2,666,300</u>	<u>3,445,464</u>	<u>779,164</u>
EXPENDITURES:			
Contracts for Services - Fly Sun Valley	1,200,000	1,200,000	0
Contracts for Services - Sun Valley Marketing	1,605,075	1,605,075	0
Administrative Costs	954	537	417
Professional	2,900	2,044	856
Insurance	1,546		1,546
Total expenditures	<u>2,810,475</u>	<u>2,807,656</u>	<u>2,819</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(144,175)</u>	<u>637,808</u>	<u>781,983</u>
FUND BALANCE - BEGINNING	<u>1,445,880</u>	<u>1,445,880</u>	
FUND BALANCE - ENDING	<u>\$ 1,301,705</u>	<u>\$ 2,083,688</u>	

The accompanying notes are a part of these financial statements.

WORKMAN & COMPANY

Office of
Accounting

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 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 22, 2022

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, 2022 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 22, 2022.

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.

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

**SUN VALLEY
AIR SERVICE BOARD**

**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:

**SUN VALLEY
AIR SERVICE BOARD**

- 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 , 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:

SUN VALLEY
AIR SERVICE BOARD

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

SUN VALLEY
AIR SERVICE BOARD

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 30".
 - 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

**SUN VALLEY
AIR SERVICE BOARD**

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

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AIR SERVICE BOARD

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.

SUN VALLEY
AIR SERVICE BOARD

- 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.

**SUN VALLEY
AIR SERVICE BOARD**

- 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: <u>7/31/18</u>	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: <u>[Signature]</u> Its: <u>CHAIRMAN</u>
Dated: <u>3/29/18</u>	FSVA, an Idaho Non-Profit Corporation By: <u>[Signature]</u> Its: President

**SUN VALLEY
AIR SERVICE BOARD**

**CONTRACT FOR SERVICES
BETWEEN THE
SUN VALLEY AIR SERVICE BOARD AND
SVMA**

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

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. SVMA is an Idaho non-profit corporation with an IRC 501(c)(6) designation engaged in the business of 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 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

**SUN VALLEY
AIR SERVICE BOARD**

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. SVMA is to provide air service marketing services to promote air travel to and from Friedman Memorial Airport.

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

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

9. SVMA desires to enter into a contract with the ASB to provide air services marketing services all as hereinafter provided.

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

1. All Recitals above are incorporated herein by reference.
2. Services. SVMA agrees to provide air service marketing services to the ASB consisting of marketing goals and objectives: creative strategy; media purchase; campaign assets and public relations efforts in air service markets, including key monitoring and tracking of advertising efforts to ensure effectiveness ("Marketing Services"), and as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference.
3. Expenses. SVMA 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, 2016. This Contract shall be automatically extended for one (1) year

**SUN VALLEY
AIR SERVICE BOARD**

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.** During the term of this Contract, ASB shall pay SVMA, as payment for Marketing Services, a maximum sum not to exceed One Million One Hundred Fifty Eight Thousand Three Hundred Ninety Seven and no/100's Dollars (\$1,158,397), for the present fiscal year ending September 30, 2016 ("FY 16"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for SVMA as set forth in the Payment Schedule attached hereto as **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, legal reserves and fund balance, which is described as "Funds Available for Contracts", as depicted in the Payment Schedule attached hereto as **Exhibit "B"**. In the event the monthly payments derived during FY 16 would exceed \$1,158,397, the last monthly payment(s) shall be reduced to ensure only a payment of \$1,158,397. In the event the monthly payments derived during FY 16 are less than \$1,158,397, SVMA shall not be entitled to the difference between the total of the monthly payments and \$1,158,397. The Payment Schedule for each subsequent fiscal year may be amended by the parties as part of that fiscal year's budget process.

6. **Reporting Requirements.** In consideration and as part of this Contract, SVMA 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 30".

 - B. The ASB has at all times the right to request an independent audit, at the sole cost of SVMA, under the provisions herein, and such audit obligation and cost on the part of SVMA 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 SVMA's financial records, and within a reasonable time period, SVMA 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

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SVMA for compliance with the terms of this Contract. SVMA 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.

7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to SVMA with or without cause. The ASB recognizes that the SVMA 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 SVMA under this Contract at the end of the 90 day period.
8. Equal Employment Opportunity. SVMA 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 SVMA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. SVMA shall create, direct and control its own means and methods of performing this Contract. SVMA 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 SVMA in a competent, efficient and satisfactory manner.
10. Hold Harmless Agreement. SVMA 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 any wrongful act or omission on the part of SVMA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of SVMA's actions or omissions associated with the services or obligations described in this Contract. SVMA 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 SVMA, in whole or in part, without the prior written consent of the ASB.

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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 SVMA. ASB's decision as to whether sufficient appropriations are available shall be accepted by SVMA and shall be final. SVMA 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.

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- d. Successor and Assigns. This Contract and the terms and provisions hereof 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. SVMA: P.O. Box 4934, 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.

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

Signatures:

Dated: <u>12/7/15</u>	The Sun Valley Air Services Board, An Idaho Joint Powers Authority By: <u>[Signature]</u> Its: <u>Chairman ASB</u>
Dated: <u>12/21/15</u>	SVMA, an Idaho Non-Profit Corporation By: <u>[Signature]</u> Its: President

EXHIBIT A



SCOPE OF WORK

Mission

To raise awareness of Sun Valley and increase visitor traffic from our target markets.

Organizational Structure

Sun Valley Marketing Alliance, Inc. DBA Visit Sun Valley is an Idaho non-profit 501c(6) corporation. The board of directors is made up of 5 directors representing the City of Ketchum, the City of Sun Valley, the Sun Valley Resort, an at-large director, and a member-elected director. There are 3 staff members plus part-time visitor center agents.

SPECIFIC SCOPE OF WORK FOR AIR SERVICE BOARD

Visit Sun Valley's core funding covers all base functions including overhead and staff. Therefore, the incremental funds from the new 1% will be put directly into external marketing for the air service markets as detailed below. The bulk of the funds will be allocated directly to incremental advertising (shown in bold below) since the core budget also contributes to the activities listed below (such as social media, website, photography and video).

Winter 2015/16 and Summer 2016 Campaigns

- Creative briefs developed outlining goals and objectives for the campaigns
- Creative strategy confirmed as per the above brief
- Campaign assets (photography, video) developed in support of the campaign
- Digital, print and out-of-home (if applicable) ads will be developed
- **Media buys will be planned, negotiated, developed, executed and monitored for each target market (Seattle, Los Angeles, San Francisco, Denver, New York and Chicago) for Winter 2015/2016 and Summer 2016**
- PR efforts in support of the direct air service in each of these market
- Monitoring and tracking of digital advertising buy; adjusting messaging and creative as required throughout the season to optimize results
- Managing the area website to increase visitation and maximize conversion (bookings via the website or directly with key partners)
- Leveraging current partners to extend media reach through advertising, PR and Social Media (including the Sun Valley Resort and the Idaho Travel Council).
- Maximizing the use of Social Media in support of the new flights via our existing social media properties
- Tracking and reporting results





Key Performance Indicators

Visit Sun Valley will report on the following metrics as indicators of success:

- Changes in local option tax
- Total enplanements
- Occupancy and room nights sold for Ketchum, Sun Valley and Hailey
- Website Visits by target market
- Advertising effectiveness (as measured by click-through rates, conversion and total reach)

Appendix A:

General Scope of Work (not specific to ASB contract, but essential to the overall marketing for the area)

Visit Sun Valley currently has a contract for services with the City of Sun Valley and the City of Ketchum to undertake the strategic marketing for the area. Funding is also received from the Idaho Travel Council and the membership. The overall scope of work includes:

- **Strategic Marketing:** Strategic Marketing includes advertising, public relations, social media, partnerships and promotions. All of the marketing efforts drive to the official website for the area, www.visitsunvalley.com.
- **Research:** Visit Sun Valley manages the area's occupancy reporting, maintains a visitor volume estimation model, and undertakes primary research in key target markets.
- **Membership:** Visit Sun Valley represents approximately 360 member businesses in Ketchum, Sun Valley, Hailey, and the surrounding areas.
- **Visitor Services:** Visit Sun Valley manages the Visitor Information Center and provides in-person assistance to visitors 365 days per year. Visit Sun Valley also responds to visitor queries via Live Chat and Contact Us forms and manages the website and mobile site for the area.



**EXHIBIT B
FY 2015 - 2016 PAYMENT SCHEDULE**

<u>1% LOT Generated</u>	<u>1% LOT Received</u>	<u>Sun Valley</u>	<u>Ketchum</u>	<u>Hailey</u>	<u>TOTAL</u>	<u>Communities' Direct Costs</u>	<u>LOT Funds from Communities</u>	<u>Air Service Board Administrative Expenses</u>	<u>Fund Balance Applied</u>	<u>Funds Available for Contracts</u>	<u>Fly SV Alliance Contract Expenses</u>	<u>% of Available Funds</u>	<u>SVMA Contract Expenses</u>	<u>% of Available Funds</u>
									\$270,000	\$270,000	\$54,000	20%	\$216,000	80%
Oct-15	Dec-15	\$20,333	\$129,163	\$6,445	\$155,942	-\$5,824	\$150,118	-\$2,955		\$147,163	\$29,433	20%	\$117,730	80%
Nov-15	Jan-16	\$12,200	\$112,892	\$4,518	\$129,610	-\$6,196	\$123,413	-\$125		\$123,288	\$24,658	20%	\$98,631	80%
Dec-15	Feb-16	\$36,600	\$108,867	\$2,528	\$147,995	-\$6,141	\$141,854	-\$125		\$141,729	\$28,346	20%	\$113,383	80%
Jan-16	Mar-16	\$28,467	\$232,975	\$4,800	\$266,242	-\$6,204	\$260,038	-\$125		\$259,913	\$51,983	20%	\$207,930	80%
Feb-16	Apr-16	\$36,600	\$151,450	\$9,118	\$197,168	-\$6,325	\$190,842	-\$125		\$190,717	\$38,143	20%	\$152,574	80%
Mar-16	May-16	\$36,600	\$162,569	\$6,075	\$205,244	-\$6,240	\$199,004	-\$125		\$198,879	\$159,103	80%	\$39,776	20%
Apr-16	Jun-16	\$12,200	\$144,910	\$6,144	\$163,254	-\$6,242	\$157,012	-\$625		\$156,387	\$140,749	90%	\$15,639	10%
May-16	Jul-16	\$16,267	\$90,832	\$2,722	\$109,821	-\$6,146	\$103,675	-\$125		\$103,550	\$93,195	90%	\$10,355	10%
Jun-16	Aug-16	\$36,600	\$89,528	\$3,321	\$129,449	-\$6,163	\$123,286	-\$125		\$123,161	\$110,845	90%	\$12,316	10%
Jul-16	Sep-16	\$69,133	\$148,216	\$5,667	\$223,016	-\$6,229	\$216,786	-\$125		\$216,661	\$194,995	90%	\$21,666	10%
Aug-16	Oct-16	\$65,067	\$210,374	\$12,753	\$288,194	-\$6,427	\$281,767	-\$125		\$281,642	\$253,477	90%	\$28,164	10%
Sep-16	Nov-16	\$36,600	\$202,353	\$12,910	\$251,863	-\$6,431	\$245,432	-\$125		\$245,307	\$121,074	49%	\$124,233	51%
		\$406,667	\$1,784,129	\$77,001	\$2,267,797	-\$74,570	\$2,193,227	-\$4,830	\$270,000	\$2,458,397	\$1,300,000		\$1,158,397	

ALLOCATION OF SUN VALLEY AIR SERVICE BOARD VOTING RIGHTS - 2023

2023 Voting Rights

	<u>Total 1% LOT Collected in FY22</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	\$2,200,000	64.0%	(.758 x .9) = 57.56%	57.56%
Sun Valley	\$1,082,612	31.5%	(.213 x .9) = 28.33%	28.33%
Hailey	\$157,157	4.6%	(.028 x .9) = 4.11%	14.11%
Total	\$3,439,769	100.0%	90.00%	100.00%

2022 Voting Rights

	<u>Total 1% LOT Collected in FY21</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	\$2,401,257	71.0%	(.710 x .9) = 63.88%	63.88%
Sun Valley	\$847,745	25.1%	(.251 x .9) = 22.55%	22.55%
Hailey	\$134,238	4.0%	(.040 x .9) = 3.57%	13.57%
Total	\$3,383,240	100.0%	90.00%	100.00%

2021 Voting Rights

	<u>Total 1% LOT Collected in FY20</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	\$2,161,877	75.8%	(.758 x .9) = 68.24%	68.24%
Sun Valley	\$608,188	21.3%	(.213 x .9) = 19.20%	19.20%
Hailey	\$81,251	2.8%	(.028 x .9) = 2.56%	12.56%
Total	\$2,851,315	100.0%	90.00%	100.00%

2020 Voting Rights

	<u>Total 1% LOT Collected in FY19</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	\$2,227,612	72.1%	(.721 x .9) = 64.86%	64.86%
Sun Valley	\$756,721	24.5%	(.245 x .9) = 22.03%	22.03%
Hailey	\$106,729	3.5%	(.035 x .9) = 3.11%	13.11%
Total	\$3,091,062	100.0%	90.00%	100.00%

6.2 Annual Allocation of Voting Rights.

The allocation of voting rights shall be determined on an annual basis beginning in January 2014, and continuing each and every January thereafter. Ninety percent (90%) of the voting rights shall be allocated to the voting members based on their respective annual 1% LOT contributions to the Board. The allocation shall use each city's year ending September 30 total fiscal year actual LOT revenue collection on taxable sales described in the each city's ballot question approved by each city's electorate. As set forth in the Joint Powers Agreement, the remaining ten percent (10%) of the voting rights shall be allocated to Hailey. For calendar year 2014, the voting rights shall be 49.86% for Ketchum, 35.10% for Sun Valley and 15.04 for Hailey. Voting rights for 2014 were calculated and for future calendar years shall be calculated as follows:

Total LOT collected in FY13

Ketchum	\$1,774,378
Sun Valley	\$1,248,522
Hailey*	\$ 180,385
Total	\$3,203,285

* (collected on lodging and car rentals)

Percent of total LOT collected

Ketchum	55.4%
Sun Valley	39.0%
Hailey	5.6%
Total	100%

Each city's percentage of total LOT multiplied by 90%

Ketchum	(.554 x .9) = 49.86%
Sun Valley	(.390 x .9) = 35.10%
Hailey	(.056 x .9) = 5.04%
Total	90.00%

Each city's voting rights (add 10% to Hailey's rights)

Ketchum	49.86%
Sun Valley	35.10%
Hailey	5.1% + 10% = 15.04%
Total	100.00%

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