

AMENDED
AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING
SUN VALLEY CITY HALL
81 ELKHORN ROAD
SUN VALLEY, ID
May 22, 2019 - 2:00 P.M.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

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

1. Approval of Sun Valley Air Service Board Minutes of April 3, 2019 (Action Item);
2. Receive and File Financials:
 - a. 1% Local Option Tax Report: February 2019 (Action Item);

ACTION/DISCUSSION/PRESENTATIONS

3. Authorization of Payment of Bills on-hand through May 16, 2019 (Action Item);
4. Discussion and possible action regarding renewal of the Sun Valley Air Service Board Joint Powers Agreement (Action Item);
5. Update by Carol Waller, Fly Sun Valley Alliance;

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

ADJOURNMENT (Action Item)

**SUN VALLEY AIR SERVICE BOARD
MEETING MINUTES
April 3, 2019 at 2:00 PM
City of Sun Valley Council Chambers**

Present: Neil Bradshaw - Mayor, City of Ketchum
Peter Hendricks – Mayor, City of Sun Valley
Jacob Greenberg, Blaine County Chairman

Absent: Fritz Haemmerle – Mayor, City of Hailey

Staff: Susan Robertson – Administrator City of Sun Valley

CALL TO ORDER

Mayor Hendricks called the meeting to order at 2:02 PM.

PLEDGE OF ALLEGIENCE

Aly Swindley from Visit Sun Valley led the pledge.

PUBLIC COMMENT

None.

REMARKS FROM THE CHAIR

None.

REMARKS FROM THE BOARD

None.

CONSENT AGENDA

- 1. Approval of Air Service Board Minutes of January 30, 2019**
Chairman Greenberg proposed a few edits to the minutes, which were accepted.
- 2. Receive and File Financials:**
 - a. 1% Local Option Tax Report: December 2018 and January 2019**

Motion to approve the Consent Agenda, including the minutes, as amended.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Neil Bradshaw, Mayor of Ketchum
SECONDER:	Peter Hendricks, Mayor of Sun Valley
AYES:	Hendricks, Bradshaw

ACTION/DISCUSSION/PRESENTATIONS

- 3. Authorization of payment of bills on-hand through March 28, 2019.**

Motion to authorize payment of bills on-hand through March 28, 2019.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Neil Bradshaw, Mayor of Ketchum
SECONDER:	Peter Hendricks, Mayor of Sun Valley
AYES:	Hendricks, Bradshaw

4. Discussion and possible action regarding renewal of the Sun Valley Air Service Board Joint Powers Agreement.

City of Sun Valley Administrator Robertson explained that when the current Joint Powers Agreement (JPA) was approved, it included language regarding renewal. It can be renewed as is or the Board could decide to have a new JPA, decide the length and make any changes. All municipalities and the County will need to approve the new JPA. Mayor Hendricks mentioned that he would like Mayor Haemmerle’s input before any decisions are made. Chairman Greenberg suggested making it at least the term of the LOT tax that’s currently in place. Mayor Hendricks then suggested we use White Peterson to draft an amendment to the JPA and Mayor Bradshaw concurred.

Motion directing staff to contact White Peterson to prepare an amendment to the JPA with an undetermined term.

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

5. Discussion and review of Workman & Company’s audit reports of Fly Sun Valley Alliance and Sun Valley Marketing Alliance regarding 1% Local Option Tax Revenue and Expenditures

City of Sun Valley Administrator Robertson indicated that the Board had required these audits be done and they are now ready for review. The Board members indicated that they had reviewed the audit reports and found them to be acceptable.

Motion to accept the audit reports as presented.

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

6. Update by Fly Sun Valley Alliance.

Carol Waller from Fly Sun Valley Alliance spoke. She passed out a report and mentioned that she believes there has been excellent progress over the last 5 years. Mayor Hendricks asked about the diversion service to which Waller said close to 50% of flights were bussed in February. She mentioned that Fly Sun Valley will be having a joint strategic planning session and they will be discussing the Epic Pass and the potential opportunities and potential impacts it may have. She also passed out a summer/fall schedule, which was primarily the same as last year except they are starting a few flights earlier. Chairman Greenberg asked about the flight schedule and whether it’s doable to which Waller

affirmed. Chairman Greenberg then discussed the trees that need to be removed near the runway and advised that it should be completed before the end of May.

EXECUTIVE SESSION

Motion to enter into Executive Session at 2:21 PM pursuant to Idaho Code § 74-206 (d) to consider trade secrets that are exempt from disclosure as provided in Idaho Code 74-107.

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

7. Update by David Madaras, Couloir Consulting, in Executive Session.

Motion to reconvene open session at 2:52 PM.

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

8. ADJOURNMENT

Motion to adjourn at 2:53 PM.

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

Peter M. Hendricks, Acting Chair

Neil Bradshaw, Secretary/Treasurer

**SUN VALLEY AIR SERVICE BOARD
1% LOCAL OPTION TAX REPORT
FEBRUARY 2019**

1% LOT Generated	1% LOT Received	1% LOT Contribution				Expenses		Funds for Contracts
		Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	SVASB Administrative Budget	
Fund Balance								207,994.00
Oct-18	Dec-18	33,520.10	154,784.92	6,220.31	194,525.33	-6,356.67	-3,025.00	185,143.66
Nov-18	Jan-19	18,843.27	135,472.58	3,651.68	157,967.53	-6,284.73	-75.00	151,607.80
Dec-18	Feb-19	83,237.35	281,950.71	7,437.28	372,625.34	-6,390.72	-75.00	366,159.62
Jan-19	Mar-19	55,839.88	197,874.24	11,027.33	264,741.45	-6,491.25	-75.00	258,175.20
Feb-19	Apr-19	52,141.52	192,124.82	7,171.66	251,438.00	-6,383.29	-75.00	244,979.71
Mar-19	May-19						-75.00	
Apr-19	Jun-19						-575.00	
May-19	Jul-19						-75.00	
Jun-19	Aug-19						-75.00	
Jul-19	Sep-19						-75.00	
Aug-19	Oct-19						-75.00	
Sep-19	Nov-19						-75.00	
Total		243,582.11	962,207.27	35,508.26	1,241,297.64	(31,906.66)	(4,350.00)	

1% LOT Generated	1% LOT Received	Funds for Contracts	Fly SV Alliance				SVMA				
			% of Available Funds Owed	Funds for Contract	Invoiced Amount	Available Funds	% of Available Funds Owed	Funds for Contract	Invoiced Amount	Available Funds	
				Budget	1,300,000			Budget	1,690,000		
				Remaining	803,014	62%		Remaining	772,926	46%	
Fund Balance		207,994.00	7%	14,559.58		14,559.58	93%	193,434.42		193,434.42	
Oct-18	Dec-18	185,143.66	40%	74,057.46		88,617.04	60%	111,086.20		304,520.62	
Nov-18	Jan-19	151,607.80	40%	60,643.12	149,260.16	0.00	60%	90,964.68	395,485.30	0.00	
Dec-18	Feb-19	366,159.62	40%	146,463.85		146,463.85	60%	219,695.77		219,695.77	
Jan-19	Mar-19	258,175.20	40%	103,270.08	249,733.93	0.00	60%	154,905.12	374,600.89	0.00	
Feb-19	Apr-19	244,979.71	40%	97,991.88		97,991.88	60%	146,987.83		146,987.83	
Mar-19	May-19		40%				60%				
Apr-19	Jun-19		50%				50%				
May-19	Jul-19		50%				50%				
Jun-19	Aug-19		50%				50%				
Jul-19	Sep-19		50%				50%				
Aug-19	Oct-19		50%				50%				
Sep-19	Nov-19		60%				40%				
Total				496,985.98				917,074.02			

SUN VALLEY AIR SERVICES BOARD

INVOICES TO BE PAID

Through May 16, 2019

Fly Sun Valley Alliance	February 2019 LOT Invoice	\$ 97,991.88
Sun Valley Marketing Alliance	February 2019 LOT Invoice	146,987.83
JML Publishing	Invoice for Website	240.00
TOTAL		\$245,219.71

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
2/28/2019	220

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

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT Feb 2019 - FSVA Contract Services April 2019	97,991.88	97,991.88
		Total	\$97,991.88



FSVA CONTRACT SERVICES RENDERED TO SUN VALLEY AIR SERVICE BOARD

April 2019

AIR SERVICE

AIR SERVICE DEVELOPMENT

- Reviewed/monitored/analyzed weekly flight booking reports; monthly reports
- Ongoing research/analysis of seat, enplanements, load factors, fares; for SUN and competitive markets
- Continued strategic planning/analysis regarding future air service opportunities & challenges; continued preparation for joint FSVA-FSVA strategic planning session to develop five-year plan for air service and marketing (June 12)
- Began preparations for airline meetings at upcoming Jumpstart Air Service Conference - June
- Finalized SUN summer 2019 air service flight schedule, provided to key partners
- Organized post-season SUN diversion busing review meeting (set for May 20)
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Continued to provide information to Couloir Consulting for SVASB consulting project; met as necessary
- Worked with VSV and other marketing partners on air service marketing efforts

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and social media channels; updated website as needed
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications
- Created/executed ongoing FSVA local marketing & PR for air service (*print, digital*)
- Attended various community and stakeholder meetings to continue information outreach efforts
- Provided information regarding air service to inquiries from local and other travelers

RESEARCH/OTHER

- Completed implementation of winter 2018/19 SUN Air Passenger survey collection; working on data analysis
- Continued work on compiling/tracking relevant news and comparative data and information of air service

SUN VALLEY MARKETING ALLIANCE, INC.

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

Invoice



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

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
1076	05/15/2019	\$146,987.83	06/14/2019	Net 30	

ACTIVITY	QTY	RATE	AMOUNT
Air Service Board (deleted) Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing February 2019	1	146,987.83	146,987.83

Thank you for your continued support.

BALANCE DUE

\$146,987.83



PO Box 4934, Ketchum ID 83340 | **T**- 208 726 3423 1 800 634 3347 **F**- 208 726 4533 | visitsunvalley.com

- Blogging continues to be a top priority of ours as we move down the consumer funnel by being a resource for inspirational things to do when trip planning and also when the visitor is in town. Additionally, we have continued with our “Makers” series.

PR

- Working with Fahlgren-Mortine to continually refine our PR strategy for 2018/2019
 - Advisory Committee press release to the various local papers
 - Tackling the air diversion messaging
 - Summer kick-off
- Hosted influencer, Justin Walters from [Around the World with Justin](#)
 - Resulting coverage: [7 Things to Do in Sun Valley, Idaho](#)
- Hosted freelance journalist [Noah Lederman](#), who was brought in by Visit Idaho
- Hosted dinner with [GoWest](#) FAM in conjunction with Sun Valley Company
- Hosted dinner with [Ski Magazine](#) in conjunction with Sun Valley Company
- Working with the Sun Valley Film Festival to coordinate media visits for the event
- Working with Limelight Hotel to host media for late March visit
- Sun Valley Mentions & Features
 - Thrillist | [Best Places to Travel in March](#)
 - Pure Wow | [23 Best Ski Resorts in America](#)
 - Matador Network | [The Best Places to Travel this March](#)
 - Unofficial Networks | [Sun Valley Won This Past Weekend With 29” of Snow in 24 Hours](#)
 - Family Skier | [5 Great Ski Areas for Non-Skiers](#)
 - Jess Wandering | [A Winter Wellness Getaway](#)
 - Ski Journal | [Knob Hill Inn – Sun Valley, ID – A Bit of Luxury in Ketchum](#)

Social Media

- Continual content building and distribution of Visit Sun Valley Facebook page & Instagram account
- [Internally composed and distributed a variety of blog pieces including:](#)
 - [Unique Winter Experiences in Sun Valley](#)
 - [The Best Outdoor Hot Tubs & Pools in Sun Valley](#)
 - [How to Fit In Like a Local This Winter](#)
 - [Weather Related Air Diversions in Sun Valley](#)
 - [Guide to Renting Winter Sports Equipment](#)





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The Sun Valley Marketing Alliance/Visit Sun Valley UPDATE FOR SUMMER

We hosted our annual Summer Community Preview meeting last week and have compiled few links to with a copy of our that presentation, as well as links to our Video Messaging for this coming Spring and Fall marketing efforts, as well as additional information related to the upcoming summer season’s initiatives.

Our Summer Presentation can be found here: <https://bit.ly/2Y3XuLo>

Catch the latest blog stories: www.visitsunvalley.com/searchingforsunvalley

Video Content <https://www.youtube.com/visitsunvalley> You’re invited to view and share our summer 2019 video content! Brand Adventure Video • Brand Family Video • What We’re Made Of: Dirt & Delicacies • What We’re Made Of: Berms & Builders • What We’re Made Of: Patios & Parties

2019 Summer Things to Be Aware Of

- Outerbike - “The Best Bike Demo Event in the Universe” | June 21-23
- We’ve moved our Visit Sun Valley offices. Check us out at 160 Sun Valley Rd West, Ketchum, ID 83340.
- We’re launching a new website refresh sometime in May. Stay tuned for details.
- New restaurants: The Covey, Cookbook, Paddles Up Poke, Boho Lounge, Ginger Sweet, Tundra

Summer Flight News

Try our getting here widget: <https://visitsunvalley.com/getting-here-around>

- Nonstop flights from 5 cities: Seattle, San Francisco, Los Angeles, Salt Lake City & Denver.
- There will be some compression in the mornings with multiple flights taking off within a close timeframe of one another. Be there 90 minutes before departure!
- Keep tabs on the parking load factor as we are seeing limitations during peak travel periods - • Ride the Mountain Ride bus if you can!



Visit SunValley

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JML Publishing

PO Box 3958
Hailey, ID 83333

Invoice

Date	Invoice #
4/5/2019	8332

Sun Valley Air Service Board
Lisa Enourato
P.O. Box 2315
Ketchum, ID 83340

Terms	Due Date
Due on receipt	4/5/2019

Description	Amount
1 year hosting SVAirServiceBoard.org	240.00
Total	\$240.00
Balance Due	\$240.00

*JML Publishing, website design & hosting
Thank you for your business, we truly appreciate it!*

From: [Matthew A. Johnson](#)
To: [Peter Hendricks](#); [Susan Robertson](#)
Cc: [Joan Howell](#)
Subject: SVASB Extension
Date: Thursday, May 16, 2019 5:45:04 PM
Attachments: [First Extension of SVASB Joint Powers Agreement.docx](#)

Peter and Susan –

I have reviewed the Sun Valley Air Service Board Joint Powers Agreement. All in all I found it to be well drafted and not in any real need of change from a legal perspective. Some of the recitals are now a little dated perhaps, but to my understanding nothing has changed significantly other than that the Ballot Questions have been renewed. The operational terms (board composition, funding, voting, etc.) seem to be in good order from a legal perspective, and I am not aware of any particular changes in operation that the Board might like to make since I have not been involved in the day-to-day operations of the Board.

If the Board does have any operational terms it may want to re-visit or revise; now would be a good time to consider addressing with amendments. We could incorporate into a new and re-formed Agreement if desired.

Absent any such amendments, I think this can be handled by a simple extension and renewal agreement. I have drafted such a document which will incorporate some basic findings to reflect the recent Ballot Question renewals and otherwise amends the original Agreement only so as to provide for an additional five year term. This would extend the SVASB to May 2024, five months after the various LOTs would be renewed effective January 1, 2024 (or not – which would provide 5 months to wrap up the SVASB if needed).

Side note:

I would like to have a copy of the AG (Wendy Jaquet) opinion referenced in the original Agreement for reference. Could you please provide that for our files?

Matthew A. Johnson
WHITE PETERSON GIGRAY & NICHOLS, P.A.
Canyon Park at the Idaho Center
5700 E. Franklin Rd., Ste. #200
Nampa, ID 83687-7901
208.466.9272 (tel)
208.466.4405 (fax)
mjohnson@whitepeterson.com

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**RENEWAL AND EXTENSION OF JOINT POWERS AGREEMENT
ESTABLISHING THE SUN VALLEY AIR SERVICE BOARD**

This Renewal and Extension Agreement (“First Extension”) is hereby made and entered effective to May 15, 2019, by and between the City of Ketchum, an Idaho municipal corporation, the City of Sun Valley, an Idaho municipal corporation, the City of Hailey, an Idaho municipal corporation, and the County of Blaine, an Idaho body politic and corporate (collectively “Parties”).

WHEREAS:

- A. The Parties entered into the *Joint Powers Agreement Establishing the Sun Valley Air Service Board to Retain, Improve, and Develop Commercial Air Transportation Services at Friedman Memorial Airport* (“Agreement”) effective November 16, 2013.
- B. The Agreement, Provision 9, provides for an original duration of the Sun Valley Air Service Board (“Board”) to be five and one-half years, subject to an option for extension in writing by the Parties.
- C. Certain of the Parties have successfully renewed their respective Ballot Questions as discussed in the Agreement; and collectively the Parties feel that this Board remains necessary to effectuate the purposes for which it was originally formed.
- D. The Parties jointly and collectively desire to renew and extend the Agreement upon the same terms with amendment only as to duration.
- E. The Parties find this extension to be unanimously approved and to be consistent with the Ballot Questions.

THEREFORE, the Parties hereby mutually agree to renew the Agreement by electing under Provision 9 to extend for an additional five-year period until May 15, 2024. The option to make further extension beyond that time shall remain. Provision 9 is hereby amended as necessary to reflect this intent and extension of duration.

[Signatures Appear on Following Pages]

As of the date hereof, the Parties hereto have caused this Agreement to be executed by the duly-authorized representatives this _____ day of _____, 20__.

CITY OF KETCHUM

By: _____
Neil Bradshaw, Mayor

Date: _____

ATTEST:

Robin Crotty, City Clerk

CITY OF SUN VALLEY

By: _____
Peter M. Hendricks, Mayor

Date: _____

ATTEST:

Nancy Flannigan, City Clerk

CITY OF HAILEY

By: _____
Fritz Haemmerle, Mayor

Date: _____

ATTEST:

Mary Cone, City Clerk

BLAINE COUNTY

By: _____
Jacob Greenberg, Chairman

Date: _____

ATTEST:

JoLynn Drage, County Clerk

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

November, 2013

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Board Member Voting Power & Voting Majority.

- A. City Parties shall retain 90% of the voting rights and voting rights shall be allocated among all Board members based on their respective annual 1% LOT contributions to the Board. The initial allocation of these voting rights shall be determined using each City Party's year ending September 30, 2013, total fiscal year actual LOT revenue collection on taxable sales described in the Ballot Questions. Each year thereafter, the voting percentages shall be revised as necessary to reflect each City Party's year ending September 30 actual 1% LOT revenue contributions to the Board.
- B. Blaine County shall not have a vote as a member of the Board, except in the instance described herein. In recognition that Friedman Memorial Airport is jointly owned by the City of Hailey and Blaine County, 10% of the voting rights of the Board members will be allocated to the Board member appointed by Hailey, unless Hailey is not a Party to this Agreement, in which case such 10% shall be allocated to the Board member appointed by Blaine County.
- C. Voting Majorities. The members of the Board shall take action upon the affirmative vote of those members holding more than 50% of the voting rights, unless otherwise provided herein. A super-majority of two-thirds of those members holding voting rights shall be needed to (1) approve any initial Contract for Services with an entity or contractor or change an entity or contractor with a Contract for Services in excess of \$50,000 to a different entity and/or contractor; and (2) approve any initial performance metrics and change in performance metrics determined jointly by members of the Board and contractor(s) as identified in the Contracts for Services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Signatures Appear on Following Pages]

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

CITY OF KETCHUM

By: [Signature]
Mayor

Date: 5/09/13

ATTEST:

[Signature: Sandra E. Cadey]
City Clerk



CITY OF SUN VALLEY

By: Raymond D. Brown
Mayor

Date: 8/28/13

ATTEST:

Hy Grant
City Clerk

CITY OF HAILEY

By: *Alex. Heavil*
Mayor

Date: 8/27/13

ATTEST:

[Signature]
City Clerk



BLAINE COUNTY COMMISSIONERS

By: Amy McCarty

Date: 10/1/13

By: [Signature]

Date: 10/1/2013

By: [Signature]

Date: 10.1.13



ATTEST:

[Signature]