Air Service Board Meeting

Hailey City Hall

August 27, 2014
2:00 p.m.

AGENDA
SPECIAL SUN VALLEY AIR SERVICE BOARD MEETING

HAILEY CITY HALL
115 MAIN STREET SOUTH
HAILEY, ID
August 27, 2014 - 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 Air Service Board Minutes of July 2, 2014; 1
2. Receive and File Financials:
   a. 1% Local Option Tax Report – April 2014 3

PUBLIC HEARINGS

3. Consideration and adoption of proposed Air Service Board Budget for FY 2014 for the expenditure of LOT revenues received by the Air Service Board for taxes payable from the period 10/1/14 through 9/30/15; 5

ACTION/DISCUSSION

4. Discussion and action regarding a proposal for auditing services for Fiscal Year 2014; 9
5. Discussion and action regarding renewal of insurance coverage with ICRMP for the Insurance Policy Year October 1, 2014 – September 30, 2015 15
6. Consideration of Terrorism Coverage for Insurance Policy Year October 1, 2014 – September 30, 2015; 43
7. Scheduling of next Sun Valley Air Service Board meeting (no docs)

EXECUTIVE SESSION – Pursuant to Idaho Code 9-340D(1) and 9-340D(6) to discuss a matter that pertains to the expansion of business operations and trade secrets.

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 at 622-4438. Council Packets are online at www.sunvalley.govoffice.com*

SPECIAL MEETING OF THE
SUN VALLEY AIR SERVICE BOARD
Wednesday, July 2, 2014

Members present:	Dewayne Briscoe – Mayor of Sun Valley
	Nina Jonas – Mayor of Ketchum
Members absent:	Fritz Haemmerle – Mayor of Hailey
	Lawrence Schoen – Chair, Blaine County Commission
Staff present:	Sun Valley City Administrator – Susan Robertson
	Hailey City Administrator – Heather Dawson
	Ketchum Administrative Assistant – Kathleen Schwartzenberger

CALL TO ORDER
The meeting of the Sun Valley Air Service Board was called to order at 2:09 p.m. in Sun Valley City Hall.

PLEDGE OF ALLEGIANCE
Led by Dick Fenton.

REMARKS FROM THE CHAIR
None.

REMARKS FROM THE BOARD
None.

CONSENT AGENDA
Mayor Dewayne Briscoe reported that Agenda Item (2b) – 1% Local Option Tax Report – April 2014 would be removed from the agenda as it was not ready for approval.

Mayor Nina Jonas moved to approve the minutes of the March 12, 2014 and April 24, 2014 Air Service Board Meetings and the 1% Local Option Tax Report for March 2014, seconded by Mayor Dewayne Briscoe. A roll call vote was taken. Motion carried unanimously.

PRESENTATIONS

Fly Sun Valley Alliance, Semi-Annual Report and Budget Presentation
Fly Sun Valley Alliance Executive Director Carol Waller presented a power point presentation outlining the FY 14 Winter Results – Summer Update and Proposed FY 15 Contract for Services Scope of Work/Budget.

Mayor Nina Jonas asked for the individual 1% number for the cities. Ms. Waller did not have those figures with her but indicated that she will get them to her. Mayor Nina Jonas asked about the Chicago market. Ms. Waller said there was not a definitive answer at this time.

Mayor Dewayne Briscoe asked about Seattle being a major hub for Delta and its effect on the valley. Ms. Waller responded by saying they are seeing interest from other carriers and looking at all alternatives. Mayor Briscoe voiced concern about Horizon not flying in the off season.

Sun Valley Marketing Alliance Semi-Annual Report and Budget Presentation
Sun Valley Marketing Alliance President Arlene Shieven presented a power point presentation outlining winter results, website visits, current results for the summer, marketing efforts, draft budget, and other advertising strategies.

ACTION/DISCUSSION

Consideration of Terrorism Coverage for Insurance Policy Year October 1, 2013 – September 30, 2014.
Sun Valley City Administrator Susan Robertson explained that ICRMP is required by Federal law to make members aware that Terrorism insurance coverage can be purchased for $5000. ICRMP provides the terrorism insurance coverage in its policy. It is up to the Board to approve that. Ms. Robertson recommended against purchasing the additional Terrorism coverage. Mayor Dewayne Briscoe asked Hailey City Administrator Heather Dawson and Mayor Nina Jonas for comments regarding the possible coverage. There were no comments made.

Motion
Mayor Nina Jonas moved to reject the additional Terrorism coverage and send the rejection notice onto ICRMP; seconded by Mayor Dewayne Briscoe. Motion carried unanimously.

Authorization of Payment of Bills on Hand through June 27, 2014
City Administrator Susan Robertson pointed out that more detail of the invoices was requested and provided by the contract agencies. The detail will be provided in executive session.

Motion
Mayor Nina Jonas moved to approve the payment of bills on hand through June 27, 2014; seconded by Mayor Dewayne Briscoe. Motion carried unanimously.

Scheduling of next Sun Valley Air Service Meeting
Mayor Nina Jonas moved to schedule the Air Service Board meeting on August 27, 2014 from 2-4 pm in Hailey, seconded by Mayor Dewayne Briscoe. A roll call vote, all in favor, motion carried unanimously.

Mayor Nina Jonas moved to adjourn; seconded by Mayor Dewayne Briscoe. Motion carried unanimously.

Meeting adjourned at 2:46pm.

_____
Dewayne Briscoe, Chair

ATTEST:

_____
Nina Jonas, Secretary/Treasurer

CASH FLOW of 1% LOT for 2014 (January - September revenues and reciept of funds)

SUN VALLEY		BEDS 3%	BEDS 1%	LIQUOR 3%	LIQUOR1%	RETAIL 2.5%	RETAIL1%			TOTAL 3%	TOTAL 1%	MINUS COST	SVASB NET
JAN		31,978.97	10,659.66	6,285.19	2,095.06	48,526.91	18,663.76			86,791.07	31,418.48	-591.78	30,826.70
FEB		47,919.13	15,973.04	5,639.91	1,879.97	58,374.54	25,385.47			111,933.58	43,238.49	-591.78	42,646.71
MAR		43,512.54	14,332.83	6,776.93	2,258.98	49,014.94	20,545.41			99,304.41	37,137.22	-591.78	36,545.44
APR		9,600.92	3,200.31	1,636.11	545.37	23,605.40	9,045.91			34,842.43	12,791.59	-591.78	12,199.81
MAY												-591.78	
JUNE												-591.78	
JULY												-591.78	
AUG												-591.78	
SEPT												-591.78	
Total		133,011.56	44,337.19	20,338.14	6,779.38	179,521.79	73,640.55			332,871.49	124,585.78	-5,326.02	122,218.66

KETCHUM		BEDS 3%	BEDS 1%	LIQUOR 3%	LIQUOR1%	RETAIL 2%	RETAIL1%	BDLG 2%	BDLG1%	TOTAL	TOTAL 1%	MINUS COST	SVASB NET
JAN		14,117.75	4,705.92	25,106.47	8,368.82	163,702.76	81,851.38	17,060.58	8,530.29	219,987.56	103,456.41	-7,425.44	96,030.97
FEB		20,086.56	6,695.52	30,452.85	10,150.95	208,556.99	104,278.50	15,154.85	7,577.42	274,251.25	128,702.39	-7,425.44	121,276.95
MAR		19,240.82	6,413.61	31,194.86	10,398.29	200,453.18	100,226.59	24,666.25	12,333.12	275,555.11	129,371.60	-7,425.44	121,946.16
APR		11,796.77	3,932.26	19,808.46	6,602.82	152,628.23	76,314.11	57,715.22	28,857.61	241,948.68	115,706.80	-7,425.44	108,281.36
MAY												-7,425.44	
JUNE												-7,425.44	
JULY												-7,425.44	
AUG												-7,425.44	
SEPT												-7,425.44	
												-7,425.44	
Total		65,241.90	21,747.30	106,562.64	35,520.88	725,341.16	362,670.57	114,596.90	57,298.44	1,011,742.60	477,237.19	-66,828.96	447,535.43

HAILEY		BED/CAR3%	BED/CAR1%							TOTAL	TOTAL 1%	MINUS COST	SVASB NET
JAN		18,567.51	6,189.17							18,567.51	6,189.17	-173.30	6,015.87
FEB		11,064.51	3,688.17							11,064.51	3,688.17	-103.27	3,584.90
MAR		15,172.05	5,057.35							15,172.05	5,057.35	-141.35	4,916.00
APR		6,850.05	2,283.35							6,850.05	2,283.35	-63.93	2,219.42
MAY													
JUNE													
JULY													
AUG													
SEPT													
Total		51,654.12	17,218.04								17,218.04	-481.85	16,736.19
										TOTAL FY	619,041.01		586,490.28

Sun Valley Air Board 1/16/2014

FSVA FY15 BUDGET

FSVA FY15 1% LOT ASB CONTRACT BUDGET (FYE 9/30/15)		
FSVA CONTRACT INCOME		
1% LOT Revenues*	$	1,200,000
TOTAL INCOME	**$**	**1,200,000**
**Contract for Services with Air Service Board*		
FSVA AIR SERVICE DEVELOPMENT EXPENSE		
Air Service Contracts/MRG/Busing *(United SFO/DEN; Alaska SEA/LAX)*	$	1,100,000
Projected max MRGs/Busing expense - FSVA 50% share with Sun Valley Resort		
Air Service Consulting Fees/Meetings/Travel	$	65,000
Mead & Hunt consulting fees, Airline meetings		
Local Air Service Marketing (fare sales, etc)	$	15,000
Wood River Valley, southern Idaho		
Research	$	20,000
Winter/summer air passenger surveys, other research		
TOTAL EXPENSE	**$**	**1,200,000**
TOTAL 1% LOT PROJECTED FY15	**$**	**1,994,083**
LESS TAX COLLECTION COST/AIR SERVICE BOARD EXPENSES	**$**	**(54,000)**
TOTAL 1% FUNDS AVAILABLE	**$**	**1,940,083**
FSVA FY15 AIR SERVICE DEVELOPMENT	**$**	**1,200,000**
SVMA FY15 AIR SERVICE MARKETING (includes FY14 carryover)	**$**	**900,000**

Draft Budget
Marketing Allocation

Visit SunValley

- FY 15 – Total Available for marketing =$900,000
- Funds from core budget/additional carry-over from 2013/14 Air Service funds (TBC)= $100,000
- **Total = $1,000,000**
- Recommended spend for Winter 2014/15 = **$600,000**
- Recommended spend for Summer 2015 = **$400,000**

EXHIBIT B - PAYMENT SCHEDULE

1% LOT Generated	1% LOT Received	Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	Air Service Board Administrative Expenses	Air Service Board Legal Reserve	Available LOT Funds	Fund Balance	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
Jan-14	Mar-14	$31,923	$225,511	$6,538	$263,972	-$8,176	-$1,938	-$50,000	$203,858	-$31,349	$172,509	$78,236	45%	$94,273	55%
Feb-14	Apr-14	$37,760	$141,886	$4,423	$184,069	-$8,176	-$438		$175,455		$175,455	$78,955	45%	$96,500	55%
Mar-14	May-14	$37,733	$145,532	$4,917	$188,182	-$8,176	-$438		$179,568		$179,568	$80,806	45%	$98,762	55%
Apr-14	Jun-14	$12,951	$139,282	$2,484	$154,717	-$8,176	-$438		$146,103		$146,103	$65,746	45%	$80,357	55%
May-14	Jul-14	$14,724	$73,972	$2,261	$90,957	-$8,176	-$438		$82,343		$82,343	$37,054	45%	$45,289	55%
Jun-14	Aug-14	$32,989	$75,554	$4,165	$112,708	-$8,176	-$1,438		$103,094		$103,094	$46,392	45%	$56,702	55%
Jul-14	Sep-14	$76,315	$114,560	$10,947	$201,822	-$8,176	-$6,938		$186,708		$186,708	$158,702	85%	$28,006	15%
Aug-14	Oct-14	$56,239	$175,691	$10,438	$242,368	-$8,176	-$542		$233,650		$233,650	$198,602	85%	$35,047	15%
Sep-14	Nov-14	$40,777	$166,278	$4,886	$211,941	-$8,176	-$542		$203,223		$203,223	$155,507		$47,717	
		$341,411	$1,258,266	$51,059	$1,650,736	-$73,587	-$13,147	-$50,000	$1,514,003	-$31,349	$1,482,654	$900,000		$582,654	

SUN VALLEY AIR SERVICE BOARD 2015 PROPOSED BUDGET - 8/22/14

		2012 ACTUAL	2013 ACTUAL	2014 BUDGET	2014 ESTIMATE	2015 BUDGET	+/- 2014/2015	% CHANGE 2013/2014
	REVENUES							
10-xxxxx	CITY OF HAILEY 1% LOCAL OPTION TAX	0	0	49,627	49,627	59,750	49,627	20.4%
10-xxxxx	CITY OF KETCHUM 1% LOCAL OPTION TAX	0	0	1,191,437	1,191,433	1,521,229	1,191,437	27.7%
10-xxxxx	CITY OF SUN VALLEY 1% LOCAL OPTION TAX	0	0	336,085	349,817	319,848	336,085	-4.8%
10-xxxxx	INTEREST EARNINGS	0	0	700	30	50	700	-92.9%
10-xxxxx	TRANSFER FROM UNASSIGNED FUND BALANCE	0	0	0	0	0	0	#DIV/0!
24-49300	FUND BALANCE APPLIED	0	0	0	0	54,175	0	#DIV/0!
	TOTAL REVENUE	0	0	1,577,849	1,590,907	1,955,052	1,577,849	23.9%
	EXPENDITURES							
10-xxxxx	CONTRACTS FOR SERVICES	0	0	1,485,000	1,482,654	1,949,702	1,485,000	31.3%
10-xxxxx	OFFICE SUPPLIES/POSTAGE	0	0	1,000	176	750	1,000	-25.0%
10-xxxxx	ADVERTISING/PUBLIC NOTICES/WEBSITE	0	0	2,500	760	1,000	2,500	-60.0%
10-xxxxx	AUDIT	0	0	5,000	0	1,000	5,000	-80.0%
10-xxxxx	ATTORNEY FEES	0	0	1,000	2,490	1,000	1,000	0.0%
10-xxxxx	BANK SERVICE FEE	0	0	1,000	0	0	1,000	-100.0%
10-xxxxx	INSURANCE	0	0	1,000	602	1,600	1,000	60.0%
10-xxxxx	TRANSFER TO FUND BALANCE	0	0	81,349	0	0	81,349	-100.0%
	TOTAL EXPENDITURES	0	0	1,577,849	1,486,682	1,955,052	1,577,849	23.9%
	BEGINNING FUND BALANCE			0	81,349	104,225		
	ENDING FUND BALANCE			81,349	104,225	50,050		

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

July 25, 2014

Sun Valley Air Service Board
PO Box 3801
Ketchum, Idaho 83340

I am pleased to confirm my understanding of the services I am to provide the Sun Valley Air Service Board (Board) for the year ended September 30, 2014. I will audit the financial statements of the Sun Valley Air Service Board comprising its basic financial statements for the year ended September 30, 2014. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the Board's basic financial statements. As part of my engagement, I will apply certain limited procedures to Board's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless I encounter problems with the presentation of the RSI or with procedures relating to it, I will not disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and I understand that the Board has determined not to include this in its financial statements:

1. Management's Discussion and Analysis.

Supplementary information other than RSI, listed below, also accompanies the Board's basic financial statements. I will subject the follow information to the auditing procedures applied in my audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

1. Budgetary information

Audit Objective

The objective of my audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

1. Internal control related to the financial statements and compliance with the provisions of applicable laws regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
2. Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program (if any) in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

My audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States: the Single Audit Act Amendments of 1996 (if applicable); and the provisions of OMB Circular A-133, and will include tests of the accounting records of the Board, a determination of major program(s) in accordance with Circular A-133, and other procedures I consider necessary to enable me to express such opinions and to render the required reports. If my opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, I will fully discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed opinions, I may decline to express opinions or to issue a report as a result of this engagement.

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance will include a statement that the report is intended solely for the information and use If during my audit I become aware that the Board is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the basic financial statements, and of the respective financial position of the business-type activities, each major fund of the Board and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

You are responsible for management decisions and functions. As part of the audit, I will prepare a draft of your financial statements and related notes. In accordance with Government Auditing Standards, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing my services.

Management is responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all know or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in

communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for my review at the date of this letter.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for me previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibly includes relaying to me corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on my current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to my attention. I will also inform you of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. I will include such matters in the reports required for a Single Audit (if required). My responsibility as auditor is limited to the period covered by my audit and does not extend to matters that might arise during any later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. I will request written representations from your attorney as part of the engagement, and he may bill you for responding to this inquiry. At the conclusion of my audit, I will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope that would be necessary to render an opinion on internal control and,

according, no opinion will be expressed in my report on internal control issued pursuant to Government Auditing Standards.

As required by OMB Circular A-133 (if required), I will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that I consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, my tests will be less in scope than would be necessary to render an opinion on those controls and , accordingly, no opinion will be expressed in my report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, Government Auditing Standards, and OMB Circular A-133.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform test of the Board's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance and issued pursuant to Government Auditing Standards.

Audit Administration, Fees, and Other

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by me for testing.

I will provide copies of my reports to the Board; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Dennis R. Brown, CPA and constitutes confidential information. However, pursuant to authority given by law or regulation, I may be requested to make certain audit documentation available to the Idaho State Board of Accountancy or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office or purposes of a quality review of the audit, to resolve audit findings or to carry out oversight responsibilities. I will notify you of any such requests. If requested, access to such audit documentation will be provided under the supervision of Dennis R. Brown, CPA. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Board. If I am aware that a federal awarding agency or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

I expect to begin my audit on approximately November 10, 2014 and to issue my reports no later than January 31, 2015. This estimate annually is based on availability of records and cooperation of Board personnel.

My fee for these services will be no greater than $ 1,000 if the audit is performed under "Yellow Book Standards". If a single audit is required under circular A-133 for the year under contract, an additional fee will

be negociated for a "single audit" year. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

Government Auditing Standards require that I provide you with a copy of my most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. My 2012 peer review report accompanies this letter.

I appreciate the opportunity to be of service to the Sun Valley Air Service Board and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,

Dennis R. Brown
CERTIFIED PUBLIC ACCOUNANT

RESPONSE:
This letter correctly sets forth the understanding of the Sun Valley Air Service Board.

By: _____

Title: _____

Date: _____

Evans & Poulsen P.A.

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Edward G. Evans, CPA
Jeffrey D. Poulsen, CPA

System Review Report

December 17, 2012

To the Owner of
Dennis R. Brown
and the Peer Review Committee of the Idaho Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Dennis R. Brown (the firm) in effect for the year ended August 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards.*

In our opinion, the system of quality control for the accounting and auditing practice of Dennis R. Brown in effect for the year ended August 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail.* Dennis R. Brown has received a peer review rating of *pass.*

Evans & Poulsen

Evans & Poulsen, P.A.

1360 Albion Avenue • Burley, Idaho 83318 • (208) 678-1300 • Fax (208) 678-1301 • evanscpa@pmt.org

Bisnett
INSURANCE

SUN VALLEY AIR SERVICE BOARD

Anniversary Date	10/1/14 – 10/1/15
Company	ICRMP
Annual Premium	$1,069

COVERAGE:

LIABILITY:

Each Occurrence	$3,000,000
Premises and Operations Medical – Each Person	$ 5,000
Each Accident	$ 100,000
Law Enforcement – Each Occurrence	$3,000,000
Auto Liability – Each Occurrence	$3,000,000
Auto Medical Payments – Each Person	$ 5,000
Each Accident	$ 100,000
Uninsured/Underinsured Motorist	$ 300,000

ERRORS AND OMISSIONS:

Errors and Omissions – Per Occurrence	$3,000,000
Employee Medical Insurance Benefit Liability	$3,000,000

CRIME INSURANCE:

Employee Dishonesty	$ 500,000
Monies and Securities (within premises)	$ 500,000
Monies and Securities (outside premises)	$ 500,000
Money Order and Counterfeit Paper Currency	$ 500,000
Depositors Forgery	$ 500,000

Deductible $500

208/726-8866 Phone • 208/726-8491 Fax • 631 2nd Street East Suite C103 • PO Box 5567 • Ketchum, ID • 83340

Bisnett
INSURANCE

BOILER AND MACHINERY:

Damaged Property:	
Off-Premise Property Damage	$ 100,000
Data or Media	$ 100,000
Ammonia Contamination	$1,000,000
Consequential Loss	$1,000,000
Hazardous Substance	$ 500,000
Water Damage	$2,500,000
Fungus	$ 15,000
Expediting Expenses	$2,500,000
Business Income – Included in Annual Aggregate	
Spoilage Damage	$1,000,000
Utility Interruption	$2,500,000
Newly Acquired Premises	$5,000,000
Ordinance or Law	$5,000,000
Errors and Omissions	$10,000,000
General Aggregate	$100,000,000
Deductible	$ 500

CHEMICAL SPRAYING LIABILITY:

Spraying Liability	$ 500,000
Medical Payments – Each Person	$ 5,000
Each Accident	$ 10,000
Emergency Clean-Up Expense	
Each Person	$ 5,000
Each Accident	$ 10,000

FLOOD AND EARTHQUAKE:

Flood – In the Aggregate Annually for all Icrmp Members	$50,000,000
High Hazard Areas (A&V)	$ 5,000,000
Moderate Hazard (B&X)	$25,000,000

Earthquake – In the Aggregate Annually for all Icrmp Members
$50,000,000

208/726/8866 Phone • 208/726/8491 Fax • 631 2nd Street East, Suite G103 • PO Box 5567 • Ketchum, ID 83340

Bisnett
INSURANCE

PROPERTY:

Buildings, Structures and Personal Property – Schedule of Values	
Architect Fees	$ 250,000
Fine Arts	$ 500,000
Ordinance Deficiency	$5,000,000
Preservation of Property	$ 25,000
Property in Course of Construction – New	$ 100,000
Repairs or Renovations of Existing	$1,000,000
Service Animals	$ 10,000
Auto/Mobile Equipment – Physical Damage	$1,000,000
Operational Disruption Expense	$1,000,000
Valuable Papers and Records	$ 100,000

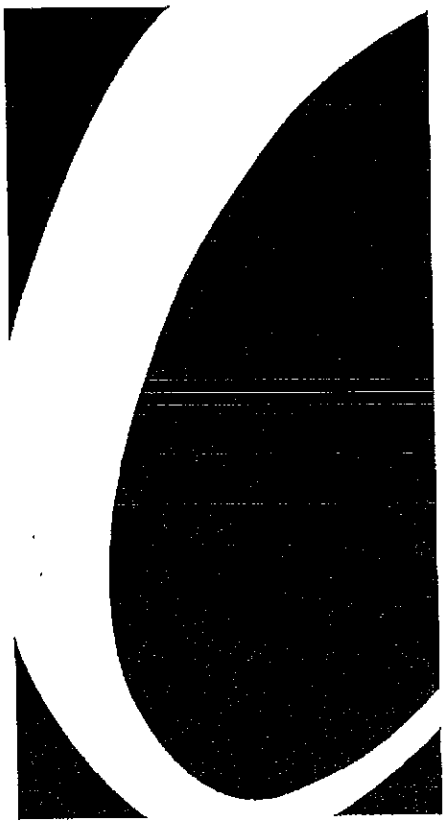
Deductible $500

208.726.8866 Phone • 208.726.8491 Fax • 631 2nd Street East, Suite C103 • PO Box 5567 • Ketchum, ID • 83340

Policy Year 2014-2015

PUBLIC ENTITY

Multi-Lines Insurance Policy



Sun Valley Air Service Board

Idaho Counties Risk Management Program,
UNDERWRITERS
3100 Vista Ave., Suite 300, Boise, ID 83705 Phone: (208) 336-3100 Fax: (208) 336-2100

ICRMP

JOINT POWERS SUBSCRIBER

AGREEMENT

APPROVED BY BOARD OF TRUSTEES
FOR USE AFTER JULY 24, 2014

JOINT POWERS SUBSCRIBER AGREEMENT

Idaho Counties Risk Management Program, Underwriters

THIS AGREEMENT is entered into pursuant to the provisions of Idaho Code, Sections 67-2326 through 67-2333, relating to the joint exercise of powers among political subdivisions of the State of Idaho, by political subdivisions of the state of Idaho as defined by the Idaho Tort Claims Act, as subscribers to counterparts of this Agreement, for the purpose of operating a separate legal entity to be known and designated as the Idaho Counties Risk Management Program, Underwriters, hereinafter referred to as "ICRMP". At the time of making of this Agreement, ICRMP is considered by the Idaho Department of Insurance to be a reciprocal insurer organized pursuant to provisions of Idaho Code, Title 41, Chapter 29.

It is AGREED among the MEMBERS of ICRMP all of whom are signatory to this Agreement or to a prior counterpart, that by virtue of expressly accepting the terms of this version of the Joint Powers Subscriber Agreement, or by expressly approving a prior counterpart and subsequently renewing participation after changes to a prior counterpart have been implemented by the Board of Trustees, as follows:

WHEREAS, POLITICAL SUBDIVISIONS of the State of Idaho have the authority to purchase liability insurance for themselves and their employees pursuant to Idaho Code §6-923 and to contract for property and other insurance coverage as they deem necessary or proper; and

WHEREAS, it is to the mutual benefit of POLITICAL SUBDIVISIONS to join together to establish the legal entity created by this Joint Powers Agreement (JPA) to accomplish the purposes hereinafter set forth; and

WHEREAS, the MEMBERS have determined that there is a need for POLITICAL SUBDIVISIONS to jointly create an insurance and risk management program; and

WHEREAS, the laws of the State of Idaho authorize the formation of what has been classified as a reciprocal insurer by POLITICAL SUBDIVISIONS without abrogating any privileges or immunities accorded to them by law;

NOW, THEREFORE, BE IT AGREED, in consideration of the mutual advantages, obligations and benefits to each POLITICAL SUBDIVISION and the mutual covenants herein contained, the MEMBERS of ICRMP, with the consent and concurrence of the subscribing POLITICAL SUBDIVISION, agree as follows:

ARTICLE I. DEFINITIONS.

As used in this Agreement, the following terms shall have the respective meanings hereinafter set forth:

(1) **ICRMP (PROGRAM).** The Idaho Counties Risk Management Program, Underwriters, a pooled insurance and risk management program established pursuant to the statutes of this state by this Joint Powers Subscriber Agreement.

(2) **BOARD.** The Board of Trustees of ICRMP, which shall serve as the Subscribers' Advisory Committee, as such is required by Idaho Code Title 41, Chapter 29.

(3) **MEMBERS.** The POLITICAL SUBDIVISIONS, as defined in Section 6-902(2), Idaho Code, which qualify and agree to the terms of this JPA, as such may be revised upon approval by the Board of Trustees from time to time.

(4) **JOINT POWERS SUBSCRIBER AGREEMENT (JPA).** This Agreement, including prior and subsequent iterations, wherein political subdivisions agree to participate in the insurance and risk management offerings of ICRMP as set forth by the BOARD.

ARTICLE II. ESTABLISHMENT, MAINTENANCE AND PARTICIPATION IN ICRMP.

The Idaho Counties Risk Management Program, Underwriters, a separate Joint Powers Entity, was created through a JPA by numerous counties of the state of Idaho with an initial effective date of November 29, 1985. The JPA has been subsequently amended numerous times during the history of the PROGRAM. This JPA is intended to continue the organization and operation of ICRMP into future years upon the foundation laid by prior joint powers and subscribers' agreements. The public entity named on the concluding page of this JPA, a political subdivision of the State of Idaho, upon execution of an iteration of the JPA and payment of an allocated MEMBER contribution will become a MEMBER of the Idaho Counties Risk Management Program, Underwriters (ICRMP) with all rights and duties associated therewith. This Agreement supersedes all prior ICRMP JPAs and will become effective for all MEMBERS on the date identified in the footer of this version of the JPA upon acceptance of the tender of continued participation offered during the annual renewal process. Changes to the JPA are deemed accepted either by express action by the governing board or by renewing participation in the PROGRAM by paying the allocated MEMBER contribution for a succeeding year. The rights and privileges of any withdrawing Member will be governed by the JPA in effect for the final year of any Member's participation.

ARTICLE III. PURPOSES AND DURATION.

(1) The purposes of ICRMP are to provide an insurance and risk management program and to assist MEMBERS to prevent and reduce losses to MEMBERS' property and injuries or harm to persons or property which might result in claims being made against MEMBERS, their employees, officers, or agents, whether appointed, employed, elected or serving as recognized volunteers.

(2) It is the intent of the MEMBERS of ICRMP to create an entity of unlimited duration that will administer an insurance and risk management program and use funds contributed by MEMBERS to defend and indemnify, in accordance with this Agreement and the issued policy(ies) of insurance, any ICRMP MEMBER against stated liability or loss, to the limits of the insurance policy issued by ICRMP. It is also the intent of the MEMBERS to have ICRMP provide continuing stability and availability of needed insurance coverage at reasonable costs and to provide education and training to ICRMP MEMBERS in the interest of meeting the challenges of local governance. All income and assets of ICRMP shall be at all times dedicated to the ultimate benefit of its MEMBERS in matters of risk and insurance, inclusive of goods, services and issues not directly addressed by ICRMP-issued policies.

(3) It is the intent of the MEMBERS of ICRMP that the PROGRAM serve as a vehicle for cooperative undertakings for all program MEMBERS, or selected groups thereof, to share the costs of certain required or desired insurance, public service or risk-related obligations which the MEMBERS desire to study or implement. In implementation of any such programs, the participating MEMBERS shall bear the allocated costs of carrying out the purposes of the program(s).

(4) Participation in ICRMP shall be comprised of those POLITICAL SUBDIVISIONS that have approved this Agreement or one of its prior iterations and that have agreed to pay the required MEMBER contributions. MEMBERS agree to the admission of future MEMBERS in accordance with provisions of the JPA and acknowledge that they shall have no right to object to the addition of such MEMBERS provided they are admitted in accordance with the terms hereof. This Agreement shall be automatically renewed, annually or periodically, consistent with BOARD-established policy terms, unless the provisions for withdrawal, expulsion or termination are applied in compliance with the terms of this agreement or adopted BOARD policy. No insurance will be provided unless the allocated MEMBER contribution is paid when due. The BOARD, or the Executive Director, as delegated by the BOARD, is authorized to attach conditions to entry into ICRMP membership or to maintenance of membership in ICRMP in the interest of protecting the shared interests of participating MEMBERS. Such conditions may include contribution surcharges, coverage limitations, reductions of limits or other methods designed to recognize risk exposure or to protect the shared interests of other PROGRAM participants.

ARTICLE IV. MANNER OF FINANCING.

Financial operations of ICRMP shall be committed to the sound discretion of the BOARD with the primary intent being the long-term solvency of the PROGRAM. Financial contributions from MEMBERS shall be determined by the BOARD of ICRMP working through the Executive Director, considering, among other factors, risk exposure, loss experience, net operating expenditures, property ownership, costs of administering claims, costs of providing risk management services, participation in risk reduction programs, conduct by officials and other appropriate or necessary costs of program administration .

ARTICLE V. NON-WAIVER OF GOVERNMENTAL OR OTHER IMMUNITY.

MEMBERS of ICRMP, by participation in this PROGRAM, do not waive any immunities or limitations of liability provided to political subdivisions or their employees by any law of this state or nation.

ARTICLE VI. ICRMP POWERS AND DUTIES.

The powers of ICRMP to perform and accomplish the purposes set forth above shall, within budgetary limits and procedures set forth in this Agreement and as otherwise established by the BOARD, be the following:

(a) To employ agents, employees and independent contractors.
(b) To purchase, sell, encumber and lease real property; to incur obligations on behalf of the PROGRAM to the extent permitted by Idaho statutes and the Idaho Constitution; and to purchase, sell, or lease equipment, machinery, and personal property.
(c) To invest funds as allowed by Idaho statutes.
(d) To carry out educational and other programs relating to risk management, including the prerogative to offer discounts or credits upon demonstrating compliance with standards for BOARD-approved risk reduction methods or plans.
(e) To create, collect funds for, and administer an insurance and risk management program.
(f) To purchase excess insurance and/or reinsurance to supplement the self-insured retention.
(g) To establish reasonable and necessary loss reduction and prevention recommendation procedures to be followed by the MEMBERS.
(h) To provide insurance-related services, risk management, loss control, underwriting and claims adjustment or to contract for such services, including the defense and settlement of claims, subject to specific limitations and/or restrictions, which may be imposed and adopted by the BOARD.
(i) To carry out such other activities as are necessarily implied or required to carry out the purposes of ICRMP specified in Article III of this Agreement, even though such undertakings might not be known at the time of entering into this Agreement, or might not be included within the specific powers enumerated in this Article.
(j) To sue and be sued.

(k) To enter into contracts.
(l) To reimburse BOARD members for reasonable and approved expenses incurred in attending to BOARD responsibilities.
(m) To provide security, insurance or bonds regarding the official responsibilities of all officers, BOARD members and employees of ICRMP.
(n) To borrow funds with approval by the BOARD as necessary for current operating purposes, so long as repayment is achieved before the conclusion of the subsequent fiscal year.
(o) To take appropriate steps to protect pool resources from careless or reckless conduct by ICRMP MEMBERS or by individual public officials of Member entities.
(p) To establish terms and conditions of initial or continued Membership in the ICRMP Program.

ARTICLE VII. PARTICIPATION.

Any MEMBER of ICRMP shall be permitted to participate in the activities of ICRMP as authorized by this Agreement or pursuant to decisions by the Board of Trustees. MEMBER participation in ICRMP activities concerning the respective rights and responsibilities any particular MEMBER shall require the approval of the governing board of that MEMBER.

ARTICLE VIII. MEMBERS' RIGHTS AND OBLIGATIONS - DISPUTE RESOLUTION PROCEDURES.

(1) The individual MEMBERS of ICRMP, acting through their respective governing boards, shall have the right to:

(a) Petition the BOARD to be heard regarding any aspect of the PROGRAM operation in accordance with internal dispute resolution procedures approved by the BOARD or as otherwise determined in accordance with procedural guidelines authorized by the BOARD or the Chairman of the BOARD as circumstances warrant.

(b) Withdraw from PROGRAM participation at any time authorized by this Agreement, but no less frequently than annually. MEMBERS recognize that the PROGRAM is managed for long-term participation and that agreements that support PROGRAM operation are of one-year or longer duration. Consequently, early withdrawal from the PROGRAM during the course of a policy year may be subject to additional financial obligation for the withdrawing MEMBER as determined by the BOARD.

(c) To nominate or vote in selection of a representative to serve on the BOARD of ICRMP as provided by this JPA.

(2) The obligations of MEMBERS of ICRMP shall be as follows:

(a) To pay promptly all MEMBER contributions to ICRMP at such times and in such amounts as shall be established by the BOARD pursuant to this Agreement. Any delinquent payments may incur interest, penalties or other financial consequences as determined by resolution of the ICRMP Board of Trustees. Insurance coverage and other services will not continue for MEMBERS that are delinquent in payment of contribution amounts according to the terms of this Agreement and any related resolution approved by the Board of Trustees. Notice of termination of coverage or of services, for non-payment or otherwise, will be provided in writing.

(b) To allow the PROGRAM and its agents, officers and employees reasonable access to all premises of the MEMBER and all records, including but not limited to financial records, as reasonably required for the administration of ICRMP and the effective handling of claims threatened or brought against MEMBERS.

(c) To cooperate fully with the PROGRAM'S attorneys, claims adjusters and any other agent, employee, or officer of ICRMP in activities relating to the purposes and powers of ICRMP.

(d) To make good faith efforts to follow the safety, loss reduction and prevention recommendations expressed by the PROGRAM and to cooperate in risk reduction strategies proposed or required by the PROGRAM.

(e) To report to ICRMP immediately all incidents or occurrences that could reasonably be expected to result in ICRMP being required to consider a claim against the MEMBER, its agents, officers, or employees, or for losses to MEMBER'S property within the scope of coverage undertaken by ICRMP.

(f) To report to ICRMP as soon as reasonably possible, by way of the public entity's insurance agent, in accordance with the issued Policy of Insurance and related guidelines, the addition of new programs, facilities and equipment or the significant reduction or expansion of existing programs, facilities and equipment or other acts that could cause material changes in the MEMBER'S risk of property or liability-related loss exposure.

(g) To provide ICRMP periodically and consistent with Policy terms, but in no instance less frequently than annually, in accordance with the issued Policy of Insurance, with information on the value of buildings and contents and other real and personal properties. Each MEMBER is obliged to cooperate with the PROGRAM *via* its independent insurance agent.

(h) To utilize BOARD-approved dispute resolution procedures regarding any contest or disagreement regarding a provision or scope of coverage pursuant to the insurance program/policy or any other aspect of PROGRAM operation, prior to addressing any such disagreement to a state or Federal administrative

agency or prior to initiating legal action against ICRMP. MEMBERS expressly agree to follow the internal dispute resolution procedures adopted by the BOARD before contesting administrative determinations, coverage or claims non- payment issues in a court of law or before a regulatory agency. Such procedures require MEMBERS to thoroughly disclose any bases for such disagreement in writing to the BOARD prior to being heard in the process of resolving any such dispute. MEMBER expressly agrees that failure to exhaust the internal dispute resolution procedures established by the BOARD constitutes a material breach of this JPA. MEMBER further agrees not to initiate legal action against the PROGRAM or initiate contested procedures before any state or Federal regulatory agency regarding any dispute with the PROGRAM until said dispute resolution procedure has reached its conclusion before the BOARD within a reasonable timeframe. MEMBER agrees that ICRMP may enforce this provision by seeking the remedy of specific performance in a court of competent jurisdiction. A MEMBER that pursues a remedy in court or before a regulatory agency agrees to reimburse the PROGRAM its reasonable costs and attorney fees incurred in defense of any such suit or administrative proceeding if the matter has not first been brought to the BOARD pursuant to this dispute resolution procedure. The restrictions contained in this subsection may be waived by mutual agreement of the PROGRAM and the MEMBER.

(3) The basic elements of the dispute resolution procedure within ICRMP shall include the following:

(a) Filing a written statement by the MEMBER stating the specific basis for disagreement with a decision by the Executive Director or BOARD regarding aspects of PROGRAM operation or contribution requirements, provision of coverage or non-payment of a claim for money damages. Such filing shall be followed promptly by a conference with the Executive Director, in person or by telephone, to attempt to resolve the stated differences. The Executive Director shall thereafter respond to the MEMBER in writing not more than ten (10) business days after the conference. Such written response shall set forth the basis of the Executive Director's decision concerning the contested matter. If the matter contested involves a decision originally made by the BOARD, the request for BOARD consideration can be routed directly to the BOARD if the Executive Director lacks authority to revise a BOARD-established policy, practice or result.

(b) Following receipt of the Executive Director's written response, MEMBER may appeal the determination of the Executive Director to the BOARD. Any such appeal shall be made in writing setting forth the specific basis for the appeal and the particular reasons for the disagreement with the determination of the Executive Director. When an appeal is received at least fourteen (14) days prior to a BOARD meeting, it will be included on the next BOARD agenda. If an appeal is not received at a time that allows it to be timely placed

upon the agenda of the next BOARD meeting, the MEMBER and Executive Director, working in consultation with the Chairman of the BOARD, shall determine whether the matter is of such importance and urgency that it requires the call of a special BOARD meeting or whether it can be addressed at the next regularly scheduled BOARD meeting without irreparably harming the MEMBER. If a MEMBER insists upon the call of a special meeting by formal action of its governing board, a special meeting of the BOARD shall be called to hear the appeal.

(c) The BOARD shall hear oral presentations, not in excess of one hour each, by the MEMBER and the Executive Director, or those designated by the Executive Director, should either or both desire. After hearing from both parties, the BOARD shall decide the controversy and shall tender its decision in writing within thirty (30) days. In doing so the BOARD may consult independently, or through the Executive Director, with legal advisers and/or consultants. The decision of the BOARD shall be final, unless reconsideration is requested by the MEMBER and approved for reconsideration by the BOARD. Until a final decision is made pursuant to the procedures set forth in this Article, no MEMBER may initiate or institute legal action against ICRMP or its officers, employees or agents arising out of the performance of this Agreement or the contract of insurance issued pursuant to this Agreement. Nor shall a contested matter be initiated by a MEMBER before a state or federal administrative agency without completing the dispute resolution procedure set forth herein.

(d) The BOARD reserves the right to vary the foregoing procedures as necessary to accommodate the interests of ICRMP, its MEMBERS, or others with an interest in the just resolution of differences regarding PROGRAM operation.

ARTICLE IX. MEMBER CONTRIBUTIONS.

The BOARD of ICRMP shall establish annual or periodic contribution amounts for MEMBERS. The PROGRAM may change contribution amounts charged to any MEMBER from year to year to reflect changes in PROGRAM operating costs, changes in risk resulting from operational changes, changes in property values or ownership, reevaluation of operating risks MEMBER conduct concerning exposures or risks or refusal to participate in or willful violation of safety or loss prevention programs or for other reasons established by the BOARD. Conversely, the PROGRAM may offer contribution amount discounts for any MEMBER that faithfully participates in loss prevention and safety programs or for other reasons established by the PROGRAM. Each MEMBER'S contribution amount shall be calculated in accordance with rate determination methods approved by the BOARD for any Policy Year, unless additional coverage is requested by the MEMBER. MEMBERS acknowledge that rate-setting is not a matter of precise application of an arithmetic formula, but rather reflects both tangible and intangible elements that are shaped by a combination of PROGRAM experiences and informed administrative discretion as delegated by the BOARD. No MEMBER may be further assessed during a Policy Year unless in response to a material change in property or activities not

disclosed or addressed at the time of annual renewal. Additional contribution amount may be charged when changes are made to covered property or activities during the course of a year. The PROGRAM reserves the right to condition continued participation by any MEMBER upon compliance with specific performance requirements, payment of modified deductible amounts and such other measures as the PROGRAM deems necessary or appropriate. The PROGRAM also reserves the right to discontinue membership or diminish coverage or limits or increase the self-insured responsibility of any MEMBER that does not cooperate with PROGRAM goals, objectives, or requirements or that acts without regard to consequences concerning matters that affect ICRMP and its MEMBERS.

ARTICLE X. BOARD OF TRUSTEES – ELECTION AND REPRESENTATION.

The BOARD of Trustees shall be comprised of nine (9) elected public officials, upon the initial effective date of this iteration of the JPA, six (6) of whom shall be county commissioners and three (3) who shall hold elective office in other POLITICAL SUBDIVISIONS. The electoral/appointive boundaries for designated BOARD members shall be organized as follows:

County District I: Counties of Boundary, Bonner, Kootenai, Benewah and Shoshone.

County District II: Counties of Latah, Clearwater, Nez Perce, Lewis and Idaho.

County District III: Counties of Adams, Valley, Washington, Payette, Gem, Boise, Canyon, Ada, Elmore and Owyhee.

County District IV: Counties of Camas, Blaine, Gooding, Lincoln, Jerome, Minidoka, Twin Falls and Cassia.

County District V: Counties of Bingham, Power, Bannock, Caribou, Oneida, Franklin and Bear Lake.

County District VI: Counties of Lemhi, Custer, Clark, Fremont, Butte, Jefferson, Madison, Teton and Bonneville

Region I: Elected official of a city from within Districts I, II, and III elected by all Member cities in the Region .

Region II: Elected official of a city from within Districts IV, V and VI elected by Member cities in the Region.

Special District Member : Elected official of any MEMBER other than a county or city, selected by a vote of the Board, chosen from nominees submitted by non-county or non-city MEMBERS. .

Each member of the BOARD shall be either a commissioner elected from a MEMBER County, an elected official of a MEMBER city or other POLITICAL SUBDIVISION, and shall serve for a period of two (2) years, or until a successor is elected or appointed. Four (4) members of the BOARD (even-numbered County Districts and the Region II seat) shall be elected for two (2) year terms in November/December of odd-numbered years, while another five (5) members of the BOARD (odd-numbered County Districts and the Region I seat plus the Special District Member shall be elected/appointed for two (2) year terms in even-numbered years. For purposes of this Agreement, a "Board Seat" shall be defined as the position on the ICRMP Board of Trustees designated for and occupied by the representative duly elected or appointed from a District, Region or statewide, respectively, as outlined in this Section. The Executive Director shall administer the election process in order to allow election results to be

canvassed by the BOARD during its December meeting. The respective boards of county commissioners of each MEMBER county may cast a ballot for their District member of the BOARD; governing boards of cities may vote for regional City representatives and Special District Member candidates may be nominated by governing boards of Member Special Districts. Valid ballots must be received by ICRMP at a time and place specified by the Executive Director prior to the BOARD's final meeting each calendar year. Each member of the BOARD shall serve from the date of the first BOARD meeting in the year succeeding his election/appointment through the conclusion of his/her term when a succeeding BOARD member is seated or for another term if the BOARD member is re-elected/reappointed.

Article XI. REMOVAL OF BOARD MEMBER

At any time during the course of service of an elected BOARD member such member may be removed by the PROGRAM MEMBERS that elected such BOARD member by either of two (2) means. The first method by which an elected BOARD member's continued service may be submitted to his constituent electors is by receipt of a petition of no confidence approved by the respective governing boards of MEMBER entities equal to at least one-half (1/2) of the number of votes received by the BOARD member when the BOARD member was most recently elected to the BOARD. Any such petition shall succinctly set forth the reasons of misconduct, personal behavior, wrongdoing, failure to exercise diligence or failed representation that justifies a no-confidence/removal election.

The second alternative to refer a BOARD member's continued service to his constituent electors would be a no-confidence declaration by members of the ICRMP BOARD. By majority vote of no confidence, exclusive of the BOARD member in question, the BOARD may choose to submit the question of continued service by an elected BOARD member to the BOARD member's constituent electors, stating in any motion to proceed with such election the express reasons therefor. Any BOARD member appointed to fill the remainder of an elected member's term shall be treated as an elected BOARD member.

In the event of receipt of a qualifying no-confidence petition, or following a no-confidence vote by the ICRMP BOARD, the question to be presented to a BOARD member's constituent electors shall be whether the identified BOARD member should continue to serve on the BOARD. The reasons for no-confidence stated in the petition from dissatisfied MEMBERS or expressed in the motion by BOARD shall be included in election materials sent to constituent electors along with a statement prepared by the BOARD member in response. Neither message shall exceed three hundred (300) words. Voting in any such election shall be open for at least twenty-one (21) days from the date ballots are first mailed. The Executive Director shall establish a time and date-certain by which all ballots must be received. Votes shall be tallied by the Executive Director or his designee(s). A majority of lawful votes cast shall determine the outcome. If a no-confidence vote results in removal of BOARD member, the seat may be refilled by BOARD appointment until the next election wherein a replacement can be elected to fill a new term or the remainder of the prior term, whichever is applicable.

Any BOARD Member holding an appointive or *ex-officio* non-voting position may be removed by majority vote of the BOARD for reasons of misconduct, personal behavior,

wrongdoing or failure to exercise diligence after providing the BOARD Member a written statement of concerns and allowing the BOARD Member an opportunity to be heard by the BOARD. In the circumstances of such proceedings, a BOARD Member facing possible removal shall be entitled to written notice of the concerns no less than seven (7) calendar days prior to BOARD action and the hearing opportunity for the subject BOARD Member shall be no less than one (1) hour in duration.

ARTICLE XII. POWERS AND DUTIES OF THE BOARD OF TRUSTEES.

The BOARD shall have the following powers and duties:

(1) To annually elect a chairman and vice-chairman. Each officer shall serve until his or her successor is elected.
(2) To admit or expel MEMBERS, or to condition continued participation in the PROGRAM, in accordance with this Agreement.
(3) To establish procedures for determining contribution amounts and authorizing payment procedures for MEMBERS.
(4) To establish the insurance and risk management program design.
(5) To provide for selection of all personnel and contractors necessary for the administration of ICRMP, including the appointment of an Executive Director to supervise the business of the PROGRAM and carry out other functions delegated by the BOARD.
(6) To establish a schedule for BOARD meetings.
(7) To exercise all powers of ICRMP, except powers reserved to the MEMBERS.
(8) To prepare, adopt and oversee ICRMP's budget.
(9) To receive reports concerning PROGRAM activities and to make reports to the MEMBERS.
(10) To provide for underwriting, claims and loss control procedures.
(11) To provide for the investment and disbursement of funds.
(12) To establish by-laws, rules and regulations governing its own conduct and procedures and the powers and duties of its officers, not inconsistent with this Agreement.
(13) To provide to MEMBERS an annual report of operations and financial affairs.
(14) To form committees and advisory panels; and to provide other services as needed by ICRMP. The BOARD shall determine the method of appointment and terms of members of committees and advisory panels.
(15) To submit to MEMBERS a subsequent, substitute, or replacement JPA at the date of periodic renewal, or otherwise, for re-adoption or express acceptance by MEMBERS.
(16) To dissolve ICRMP and disburse its remaining assets when BOARD action is accompanied by a two-thirds (2/3) vote of the entire then-current MEMBERSHIP, provided that a notice of intent to dissolve ICRMP shall be given to the Director of the Department of Insurance of the State of Idaho at least ninety (90) days prior to the proposed effective date. Like notice of such intent shall be provided to all MEMBERS at least thirty (30) days before any such vote regarding dissolution.
(17) To appoint or remove appointed or non-voting *ex-officio* members of the BOARD

(18) To do or delegate all acts necessary and proper for the implementation of this Agreement.

ARTICLE XIII. ESTABLISHMENT OF LOSS PAYING FUND.

The PROGRAM shall endeavor to maintain available funds in amounts the BOARD deems reasonably sufficient to annually provide the resources necessary to fund ICRMP's general and administrative expenses, any reinsurance or excess insurance requirements, to pay the current year's claims and claims expenses and to sustain the financial stability of the PROGRAM, in addition to funds necessary to meet ICRMP's obligation to satisfy the requirements of any regulatory authority.

ARTICLE XIV. SCOPE OF COVERAGE.

(1) ICRMP shall provide policy protection to each MEMBER as provided in the MEMBER'S policy of insurance. MEMBER acknowledges that the policy of insurance transfers risk of loss from the MEMBER to ICRMP subject to the terms, conditions and exclusions addressed by the policy. MEMBER acknowledges that not all risks are insurable and that any excluded risks are not transferred pursuant to this Agreement.

(2) In the event that a claim or a series of claims exceeds the amount of coverage provided by the MEMBER's Policy, payment of valid claims shall become the sole and separate obligation of the individual MEMBER or MEMBERS against whom the claim was made and perfected by litigation or settlement. No Subscriber shall be entitled to a contribution from other MEMBERS beyond the annual amount obligated by this Joint Power Subscribers Agreement and the policy of insurance which complements it.

ARTICLE XV. MEETINGS OF THE BOARD OF TRUSTEES.

(1) The BOARD may set a time and place for meetings in accordance with applicable law. All provisions of law applicable to public meetings shall be observed.

(2) A majority of seated trustees shall constitute a quorum to do business. All formal acts of the BOARD shall require a majority vote of the trustees present and voting, unless otherwise required by law.

(3) Because of the distance that separates the Trustees, the BOARD may conduct official business by telephone/video conference call. When a conference call meeting is convened the base of such meeting will normally be the ICRMP Building in Boise, Idaho. An alternative base meeting location may be designated by the Executive Director when necessary to effectively conduct BOARD business. At the base location a speaker phone shall be provided in order to allow the public to hear the

discussion carried on by the BOARD. Executive session and notice provisions of the Open Meeting Law shall apply when appropriate or required.

ARTICLE XVI. LIABILITY OF BOARD OF TRUSTEES OR OFFICERS.

The trustees or officers of ICRMP should use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties hereunder. They shall not be personally liable for any mistake of judgment or other action made, taken or omitted by them in good faith; nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care so long as the actions or omissions complained of shall have taken place within the course and scope of their official duties. No trustee shall be personally liable for any action taken or omitted by any other trustee. The assets of ICRMP may be used to defend and indemnify any trustee, officer, agent or employee for actions taken by each such person in good faith within the scope of his or her authority for ICRMP as public officials in the state of Idaho. ICRMP may purchase insurance providing coverage for trustees, officers and employees.

ARTICLE XVII. WITHDRAWAL FROM MEMBERSHIP.

Any MEMBER may withdraw from ICRMP after the MEMBER'S initial one (1) year term by giving notice to the Executive Director, in writing, of its desire to withdraw. Any MEMBER may withdraw from ICRMP within thirty (30) days after the date that the PROGRAM gives notice in writing of an amendment to this Agreement or its accompanying policy of insurance by tendering to the Executive Director written notice of its intent to withdraw. The continuing rights of any withdrawing MEMBER shall be as set forth in the most recent JPA. A voluntarily withdrawing MEMBER shall be deemed to have forfeited any claim of right or equity to any portion of liquidated surplus or to any credit or dividend should any be declared by the Board of Trustees.

ARTICLE XVIII. EXPULSION OF MEMBERS - CONDITIONS OF CONTINUED PARTICIPATION.

(1) Any MEMBER may be expelled at the initiation of the Executive Director or the BOARD at any time during a policy year for one or more of the following reasons:

(a) Failure to make any payments due to ICRMP.
(b) Willful failure to undertake or continue loss reduction or loss prevention recommendations by ICRMP.
(c) Failure to allow ICRMP reasonable access to all facilities and records of the MEMBER necessary for proper administration of ICRMP.
(d) Failure to fully cooperate with ICRMP's attorneys, claim adjusters or other agents, employees, or officers of ICRMP.
(e) Failure to carry out any obligation of a MEMBER which impairs the ability of ICRMP to carry out its purpose or powers.
(f) Exhibiting reckless behavior which causes claims which could have been avoided by prudent or responsible action.

(2) No MEMBER expulsion shall be effective until at least thirty (30) days after notice from the Executive Director of the alleged failure of performance, however the notice from the Executive Director may include exclusions from, or limitations on, coverage related to foreseeable actions addressing conduct of the MEMBER. Any such exclusions or limitations shall be effective immediately unless subsequently rescinded by BOARD action or modified by mutual agreement. Notice to a MEMBER shall state whether a cure is believed to be possible. The MEMBER may request, in writing, a hearing before the BOARD, either by telephone or in person, within fourteen (14) days of the notice provided by the Executive Director. MEMBERS must act through their governing board. Notices of expulsion are subject to the Dispute Resolution Procedure set forth in Article VIII. If a decision to expel is affirmed after hearing, such date of expulsion shall relate back to the date of initial decision to expel by the Executive Director or the BOARD from which the notice of intent to expel derives. The rights of any expelled MEMBER shall be as set forth in this Agreement or upon such other terms and conditions as the BOARD may negotiate with the expelled MEMBER. Nothing in any policy of Insurance shall contravene provisions of this JPA respecting separation from the PROGRAM.

(3) Any MEMBER separating from ICRMP (withdrawing or expelled) shall not be entitled to any reimbursement of contribution amounts that have been paid unless otherwise required by provisions of applicable law. All claims relating to events occurring after the date of separation from ICRMP shall become the sole responsibility of the separated Subscriber. With respect to any Claims Made coverage provided to a MEMBER, any claims occurring or reported after the date of separation from ICRMP shall become the sole responsibility of the separated MEMBER. Any MEMBER expelled from the PROGRAM by action of the Board of Trustees shall have any entitlement to liquidation value provided pursuant to this JPA reduced by the amount of ultimate net loss that exceeds the MEMBER's contributions for the period of liquidation rights established by the terms of the JPA then in effect. Such entitlement to liquidation value shall be payable only upon actual liquidation of the PROGRAM.

(4) As an alternative to expulsion the BOARD or Executive Director may, at any time, condition continued participation in the PROGRAM upon compliance with specific terms and conditions established by agreement between the MEMBER and ICRMP. Conditions may include consultation requirements, increased deductible amounts, increased MEMBER contributions, restriction of coverage, diminishment of coverage limits and such other limitations as the BOARD may deem reasonable to protect the resources of ICRMP.

ARTICLE XIX. BINDING CONTRACTUAL OBLIGATION.

This document shall constitute a JPA, a binding contract, among those POLITICAL SUBDIVISIONS that are MEMBERS of ICRMP. The terms of this Agreement may be enforced in court by ICRMP itself or by any of its MEMBERS, as respects its interests, subject to the terms and conditions of applicable laws and this Agreement. The consideration for the duties

herewith imposed upon the MEMBERS to take certain actions and to refrain from certain other actions is based upon the mutual promises and agreements of the MEMBERS set forth herein. This Agreement shall be approved according to law by each MEMBER or by subsequent renewal pursuant to procedures specified by the Executive Director or the BOARD. MEMBER asserts that it has complied with relevant laws and that is waives its ability to object to the binding nature of this Agreement by virtue of informalities in its approval. Except to the extent of the financial contributions to ICRMP agreed to herein, or such additional obligations as may come about through amendments to this Agreement, no MEMBER agrees or contracts herein to be held responsible for any claims in tort or contract made against any other MEMBER. The contracting parties intend in the creation of ICRMP to establish an organization for joint risk management only within the scope herein set out, and have not herein created as between MEMBER and MEMBER any relationship of surety or indemnitor, nor by participating herein does any MEMBER assume responsibility for the debts of or claims against any other MEMBER.

ARTICLE XX. DISTRIBUTION OF PROPERTY, FUNDS AND SUPPLIES UPON DISSOLUTION OF ICRMP.

In the event of termination of this JPA such that ICRMP is dissolved, all unused consumable supplies, non-consumable supplies or other property or assets acquired by ICRMP shall be liquidated in a manner permissible by law, and the proceeds of such liquidation shall be disbursed to the then-current MEMBERS at a rate proportionate to each MEMBER'S *pro rata* share of the cumulative member contributions paid to ICRMP for the most recent five (5) fiscal years. Said determination of net asset distribution shall be made in good faith by the BOARD subject to application of the business judgment rule.

ARTICLE XXI. SEVERABILITY.

In the event that any Article, provision, clause or other part of this Agreement should be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability with respect to other Articles, provisions, clauses, applications or occurrences, and this Agreement is expressly declared to be severable.

ARTICLE XXII. POWER OF ATTORNEY - EXPENSES AND DUTIES.

(1) To the extent required by Idaho Code Title 41, Chapter 29, and not inconsistent with applicable constitutional and statutory obligations and prerogatives, MEMBER hereby appoints Idaho Counties Risk Management Program, Underwriters (ICRMP), as its Attorney-in-Fact empowered to take all actions and execute all documents which are necessary or appropriate in carrying on the business of insurance through ICRMP on behalf of MEMBER. MEMBER agrees that the BOARD of ICRMP may delegate powers to an Executive Director in accordance with this JPA.

(2) The Executive Director appointed by the BOARD is hereby empowered by the undersigned to accept service of process on behalf of ICRMP. The Director of the

Department of Insurance of the State of Idaho is also authorized to receive service of process in actions against ICRMP upon contracts of insurance provided to Subscribers of ICRMP. Such authorization does not supersede the procedural requirements of this Agreement. The general services to be performed by the Executive Director shall include: (a) issuing, underwriting and servicing policies of insurance; (b) contracting with agents for sale and servicing of policies of insurance; (c) executing treaties of reinsurance or contracts of excess insurance; (d) providing risk management services and administering programs to diminish claims for damages and (e) supervising the investment policy of ICRMP. The Executive Director's obligations and liability shall be limited by the terms and conditions of ICRMP's JPA and by the Idaho Tort Claims Act.

(3) The general items of expense to be paid by ICRMP shall include, but not be limited to: (a) losses and claims payments; (b) allocable claims expense; (c) governmental charges, license fees, and lawful taxes; (d) expenses incurred in auditing ICRMP's books and records; (e) contribution amount collection costs; (f) BOARD expenses; (g) premiums on reinsurance and excess insurance; (h) fees of investment counsel and direct investment expense; (i) salaries and expenses of officers and employees of ICRMP; (j) disbursement of dividends; (k) special expenses authorized by the Board of Trustees of ICRMP; (l) broker and agent commissions; (m) indemnity insurance premiums; (n) home and branch office expense; and (o) actuarial, auditing, legal, risk management and loss prevention expenses.

(4) The Power of Attorney conveyed herein shall expire upon termination of all obligations of ICRMP. The policies of insurance issued by ICRMP are conditional upon payment of MEMBER contributions to ICRMP. The liability of each MEMBER for the obligations of ICRMP shall be an individual, several and proportionate liability and not a joint liability. The liability of each MEMBER shall be limited as stated in this JPA provided, however, that in no event shall any MEMBER be required to contribute more than the amount authorized by applicable state statutes and constitutional provisions pursuant to which ICRMP is established.

ARTICLE XXIII. MISCELLANEOUS PROVISIONS - NOTICE.

(1) The provisions of this Agreement shall be interpreted pursuant to the laws of the State of Idaho.

(2) The parties hereto consent that courts in the State of Idaho shall have jurisdiction over any dispute arising under this Agreement after exhaustion of the dispute resolution procedures provided for herein. If reasonable attorney fees are incurred in enforcing provisions of this Agreement in a court of law, the prevailing party to such an action shall be entitled to reimbursement of its reasonable attorney fees.

(3) No waiver of any breach of this Agreement or any provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any of the other provisions herein contained. No extension of time for performance of any obligation

or act shall be deemed an extension of time for performance of any other obligations or acts.

(4) In the event that any provision of this Agreement is in conflict with or is incompatible with the MEMBER'S Policy issued hereunder, the terms and conditions of the MEMBER'S Policy shall prevail and take precedence.

(5) This Agreement may be modified or amended by a written agreement entered into by the BOARD. Provided, however, no such modification shall be effective retroactively, nor as to any insurance contract or coverage issued prior thereto. Said modifications may be made effective during a Policy Year only to comply with applicable laws respecting operation of ICRMP or with express consent of the MEMBER. Changes may be made to the policy of insurance issued by ICRMP at any time during the policy year in accordance with rules or statutes governing the business of insurance within the State of Idaho. If a MEMBER does not accept changes made during a policy year, its sole remedy shall be to cancel future coverage, subject to a proportionate refund of any *pro rata* MEMBER contributions already paid, less equitable commission and administrative charges.

(6) MEMBER agrees to hold ICRMP, its employees, contractors, and/or legal counsel, harmless and without liability to MEMBER from any claims arising out of loss control or related administrative activities undertaken for Subscriber's benefit. ICRMP assumes no responsibility for the lawful operation of MEMBER'S POLITICAL SUBDIVISION. MEMBER further agrees that communications with attorneys on the ICRMP staff or retained by the PROGRAM to assist a MEMBER to resolve or avoid claims will remain confidential pursuant to the Attorney-Client privilege and that written materials generated as a consequence of such effort to assist MEMBER shall constitute attorney work product. MEMBER further agrees that the employees, contractors and/or legal counsel of ICRMP when acting in a loss control capacity are representing ICRMP, not MEMBERS, and that information obtained in such loss control capacity may be provided to ICRMP in order to carry out the purposes of this JPA.

(7). All notices required to be given under this Agreement shall be delivered in writing. Notices by a MEMBER to ICRMP shall be sent to ICRMP'S principal place of business. Notices to any Subscriber shall be sent to the Subscriber's last known address. In the event that any party to this Agreement desires to change its address, notice of change of address shall be sent to the other party by United States Mail in accordance with the terms and provision of this Article. Each Member of ICRMP whether by initiating membership after October 1, 2013, or by renewing membership after October 1, 2013, hereby authorizes and consents to delivery of documents between itself and ICRMP by electronic means in accordance with provisions of Idaho Code §41-1851 or its successor unless it provides written notice to ICRMP that it declines to accept delivery of documents by electronic means.

(8) Warranty of Eligibility – Each MEMBER authorizing participation in ICRMP by approval of this Agreement and execution by an authorized official hereby warrants that it is a political subdivision of the state of Idaho as defined by the Idaho Tort Claims Act and thereby eligible to be a MEMBER of ICRMP. By such warranty each MEMBER consents to its immediate separation from ICRMP participation upon discovery that it is not a qualifying political subdivision. Each MEMBER also agrees that it will indemnify ICRMP for any loss it may suffer by virtue of the inapplicability of privileges and immunities otherwise available to political subdivisions of the state of Idaho by virtue of the mischaracterization of any MEMBER as a qualified Idaho political subdivision.

ARTICLE XXIV. EXECUTION AND ATTEST.

In Witness hereof, this Agreement is executed on the _____ day of _____ 20___, by the undersigned who are duly authorized officer(s) of the Political Subdivision indicated below and by the Idaho Counties Risk Management Program, Underwriters (ICRMP), pursuant to action taken by the Governing Board of the MEMBER on the ____ day of _____ 20____. Such execution upon this Agreement or upon execution of a prior counterpart accompanied by continuing renewal shall constitute agreement by the POLITICAL SUBDIVISION to the terms and conditions of membership in ICRMP until proper written notice of withdrawal is provided or until a MEMBER is expelled as provided herein. A signature is required for new membership. Renewal occurs annually by approval of binder and payment of MEMBER CONTRIBUTION subject to the terms of the then-current JPA proffered by the ICRMP Board of Trustees in conjunction with insurance policy terms for the succeeding policy year.

POLITICAL SUBDIVISION: _____

By: _____
CHAIRMAN OF THE BOARD, MAYOR, OR OTHER
EXPRESSLY AUTHORIZED OFFICER

Title: _____

Attest/Witness: _____
CLERK OR OTHER AUTHORIZED OFFICER

ACCEPTED FOR THE IDAHO COUNTIES RISK MANAGEMENT PROGRAM, UNDERWRITERS (ICRMP)

By: _____
EXECUTIVE DIRECTOR

PUBLIC ENTITY MULTI-LINES INSURANCE POLICY DECLARATIONS

ISSUED BY IDAHO COUNTIES RISK MANAGEMENT PROGRAM, UNDERWRITERS

Named Insured: **Sun Valley Air Service Board**
Address: **PO Box 416**
Sun Valley, Idaho 83353
Application Date: **August 1, 2014**

Policy Number: **34A15014022114**
Policy Period: From: **October 1, 2014**
To: **October 1, 2015**
Both dates above at 12:01 AM

Retroactive Date Section VI, Insuring Agreement 3: **February 21, 2013**

Member Contribution: **$1,069**

Retroactive Date Section VIII: **Debruary 21, 2011**

Retroactive Date Section XI: **October 1, 2013**

SECTION V – PROPERTY

Insuring Agreements	*Limit of Indemnification*	*Coverage Basis*	*Deductible*
1. ***Buildings, Structures & Property:***			The first $500 of any loss is applicable to Section V, Insuring Agreements 1, 2, 3 & 4, excepting flood and earthquake losses.
Professional Fees	$500,000	Per covered occurrence.	
Fine Arts	$1,000,000	Per covered occurrence and/or in the aggregate for multiple occurrences.	
Landscape Items	$25,000	Per covered occurrence.	
Ordinance Deficiency	$5,000,000	Per covered occurrence.	
Preservation of Property	$250,000	Per covered occurrence.	
Newly Acquired Property	$10,000,000	Per covered occurrence.	
Property in Course of Construction: New or Repairs/Renovations of Existing	$1,000,000	Per covered occurrence.	
Property In Transit	$1,000,000	Per covered occurrence.	
Service Animals	$25,000	Per covered occurrence.	
Water/Sewer Backup	$1,000,000	Per Covered occurrence and/or in the annual aggregate for multiple occurrences all members combined.	Earth Movement: The first $100,000 of any loss.
Earth Movement	$50,000,000	Annual aggregate – all non-public education members combined.	
Flood Type A*	$50,000,000	Annual aggregate – all non-public education members combined.	**Flood Type A: The first $100,000 of any loss.
Flood Type B**	$5,000,000	Annual aggregate – all non-public education combined.	***Flood Type B: The first $500,000 per building and first $500,000 per contents.
2. ***Automobile/Mobile Equipment Physical Damage***	$1,000,000	Per item per covered occurrence.	
	$10,000,000	In the aggregate for multiple items when not in use.	
3. ***Operational Disruption Expense***	$2,500,000	Per covered occurrence or in the aggregate for multiple occurrences.	
• Data Restoration Related to Operational Disruption Expense	$250,000	Per covered occurrence or in the aggregate for multiple occurrences.	
4. ***Valuable Papers and Records***	$1,000,000	Per covered occurrence and/or in the aggregate for multiple occurrences.	
• Data Restoration Related to Valuable Papers and Records	$500,000	Per covered occurrence and/or in the aggregate for multiple occurrences.	

TOTAL SECTION V LIMIT OF INDEMNIFICATION IS $200,000,000 PER OCCURRENCE LIMIT FOR ALL PROPERTY COVERAGES AND ALL LIMITS OF INDEMNIFICATION COMBINED FOR ALL NON PUBLIC EDUCATION MEMBERS COLLECTIVELY.

SECTION VI – GENERAL LIABILITY				
Insuring Agreements	*Indemnification Limit For Claims Brought Pursuant to Title 6, Ch. 9, Idaho Code*	*Indemnification Limit for All Other Claims*	*Defense Cost Limit for All Liability Claims*	*Coverage Basis*
1. *General Liability*	$500,000	$3,000,000	$2,000,000	Per covered occurrence.
City/County Prosecutors or Appointed City Attorneys serving as Independent Contractors		$500,000	Included in above	
Sewer Backup, Mold & Fungus Abatement & Remediation		$500,000	Included in above	
Fire Suppression Liability		$500,000	Included in above	
2. *Law Enforcement Liability*	$500,000	$3,000,000	$2,000,000	Per covered occurrence.
3. *Sexual Molestation Liability – CLAIMS MADE COVERAGE*	$500,000	$3,000,000	$2,000,000	Per Covered Claim.

SECTION VII – AUTOMOBILE LIABILITY				
Insuring Agreements	*Indemnification Limit For Claims Brought Pursuant to Title 6, Ch. 9, Idaho Code*	*Indemnification Limit for All Other Claims*	*Defense Cost Limit for All Liability Claims*	*Coverage Basis*
1. *Automobile Liability (Outside State of Idaho)*	$500,000	$3,000,000	$2,000,000	Per covered accident.
Automobile Liability (Inside State of Idaho)	$500,000	$500,000	Included in above	
2. *Automobile Medical Payments*	$5,000 $100,000	$5,000 $100,000	Not Applicable	Each person. Each accident.
3. *Uninsured / Underinsured Motorists*	$100,000 $300,000	$100,000 $300,000	Included in above	Each person. Each accident.

SECTION VIII – ERRORS AND OMISSIONS CLAIMS MADE				
Insuring Agreements	*Indemnification Limit For Claims Brought Pursuant to Title 6, Ch. 9, Idaho Code*	*Indemnification Limit for All Other Claims*	*Defense Cost Limit for All Liability Claims*	*Coverage Basis*
1. *Errors and Omissions CLAIMS MADE COVERAGE*	$500,000	$3,000,000	$2,000,000	Per covered claim.
City/County Prosecutors Appointed City Attorneys serving as Independent Contractors		$500,000	Included in above	
2. *Employee Benefit Liability CLAIMS MADE COVERAGE*	$500,000	$3,000,000	Included in above	Per covered claim.
3. *Employment Practices Liability CLAIMS MADE COVERAGE*	$500,000	$3,000,000	Included in above	Per covered claim.

THERE IS A $5,000,000 INDEMNIFICATION LIMIT IN THE AGGREGATE ANNUALLY FOR SECTIONS VI, VII, VIII, XI and XII COMBINED.

THERE IS A $3,000,000 DEFENSE COST LIMIT IN THE AGGREGATE FOR SECTIONS VI, VII, VIII, XI and XII COMBINED.

SECTION IX – CRIME INSURANCE			
Insuring Agreements	*Limit of Indemnification*	*Coverage Basis*	*Deductible*
1. *Employee Dishonesty*	$500,000	Per covered occurrence.	The first $500 of any loss in this section.
2. *Loss Inside Premises*	$500,000	Per covered occurrence.	
3. *Loss Outside Premises*	$500,000	Per covered occurrence.	

SECTION X – MACHINERY BREAKDOWN INSURANCE			
Insuring Agreements	*Limit of Indemnification*	*Coverage Basis*	*Deductible*
1. *Property Damage*		Per covered occurrence.	The first $500 of any loss in this section.
Off Premise Property Damage	$100,000		
Data or Media (Property)	$1,000,000		
Data or Media (Bus. Income & Extra Expense)	$5,000,000		
Ammonia Contamination	$1,000,000		
Consequential Loss	$1,000,000		
Hazardous Substance	$500,000		
Water Damage	$2,500,000		
Fungus	$15,000		
2. *Expediting Expenses*	$2,500,000	Per covered occurrence.	
3. *Business Income and Extra Expense*	$1,000,000	Per covered occurrence.	
4. *Spoilage Damage*	$1,000,000	Per covered occurrence.	
5. *Utility Interruption*	$1,000,000	Per covered occurrence.	
6. *Newly Acquired Premises*	$5,000,000	Per covered occurrence.	
7. *Ordinance or Law*	$5,000,000	Per covered occurrence.	
8. *Errors and Omissions*	$10,000,000	Per covered claim.	
TOTAL SECTION X LIMIT OF INDEMNIFICATION IS $100,000,000 PER OCCURRENCE LIMIT FOR ALL MACHINERY BREAKDOWN COVERAGES AND ALL LIMITS OF INDEMNIFICATION COMBINED FOR ALL NON PUBLIC EDUCATION MEMBERS COLLECTIVELY.			

SECTION XII – CHEMICAL SPRAYING ACTIVITIES LIABILITY INSURANCE				
Insuring Agreements	*Indemnification Limit For Claims Brought Pursuant to Title 6, Ch. 9, Idaho Code*	*Indemnification Limit for All Other Claims*	*Defense Cost Limit for All Liability Claims*	*Coverage Basis*
1. *Chemical Spraying Activities Liability CLAIMS MADE COVERAGE*	$500,000	$500,000	$2,000,000	Per covered claim and/or in the aggregate for multiple claims.
2. *Emergency Clean-up Expense*	$0	$5,000 $100,000	Not applicable	Each Person. Each Accident.

THERE IS A $5,000,000 INDEMNIFICATION LIMIT IN THE AGGREGATE ANNUALLY FOR SECTIONS VI, VII, VIII, XI AND XII COMBINED.

THERE IS A $3,000,000 DEFENSE COST LIMIT IN THE AGGREGATE FOR SECTION VI, VII, VIII, XI AND XII COMBINED.

SECTION XII – ENDORSEMENTS				
Insuring Agreements	*Limit of Indemnification*	*Defense Cost Limit for All Liability Claims*	*Coverage Basis*	*Deductible*
1. Accidental Discharge of Pollutants Endorsement #1	$50,000	Not applicable	Per covered occurrence and/or in the aggregate for multiple claims.	The first $500 of any loss for Endorsement #1.
2. Terrorism Insurance Physical Damage/Loss Endorsement #2	$50,000,000	Not applicable	In the aggregate annually for all ICRMP Non Public Education Members Collectively in the aggregate.	The first $10,000 of any loss for Endorsement #2.
3. Coverage Territory for Canada Amendatory Endorsement #3				The first $500 of any loss for Endorsement #3, Section V, only.
Section V – Property Insurance (all insuring agreements)	$500,000	Not applicable	Per Covered Occurrence	
Section VI – General Liability Insurance (all insuring agreement)	$500,000	$2,000,000	Per Covered Occurrence or Claim	
Section VII – Automobile Liability Insurance	$500,000	Included in above	Per Covered Accident	
Section VIII – Errors & Omissions Insurance (all insuring agreements)	$500,000	Included in above	Per Covered Claim	
4. Public Land Fire Suppression Endorsement #4	$500,000	Not applicable	Per covered occurrence and/or in the aggregate for multiple claims.	No Deductible for Endorsement #4.
5. Cyber Liability Endorsement #5 CLAIMS MADE COVERAGE Retroactive Date: October 1, 2014	$1,000,000	Included in limit of Indemnification	Per Covered Claim and $4,000,000 in the aggregate for multiple claims.	The first $25,000 of any loss for Endorsement #5.

THERE IS A $5,000,000 INDEMNIFICATION LIMIT IN THE AGGREGATE ANNUALLY FOR SECTIONS VI, VII, VIII, XI AND XII COMBINED.

THERE IS A $3,000,000 DEFENSE COST LIMIT IN THE AGGREGATE FOR SECTIONS VI, VII, VIII, XI AND XII COMBINED.

NOTICE RE: INSURANCE GUARANTY ASSOCIATION

As required by Article VIII, Section 4 of the Idaho Constitution and Idaho Code Section 41-3603(10), the ICRMP Program is not a participant in the Idaho Insurance Guaranty Association. As such, ICRMP Subscribers are not responsible for the costs of private insurer insolvencies, nor are they or claimants against them entitled to any of the protections which participation in the Guaranty Association would provide. This notice is provided in cooperation with the Idaho Insurance Guaranty Association. For additional information concerning this notice, contact the ICRMP Executive Director at 1-800-336-1985.

August 19, 2014

TO: Sun Valley Air Service Board

RE: Terrorism Coverage for Policy Year Effective October 1, 2014

Dear Valued ICRMP Member:

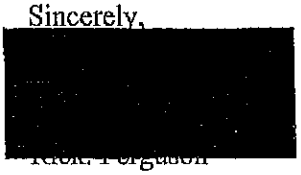
Following the events of September 11, 2001, the nation's largest insurers took their case to Congress concerning their ability to withstand the financial consequences of additional terrorist acts that might take place on American soil. As a consequence, Congress enacted the Terrorism Risk Insurance Act (TRIA) that is intended to protect insured property owners by assuring that their property insurers are not overwhelmed by terrorism-driven claims. Local government risk sharing pools generally were excluded from TRIA.

Because ICRMP is regulated under Idaho law as a reciprocal insurer, federal law requires ICRMP to offer complete terrorism property coverage to its Members. This offering, which is additional to the regular coverage provided by the ICRMP Program, would require payment of an additional Member contribution, based upon the value of the property assets to be covered. An explanation is provided on the accompanying offer sheet.

You should understand that your ICRMP Member agency is under no obligation to accept the terrorism coverage that we are required to offer. In fact, the ICRMP Board of Trustees has purchased excess insurance for Members of ICRMP (as a whole) in the amount of fifty million dollars ($50,000,000) per year. The coverage provided for all Members is available to be shared among any Members affected by acts of terrorism during a policy year. The Board believes this is a more cost-effective way of addressing this potential exposure. It is included in your regular ICRMP coverage **at no additional cost to you**.

The decision regarding terrorism coverage belongs to your governing board. Please complete the offer sheet evidencing your agency's desire to procure additional terrorism coverage and pay an additional Member contribution, or to reject it and share in the coverage procured for all ICRMP Members. In order to comply with the law, we need your answer promptly. Thank you.

Sincerely,



Rick Ferguson
Executive Director

NOTICE - OFFER OF TERRORISM COVERAGE
(Required by Federal law)

NOTICE – DISCLOSURE OF ADDITIONAL PREMIUM

TO: ICRMP Member:

The Terrorism Risk Insurance Act, as extended on December 26, 2007 by the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), is a U.S. Treasury Department program under which the federal government would share, with regulated insurance carriers, the risk of loss from terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, certifies that an event meets the definition of a "certified act of terrorism". Certified acts of terrorism can also include foreign or domestic acts of terrorism, but they still must be certified as such by the Federal officers listed above.

In accordance with the Terrorism Risk Insurance Act, as extended on December 26, 2007, we are required to offer you coverage of all of the property we insure that your agency owns against any "certified act of terrorism". Your public agency must decide whether you desire the coverage (for an additional premium) or whether you choose to reject the offer of coverage and not pay the premium. The choice belongs to the governing board.

If you choose to accept this offer of terrorism coverage, your premium will include the additional premium for terrorism as stated in this disclosure. If you choose to reject this offer, you must do so by signing the enclosed statement and returning it to your agent, Betty Urbany at (208) 726-8866 or mail directly to ICRMP at P.O. Box 15249, Boise, Idaho, 83715.

If you reject coverage under the Act, the ICRMP policy provided to your public entity will provide an alternative form of coverage of terrorism-related insurance. Rather than cover the entire value of every item of property every public entity member of ICRMP might insure, the alternative form of coverage will provide a fixed amount of coverage (50 million dollars) for the entire membership of ICRMP during any single policy year. If terrorism-caused covered losses do not exceed 50 million dollars during any single policy year, such losses will be paid in full, subject to policy terms and conditions. If total terrorism-caused losses exceed 50 million dollars in the current policy year, such losses will be paid on a *pro-rata* basis among members suffering covered terrorism-caused losses, in proportion to their covered losses expressed as a percentage of all covered losses. Coverage under this alternative process shall not require certification by the Federal officials pursuant to TRIPRA.

Named Insured: Sun Valley Air Service Board

DISCLOSURE OF PREMIUM

If you accept this offer, the premium for terrorism coverage is estimated to be an additional amount of $5,000 over and above your proposed renewal Member contribution based on reported total insured values of $0.

CONTINUED ON NEXT PAGE

IF YOU WISH TO REJECT COVERAGE UNDER THE TERRORISM RISK INSURANCE ACT, AS EXTENDED ON DECEMBER 26, 2007, THE NAMED INSURED MUST APPROVE AND SIGN THE FOLLOWING STATEMENTS:

TERRORISM RISK INSURANCE ACT REJECTION OF FULL COVERAGE

We, as a Member of ICRMP, acknowledge that we have been notified as required under the Terrorism Risk Insurance Act, as extended on December 26, 2007, that as respects to the above referenced policy of insurance policy referenced above:

1. We have been offered coverage for acts of terrorism as defined in the Act;

2. We have been advised that if we accept coverage for acts of terrorism as defined in the Act, the United States Government will participate in the payment of terrorism losses insured under the Act, subject to the provisions of the Act;

3. We have been told that if we reject coverage under the Act by signing this notice, to the extent allowed by law, we will have only our respective share of the alternative coverage for any act of terrorism under the policy issued by ICRMP.

4. We have been notified of the annual premium for coverage for acts of terrorism as defined in the Act.

5. We hereby **reject** coverage for acts of terrorism as defined in the Act and understand my policy will contain an exclusion for acts of terrorism as defined by TRIPRA, but will otherwise provide limited coverage concerning acts of terrorism as addressed by the ICRMP policy issued annually to Members.

_____ _____
Chief Executive/Administrative Officer Date

_____ _____
Print name Print public office held

Sun Valley Air Service Board
Public Entity Name

RETURN THIS FORM TO YOUR AGENT OR ICRMP. A COPY OF THIS DOCUMENT IS AS BINDING AS THE ORIGINAL.

ATTENTION AGENT: THIS FORM MUST BE SIGNED PERSONALLY BY AN AUTHORIZED OFFICER OF THE INSURED AND RETURNED TO ICRMP.