REVISED
AGENDA
SPECIAL SUN VALLEY AIR SERVICE BOARD MEETING

KETCHUM CITY HALL
480 EAST AVENUE NORTH
KETCHUM, ID
September 25, 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 August 27, 2014; 1
2. Receive and File Financials:
   a. 1% Local Option Tax Report – September 2014 5

ACTION/DISCUSSION

3. Discussion and action regarding Resolution 2014-02 "Adopting the First Amendment to the Bylaws for the Sun Valley Air Service Board"; 7
4. Discussion and action regarding Resolution 2014-03 "Adopting the First Amendment to the Contract for Services Between the Sun Valley Air Service Board and Fly Sun Valley Alliance"; 9
5. Discussion and action regarding Resolution 2014-04 "Adopting the First Amendment to the Contract for Services Between the Sun Valley Air Service Board and Sun Valley Marketing Alliance"; 23
6. Authorization of Payment of Bills on-hand through September 24, 2014; 37
7. Scheduling of next Sun Valley Air Service Board meeting.

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*

Sun Valley Air Service Board
Meeting Minutes
August 27, 2014
Hailey City Hall Meeting Room 2 pm

Present: Dewayne Briscoe – Mayor, City of Sun Valley
Nina Jonas – Mayor, City of Ketchum

Absent: Fritz Haemmerle – Mayor, City of Hailey
Larry Schoen – Blaine County Commissioner

Staff Present: Ketchum – Suzanne Frick
Sun Valley – Susan Robertson
Hailey – Heather Dawson

CALL TO ORDER

2:00:32 PM Call to order by Chairman Briscoe.

ROLL CALL

Revised agenda, roll call.

Fritz Haemmerle and Larry Schoen not in attendance today.

PLEDGE OF ALLEGIANCE

None.

PUBLIC COMMENT

None.

REMARKS FROM THE CHAIR

None.

REMARKS FROM THE BOARD

None.

CONSENT AGENDA

2:01:37 PM **Motion made by Jonas to approve the Consent Agenda items, seconded by Briscoe, motion passed with roll call vote. Jonas, yes. Briscoe, yes.**

2:02:02 PM no public comments on budget.

PUBLIC HEARING

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

2:02:45 PM **Jonas makes motion to approve 2014-2015 budget, seconded by Briscoe. Motion passed unanimously.**

ACTION/DISCUSSION

Discussion and action regarding a proposal for auditing services for Fiscal Year 2014

2:03:26 PM Robertson provides a summary of this item. Robertson explains the suggestion made by staff.

2:04:46 PM **Jonas moves to approve auditor, Dennis Brown CPA for next fiscal year, seconded by Briscoe, motion passed unanimously.**

Discussion and action regarding renewal of insurance coverage with ICRMP for the Insurance Policy Year October 1, 2014 – September 30, 2015

2:05:13 PM Robertson explains this item, it is a very favorable proposal, staff recommends approval.

2:05:49 PM **Jonas moves to approve ICRMP policy, seconded by Briscoe, motion passed unanimously.**

Consideration of Terrorism Coverage for Insurance Policy Year October 1, 2014 – September 30, 2015

2:06:13 PM Robertson gave a history of this item. We did not take this last fiscal year. Robertson suggests rejecting this year too.

2:07:13 PM **Jonas moves to deny the terrorism coverage shown in packet, seconded by Briscoe, motion passed unanimously.**

Authorization of Payment of Bills on-hand through August 26, 2014

2:07:38 PM There are two (2) invoices presented for payment. Robertson explained these items. We will be receiving invoices from Sun Valley Marketing Alliance for next meeting.

2:08:34 PM **Jonas moves to approve claims for payments, seconded by Briscoe, motion passed unanimously.**

Scheduling of next Sun Valley Air Service Board meeting (no docs)

2:09:13 PM Robertson explained next meeting items, and proposes that we have meeting at end of September. Jonas suggests Aug 25th, Mayor Haemmerle is available later. Robertson suggests Sept. 25th at 2 pm, in Ketchum City Hall.

2:11:26 PM **Jonas moves to have next meeting 9/25 at 2 pm at Ketchum City Hall, seconded by Briscoe, motion passed unanimously.**

2:12:01 PM Jonas challenged Mayor Briscoe to the ice bucket challenge. He accepts the challenge.

2:12:29 PM Jonas asked a question about MRG's and Delta Airlines. Is the any way to get the airfares reduced on Delta from Sun Valley to Salt Lake City? Waller responds to this question.

2:13:34 PM Jonas explained that a friend came in from Boulder and asks if we were looking at other Colorado cities. Arlene Schieven responds to Jonas' question. Jonas asks a question about upgrades and revenue credits. Waller and another gentleman responds to the question.

2:15:35 PM Briscoe asks if anyone knew why when he was searching for flights from Sun Valley to New York, the United Airlines website would not recognize the airports. Waller discusses this situation with Waller. Waller will go online and look at the same thing. Briscoe could not find a search from SUN to NY on united airlines website.

2:16:40 PM General Discussion around this weekend's events = wagon days.

EXECUTIVE SESSION

None.

ADJOURNMENT

2:17:06 PM **Jonas moves to adjourn meeting, seconded by Briscoe, motion approve by roll call vote. Jonas, yes. Briscoe, yes.**

_____
Dewayne Briscoe, Chairman

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	6,943.20	2,314.39	2,181.29	727.10	28,025.14	10,722.08			37,149.63	13,763.57	-591.78	13,171.79
JUNE	34,597.56	11,513.48	4,551.94	1,517.31	68,166.72	25,553.23			107,316.22	38,584.02	-591.78	37,992.24
JULY	95,933.38	31,971.53	10,964.81	3,654.94	127,516.70	47,539.71			234,414.89	83,166.18	-591.78	82,574.40
AUG											-591.78	
SEPT											-591.78	
Total	**270,485.70**	**90,161.90**	**38,036.18**	**12,678.73**	**403,230.35**	**157,455.57**			**711,752.23**	**260,099.55**	**-5,326.02**	**255,957.09**

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	6,297.70	2,099.23	12,282.72	4,094.24	123,589.75	61,794.87	25,030.56	12,515.28	167,200.73	80,503.62	-7,425.44	73,078.18
JUNE	18,148.09	6,049.36	19,141.17	6,380.39	175,544.47	87,772.23	31,282.78	15,641.39	244,116.51	115,843.37	-7,425.44	108,417.93
JULY	41,490.55	13,830.18	38,342.54	12,780.85	310,969.70	155,484.85	34,137.24	17,068.62	424,940.03	199,164.50	-7,425.44	191,739.06
AUG											-7,425.44	
SEPT											-7,425.44	
Total	**131,178.24**	**43,726.08**	**176,329.07**	**58,776.36**	**1,335,445.08**	**667,722.52**	**205,047.48**	**102,523.73**	**1,847,999.87**	**872,748.69**	**-66,828.96**	**820,770.61**

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	6,877.71	2,292.57							6,877.71	2,292.57	-64.19	2,228.38
JUNE	14,531.22	4,843.74							14,531.22	4,843.74	-135.62	4,708.12
JULY	38,172.29	12,724.10							38,172.29	12,724.10	356.27	13,080.37
AUG												
SEPT												
Total	**111,235.34**	**37,078.45**								**37,078.45**	**-325.39**	**36,753.06**
									TOTAL FY	**1,169,926.68**		**1,113,480.75**

SUN VALLEY AIR SERVICE BOARD
RESOLUTION 2014-02

A RESOLUTION ADOPTING THE FIRST AMENDMENT TO BYLAWS FOR THE SUN VALLEY AIR SERVICE BOARD

WHEREAS, the Sun Valley Air Service Board adopted Bylaws for the Sun Valley Air Service Board ("Bylaws") on February 13, 2014.

WHEREAS, Article VIII of the Bylaws provide "[t]he Bylaws may be amended from time to time by a majority vote of the voting members. The Bylaws may be amended so as not to be inconsistent with or contrary to the Joint Powers Agreement or any applicable local, state or federal law.

WHEREAS, the Sun Valley Air Services Board wishes to amend the Bylaws to allow members to designate an individual to appear for any member who is unable to attend a meeting of the Sun Valley Air Services Board and finds that such an amendment is not inconsistent with or contrary to the Joint Powers Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE SUN VALLEY AIR SERVICE BOARD, that the voting members of the Sun Valley Air Service Board do hereby amend the Bylaws of the Sun Valley Air Service Board as specified in Exhibit "I".

PASSED BY THE SUN VALLEY AIR SERVICE BOARD THIS _____ DAY OF SEPTEMBER 2014.

By: _____
Dewayne Briscoe, Chair

Attest:

_____
Nina Jonas, Secretary

EXHIBIT I

FIRST AMENDMENT TO BYLAWS FOR THE SUN VALLEY AIR SERVICE BOARD

The voting members of the Sun Valley Air Service Board do hereby amend the Bylaws of the Sun Valley Air Service Board.

RECITALS

A. The Air Services Board adopted Bylaws for the Sun Valley Air Services Board ("Bylaws") on February 13, 2014.

B. Article VIII of the Bylaws provide "[t]he Bylaws may be amended from time to time by a majority vote of the voting members. The Bylaws may be amended so as not to be inconsistent with or contrary to the Joint Powers Agreement or any applicable local, state or federal law.

C. The Air Services Board wish to amend the Bylaws to allow members to designate an individual to appear for any member who is unable to attend a meeting of the Air Services Board and find that such an amendment is not inconsistent with or contrary to the Joint Powers Agreement.

D. On September 25, 2014, the voting members of the Air Services Board voted to amend the Bylaws to allow a voting member to designate a proxy during a meeting of the Air Services Board.

AMENDMENT

1. Amendment. A new subparagraph 5.7 is added to the Bylaws to read as follows:

5.7 Proxy. Any voting or non-voting member who is not able to attend a meeting of the Air Service Board is entitled to select an individual to act on behalf of the vacant member.

2. The remainder of the terms and provisions of the Bylaws shall remain in full force and effect.

The foregoing First Amendment to Bylaws were adopted by motion of the voting members of the Air Services Board on the 25th day of September, 2014.

By: _____
Chair

ATTEST:

By: _____
Secretary

SUN VALLEY AIR SERVICE BOARD
RESOLUTION 2014-03

A RESOLUTION ADOPTING THE FIRST AMENDMENT TO CONTRACT FOR SERVICES BETWEEN THE SUN VALLEY AIR SERVICE BOARD AND FLY SUN VALLEY ALLIANCE

WHEREAS, the Sun Valley Air Service Board and Fly Sun Valley Alliance entered into a Contract for Services on March 12, 2014 ("Contract") with a term ending September 30, 2015.

WHEREAS, Paragraph 5 of the Contract only provides for consideration for the services provided by Fly Sun Valley Alliance during FY 14.

WHEREAS, the Sun Valley Air Services Board and Fly Sun Valley Alliance wish to amend paragraph 5 of the Contract to allow for consideration to Fly Sun Valley Alliance for FY 15.

NOW, THEREFORE, BE IT RESOLVED BY THE SUN VALLEY AIR SERVICE BOARD, that the Sun Valley Air Service Board approves the First Amendment to the Contract for Services between the Sun Valley Air Service Board and Fly Sun Valley Alliance and that the Chair is authorized to execute the amendment specified in Exhibit "I".

PASSED BY THE SUN VALLEY AIR SERVICE BOARD THIS _____ DAY OF SEPTEMBER 2014.

By: _____
Dewayne Briscoe, Chair

Attest:

_____
Nina Jonas, Secretary

EXHIBIT I

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

THIS FIRST AMENDMENT TO CONTRACT FOR SERVICES, (hereinafter referred to as "First Amendment") made and entered into this 25th day of September, 2014, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Fly Sun Valley Alliance, Inc., an Idaho nonprofit corporation with an IRC 501(c)(6) designation (hereinafter referred to as "FSVA").

RECITALS

A. ASB and FSVA entered into a Contract for Services on March 12, 2014 ("Contract") with a term ending September 30, 2015.

B. Paragraph 5 of the Contract only provides for consideration for the services provided by FSVA during FY 14.

C. ASB and FSVA wish to amend paragraph 5 of the Contract to allow for consideration to FSVA for FY 15.

AMENDMENT

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

1. Amendment of Contract. Effective October 1, 2014, Paragraph 5 of the Contract shall read as follows:

5. Consideration.

A. Air Service Contract Costs and Air Service Development Reimbursement. During the term of this Contract, ASB shall pay FSVA, as reimbursement for Air Service Contract Costs and as payment for Air Services Development, a maximum sum not to exceed One Million Two Hundred Seventy Thousand Dollars ($1,270,000.00), for the fiscal year ending September 30, 2015 ("FY 15"), payable on a monthly basis. The maximum payment for Air Service Contract Costs shall not exceed One Million One Hundred Fifty-Seven

Thousand Dollars and no/100 ($1,157,000.00), while the maximum payment for Air Service Development shall not exceed One Hundred Thirteen Thousand Dollars and no/100 ($113,000). Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for FSVA as set forth in the Payment Schedule attached hereto as **Exhibit "B-1"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, legal reserves and fund balance, which is described as "Funds Available for Contracts", as depicted in the Payment Schedule attached hereto as **Exhibit "B-1"**. In the event the monthly payments derived during FY 14 would exceed $1,270,000, the last monthly payment(s) shall be reduced to ensure only a payment of $1,270,000. In the event the monthly payments derived during FY 14 are less than $1,270,000, FSVA shall not be entitled to the difference between the total of the monthly payments and $1,270,000. FSVA shall reimburse Sun Valley Company for Air Service Contract Costs a maximum of 50% of the actual payment for MRG's and 50% of the actual payment for bussing required under each of the United and Alaska Airlines contracts described in Recital 10 of the Contract.

B. Limitation of Funds. Funds paid by ASB to FSVA shall only be used for the purposes set forth in this Contract, and for no other purpose. In the event FSVA pays Sun Valley Company pursuant to the contracts described in Recital 10 of the Contract, less than the maximum amount of One Million One Hundred Fifty-Seven Dollars ($1,157,000) described in Paragraph 5(A), above, the difference may be retained by FSVA but such amount shall only be used for reimbursement of Air Service Contract Costs, if approved by ASB, under other airline contracts, subject to the same limitations set forth in this Contract.

2. The remainder of the terms and provisions of the Contract shall remain in full force and effect.

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

Signatures:

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

EXHIBIT B-1
FY 15 PAYMENT SCHEDULE

1% LOT Generated	1% LOT Received	Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	LOT Funds from Communities	Air Service Board Administrative Expenses	Air Service Board Legal Reserve	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
										$54,175	$54,175	$10,835	20%	$43,340	80%
Oct-14	Dec-14	$18,490	$153,214	$4,400	$176,104	-$6,130	$169,974	-$3,246	$0		$166,729	$33,346	20%	$133,383	80%
Nov-14	Jan-15	$9,772	$88,868	$2,100	$100,740	-$6,130	$94,610	-$146			$94,465	$18,893	20%	$75,572	80%
Dec-14	Feb-15	$27,790	$86,538	$3,700	$118,028	-$6,130	$111,898	-$146			$111,753	$22,351	20%	$89,402	80%
Jan-15	Mar-15	$19,402	$225,509	$6,200	$251,111	-$6,130	$244,981	-$146			$244,836	$48,967	20%	$195,868	80%
Feb-15	Apr-15	$21,889	$141,885	$3,700	$167,474	-$6,130	$161,344	-$146			$161,199	$145,079	90%	$16,120	10%
Mar-15	May-15	$29,828	$145,532	$5,100	$180,460	-$6,130	$174,330	-$146			$174,185	$156,766	90%	$17,418	10%
Apr-15	Jun-15	$11,612	$139,282	$2,300	$153,194	-$6,130	$147,064	-$646			$146,419	$131,777	90%	$14,642	10%
May-15	Jul-15	$14,026	$73,971	$2,300	$90,297	-$6,130	$84,167	-$146			$84,022	$75,619	90%	$8,402	10%
Jun-15	Aug-15	$32,524	$75,553	$4,800	$112,877	-$6,130	$106,747	-$146			$106,602	$95,941	90%	$10,660	10%
Jul-15	Sep-15	$58,741	$114,560	$11,000	$184,301	-$6,130	$178,171	-$146			$178,026	$169,124	95%	$8,901	5%
Aug-15	Oct-15	$49,502	$175,690	$10,000	$235,192	-$6,130	$229,062	-$146			$228,917	$217,471	95%	$11,446	5%
Sep-15	Nov-15	$32,424	$166,279	$5,150	$203,853	-$6,130	$197,723	-$146			$197,578	$143,832	73%	$53,747	27%
		$326,000	$1,586,881	$60,750	$1,973,631	-$73,555	$1,900,076	-$5,350	$0	$54,175	$1,948,901	$1,270,000		$678,901	

SUN VALLEY
AIR SERVICE BOARD

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

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this 12th day of March, 2014, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Fly Sun Valley Alliance, Inc., an Idaho nonprofit corporation with an IRC 501(c)(6) designation (hereinafter referred to as "FSVA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67-2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):

a. The City of Sun Valley, Idaho
b. The City of Ketchum, Idaho
c. The City of Hailey, Idaho
d. Blaine County, Idaho [non-voting]

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

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

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

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

a. Sun Valley Ordinance No. 456.
b. Ketchum Ordinance No. 1108.
c. Hailey Ordinance No. 1133.

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

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

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

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

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

10. ASB and FSVA intend to dedicate local option taxes to the payment of MRG's, bussing costs for airline passengers due to weather related flight diversions and start-up costs ("Air Service Contract Costs"). Sun Valley Company has entered into two contracts with United Airlines (providing air service to and from San Francisco) and Alaska Airlines (providing air service to and from Los Angeles and Seattle) which require the payment of Air Service Contract Costs. The contracts between Sun Valley Company and United Airlines and Alaska Airlines contain confidentiality provisions. FSVA and Sun Valley Company have agreed that Sun Valley Company shall pay all of the Air Service Contract Costs under the contracts with United Airlines and Alaska Airlines but be reimbursed by FSVA in an amount not to exceed Eight Hundred Sixty Thousand and no/100's Dollars ($860,000.00) for 50% of the Air Service Contract Costs from funds received by FSVA from ASB.

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

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

1. All Recitals above are incorporated herein by reference.

2. Services. FSVA agrees to retain, develop and improve air service consisting of securing and managing air service into Friedman Memorial Airport; providing other air service support; pursuing new and/or expanded air service; and other air service development related tasks ("Air Services Development") as more particularly set forth in **Exhibit "A"** which is incorporated herein by reference, and to pay no more than 50% of the Air Service Contract Costs.

3. Expenses. FSVA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.

4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, 2015. This contract may be amended to increase the length of the term if so determined by the parties.

5. Consideration.

   A. Air Service Contract Costs and Air Service Development Reimbursement. During the term of this Contract, ASB shall pay FSVA, as reimbursement for Air Service Contract Costs and as payment for Air Services Development, a maximum sum not to exceed Nine Hundred Thousand Dollars ($900,000.00), for the present fiscal year ending September 30, 2014 ("FY 14"), payable on a monthly basis. The maximum payment for Air Service Contract Costs shall not exceed Eight Hundred Sixty Thousand and no/100's Dollars ($860,000.00), while the maximum payment for Air Service Development shall not exceed Forty Thousand and no/100's Dollars ($40,000.00). Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for FSVA as set forth in the Payment Schedule attached hereto as **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, legal reserves and fund balance, which is described as "Funds Available for Contracts", as depicted in the Payment Schedule attached hereto as **Exhibit "B"**. In the event the monthly payments derived during FY 14 would

exceed $900,000, the last monthly payment(s) shall be reduced to ensure only a payment of $900,000. In the event the monthly payments derived during FY 14 are less than $900,000, FSVA shall not be entitled to the difference between the total of the monthly payments and $900,000. FSVA shall reimburse Sun Valley Company for Air Service Contract Costs a maximum of 50% of the actual payment for MRG's, 50% of the actual payment for bussing and 50% of start-up costs required under each of the United and Alaska Airlines contracts described in Recital 10, above.

B. Limitation of Funds. Funds paid by ASB to FSVA shall only be used for the purposes set forth in this Contract, and for no other purpose. In the event FSVA pays Sun Valley Company pursuant to the contracts described in Recital 10, above, less than the maximum amount of Eight Hundred Sixty Thousand Dollars ($860,000.00) described in Paragraph 5(A), above, the difference may be retained by FSVA but such amount shall only be used for reimbursement of Air Service Contract Costs, if approved by ASB, under other airline contracts, subject to the same limitations set forth in this Contract.

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

A. Written and in-person presentations and reports in November and May during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached **Exhibit** "A". Semi-annual reports will be based on the government fiscal year of October 1st to September 30th.

B. An independent audit. The ASB has at all times the right to request an independent audit, at the sole cost of FSVA, under the provisions herein, and such audit obligation and cost on the part of FSVA shall survive any termination.

C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the FSVA's financial records, and within a reasonable time period, FSVA shall submit such information or reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and

records of FSVA for compliance with the terms of this Contract. Any record provided hereunder which would covered by the confidentiality provisions described in Recital 11, above, shall not be disclosed unless ordered by a court of competent jurisdiction or unless consent is provided by the Sun Valley Company and the relevant airline. FSVA agrees to retain all financial records, supporting documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.

D. Invoices and supporting documents from United Airlines and Alaska Airlines for the Air Service Contract Costs to be paid by Sun Valley Company. Submittal of such invoices and documents is a condition precedent to the payment of the amount by FSVA to Sun Valley Company under Paragraph 5(A), above. Such invoices shall be presented to the ASB by FSVA in executive session.

7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to FSVA with or without cause. The ASB recognizes that the FSVA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to FSVA under this Contract at the end of the 90 day period.

8. Equal Employment Opportunity. FSVA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.

9. Independent Contractor Status. The parties acknowledge and agree that FSVA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. FSVA shall create, direct and control its own means and methods of performing this Contract. FSVA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by FSVA in a competent, efficient and satisfactory manner.

10. Hold Harmless Agreement. FSVA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials,

officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of non-disclosure of information pursuant to Paragraph 6(D) of this Contract or by reason of any wrongful act or omission on the part of FSVA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of FSVA's actions or omissions associated with the services or obligations described in this Contract. FSVA shall have the duty to appear and defend any such demand, claim, suit or action on behalf of the ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.

11. Non-Assignment. This Contract may not be assigned by or transferred by FSVA, in whole or in part, without the prior written consent of the ASB.

12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute shall be finally settled through litigation in the District Court, Blaine County Idaho The court shall have no power to award punitive or exemplary damages.

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

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

PROVIDED FOR IN THE THEN CURRENT FISCAL YEAR. In the event that this provision conflicts with any other provision in the Agreement, this provision shall prevail.

15. Miscellaneous Provisions.

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

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

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

d. Successor and Assigns. This Contract and the terms and provision hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.

f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.

g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.

h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.

i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.

j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:

a. ASB: P.O. Box 3801, Ketchum, Idaho 83340

b. FSVA: P.O. Box 6316, Ketchum, Idaho 83340

k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.

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

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

Signatures:

Dated: 3/12/14	The Sun Valley Air Services Board, an Idaho Joint Powers Authority By: [signature] Its: Chairman
Dated: 13 MAR 14	FSVA, an Idaho Non-Profit Corporation By: [signature] Its: President

MISSION

Retain, develop and improve air service access to the Wood River Valley and support airport operations, infrastructure and services for the benefit of visitors and residents.

ORGANIZATIONAL STRUCTURE

Fly Sun Valley Alliance is an Idaho non-profit 501c(6) corporation. The volunteer board of directors is made up of private sector business and organization members, as well as public sector representatives from Friedman Memorial Airport Authority, the cities of Hailey, Ketchum, Sun Valley and Blaine County.

SCOPE OF WORK

Secure & Manage SUN Air Service

Currently includes Alaska Airlines, United Airlines and Delta Air Lines flights

- Negotiate airlines (in partnership w/SVR) air service contract terms, as applicable :
  - Specific operating season and schedules
  - MRG cap amount; analysis of cost per flight & projected revenues
  - LOC requirements
  - Weather diversion bussing provisions
- Monitor bookings on weekly basis; cost & revenue monthly, as applicable
- Monitor fares on ongoing basis within our competitive set, plus BOI, TWF
- Initiate fare adjustment discussions with airlines where appropriate
- Assist with overall coordination marketing & promotion of flights with airlines and local/state partners (Partners: Sun Valley Resort, SV Marketing Alliance, local businesses & events, Idaho Tourism)

Other air service support

- Work with FMAA on leakage analysis and reduction strategies, fare analysis & monitoring, service expansion opportunities,
- Maintain relationships with industry partners/contacts: airlines, consultants, officials, air service program directors in other areas,
- Assist with customer service issues at SUN as feasible

New air service development

- Research/identify opportunities for new service; provide economic/demographic analyses of our market to prospective airlines
- Attend national industry conferences to meet with prospective airlines
- Pursue federal grants for new air service support
- Keep abreast of new air service development nationally and within our competitive set (Rocky Mtn resort areas, regionally, etc)

Research

- Implement/collect 1000+ air passenger surveys at SUN each winter & summer
  - to determine travel trends, demographics, economic impact
- Monitor monthly enplanement, seat occupancy data, other air service data

Community Outreach/Education on Air Service

- Maintain FSVA website, www.flysunvalleyalliance.com with information on SUN air service, economic impact studies, etc.
- Ongoing communications via Enews, social media, meetings, presentations
- Local marketing/PR re: air service news, fare deals, other

KEY PEFORMANCE METRICS

RETAIN & EXPAND CURRENT AIR SERVICE: Retain contracted nonstop SEA, LAX, SFO flights

NEW AIR SERVICE: Pursue at least one new non-stop market flight for 2014.15

MINIMIZE AIR SERVICE CONTRACT COSTS: Work with airlines & marketing partners to increase load factors & minimize air service contract costs. Work with airlines to make SUN fares as competitive as possible.

RESEARCH: Conduct 1000+ air passenger surveys at SUN; continue with competitive analysis, economic impact and air service ROI research.

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	46%	$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	$4,185	$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	-$73,987	-$13,147	-$50,000	$1,514,003	-$31,349	$1,482,654	$900,000		$582,654	

SUN VALLEY AIR SERVICE BOARD
RESOLUTION 2014-04

A RESOLUTION ADOPTING THE FIRST AMENDMENT TO CONTRACT FOR SERVICES BETWEEN THE SUN VALLEY AIR SERVICE BOARD AND SUN VALLEY MARKETING ALLIANCE

WHEREAS, the Sun Valley Air Service Board and Sun Valley Marketing Alliance entered into a Contract for Services on March 12, 2014 ("Contract") with a term ending September 30, 2015.

WHEREAS, Paragraph 5 of the Contract only provides for consideration for the services provided by Sun Valley Marketing Alliance during FY 14.

WHEREAS, the Sun Valley Air Services Board and Sun Valley Marketing Alliance Alliance wish to amend paragraph 5 of the Contract to allow for consideration to Sun Valley Marketing Alliance for FY 15.

NOW, THEREFORE, BE IT RESOLVED BY THE SUN VALLEY AIR SERVICE BOARD, that the Sun Valley Air Service Board approves the First Amendment to the Contract for Services between the Sun Valley Air Service Board and Sun Valley Marketing Alliance and that the Chair is authorized to execute the amendment specified in Exhibit "I".

PASSED BY THE SUN VALLEY AIR SERVICE BOARD THIS _____ DAY OF SEPTEMBER 2014.

By: _____
Dewayne Briscoe, Chair

Attest:

_____
Nina Jonas, Secretary

EXHIBIT I

FIRST AMENDMENT TO CONTRACT FOR SERVICES BETWEEN THE SUN VALLEY AIR SERVICE BOARD AND SVMA

THIS FIRST AMENDMENT TO CONTRACT FOR SERVICES, (hereinafter referred to as "First Amendment") made and entered into this 25th day of September, 2014, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Sun Valley Marketing Alliance, Inc., an Idaho nonprofit corporation with an IRC 501(c)(6) designation (hereinafter referred to as "SVMA").

RECITALS

A. ASB and SVMA entered into a Contract for Services on March 12, 2014 ("Contract") with a term ending September 30, 2015.

B. Paragraph 5 of the Contract only provides for consideration for the services provided by SVMA during FY 14.

C. ASB and SVMA wish to amend paragraph 5 of the Contract to allow for consideration to SVMA for FY 15.

AMENDMENT

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

1. Amendment of Contract. Effective October 1, 2014, Paragraph 5 of the Contract shall read as follows:

5. Consideration. During FY15, ASB shall pay SVMA, as payment for Marketing Services, a maximum sum not to exceed Six Hundred Seventy Eight Thousand Nine Hundred One and no/100's Dollars ($678,901.00), for the fiscal year ending September 30, 2015 ("FY 15"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for SVMA as set forth in the Payment Schedule attached hereto as **Exhibit "B-1"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, legal reserves and fund balance, which is described as

"Funds Available for Contracts", as depicted in the Payment Schedule attached hereto as **Exhibit "B-1"**. In the event the monthly payments derived during FY 15 would exceed $678,901, the last monthly payment(s) shall be reduced to ensure only a payment of $678,901. In the event the monthly payments derived during FY 15 are less than $678,901, SVMA shall not be entitled to the difference between the total of the monthly payments and $678,901.

2. The remainder of the terms and provisions of the Contract shall remain in full force and effect.

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

Signatures:

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

EXHIBIT B-1
FY 15 PAYMENT SCHEDULE

1% LOT Generated	1% LOT Received	Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	LOT Funds from Communities	Air Service Board Administrative Expenses	Air Service Board Legal Reserve	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
										$54,175	$54,175	$10,835	20%	$43,340	80%
Oct-14	Dec-14	$18,490	$153,214	$4,400	$176,104	-$6,130	$169,974	-$3,246	$0		$166,729	$33,346	20%	$133,383	80%
Nov-14	Jan-15	$9,772	$88,868	$2,100	$100,740	-$6,130	$94,610	-$146			$94,465	$18,893	20%	$75,572	80%
Dec-14	Feb-15	$27,790	$86,538	$3,700	$118,028	-$6,130	$111,898	-$146			$111,753	$22,351	20%	$89,402	80%
Jan-15	Mar-15	$19,402	$225,509	$6,200	$251,111	-$6,130	$244,981	-$146			$244,836	$48,967	20%	$195,868	80%
Feb-15	Apr-15	$21,889	$141,885	$3,700	$167,474	-$6,130	$161,344	-$146			$161,199	$145,079	90%	$16,120	10%
Mar-15	May-15	$29,828	$145,532	$5,100	$180,460	-$6,130	$174,330	-$146			$174,185	$156,766	90%	$17,418	10%
Apr-15	Jun-15	$11,612	$139,282	$2,300	$153,194	-$6,130	$147,064	-$646			$146,419	$131,777	90%	$14,642	10%
May-15	Jul-15	$14,026	$73,971	$2,300	$90,297	-$6,130	$84,167	-$146			$84,022	$75,619	90%	$8,402	10%
Jun-15	Aug-15	$32,524	$75,553	$4,800	$112,877	-$6,130	$106,747	-$146			$106,602	$95,941	90%	$10,660	10%
Jul-15	Sep-15	$58,741	$114,560	$11,000	$184,301	-$6,130	$178,171	-$146			$178,026	$169,124	95%	$8,901	5%
Aug-15	Oct-15	$49,502	$175,690	$10,000	$235,192	-$6,130	$229,062	-$146			$228,917	$217,471	95%	$11,446	5%
Sep-15	Nov-15	$32,424	$166,279	$5,150	$203,853	-$6,130	$197,723	-$146			$197,578	$143,832	73%	$53,747	27%
		$326,000	$1,586,881	$60,750	$1,973,631	-$73,555	$1,900,076	-$5,350	$0	$54,175	$1,948,901	$1,270,000		$678,901	

SUN VALLEY
AIR SERVICE BOARD

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

THIS CONTRACT FOR SERVICES, (hereinafter referred to as "Contract") made and entered into this 12th day of March, 2014, by and between the Sun Valley Air Service Board, an Idaho Joint Powers Authority (hereinafter referred to as the "ASB") and the Sun Valley Marketing Alliance, Inc., an Idaho nonprofit corporation with an IRS 501 (c) (6) designation, (hereinafter referred to as "SVMA").

RECITALS

1. The ASB is a duly organized and existing Joint Powers Authority organized as a separate legal entity under Idaho Code §§ 67-2328 *et seq.* The ASB is made up of the following entities (hereinafter referred to as "Component Members"):

a. The City of Sun Valley, Idaho
b. The City of Ketchum, Idaho
c. The City of Hailey, Idaho
d. Blaine County, Idaho [non-voting]

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

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

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

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

a. Sun Valley Ordinance No. 456.
b. Ketchum Ordinance No. 1108.
c. Hailey Ordinance No. 1133.

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

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

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

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

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

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

1. All Recitals above are incorporated herein by reference.

2. Services. SVMA agrees to provide air service marketing services to the ASB consisting of marketing goals and objectives; creative strategy; media purchase; campaign assets and public relations efforts in air service markets, including key monitoring and tracking of advertising efforts to ensure effectiveness ("Marketing Services"), and as more particularly set forth in **Exhibit "A"**, which is incorporated herein by reference.

3. Expenses. SVMA agrees that it shall provide, at its sole expense, all costs of labor, materials, supplies, business overhead and financial expenses, liability insurance, fidelity bonds, and all necessary equipment and facilities required to provide the services as set for in this Contract.

4. Term. The term of this Contract shall commence upon the day of its execution and shall terminate September 30, 2015. This contract may be amended to increase the length of the term if so determined by the parties.

5. Consideration. During the term of this Contract, ASB shall pay SVMA, as payment for Marketing Services, a maximum sum not to exceed Five Hundred Eighty Two Thousand Six Hundred Fifty Four and no/100's Dollars ($582,654.00), for the present fiscal year ending September 30, 2014 ("FY 14"), payable on a monthly basis. Each monthly payment shall be calculated by multiplying the percentage under "% of Available Funds" for SVMA as set forth in the Payment Schedule attached hereto as **Exhibit "B"** by the actual amount of local option taxes received by the ASB, less direct costs, administrative expenses, legal reserves and fund balance, which is described as "Funds Available for Contracts", as depicted in the Payment Schedule attached hereto as **Exhibit "B"**. In the event the monthly payments derived during FY 14 would exceed $582,654, the last monthly payment(s) shall be reduced to ensure only a payment of $582,654. In the event the monthly payments derived during FY 14 are less than $582,654, FSVA shall not be entitled to the difference between the total of the monthly payments and $582,654. The Payment Schedule for the fiscal year between October 1, 2014 and September 30, 2015 ("FY 15") may be amended by the parties as part of the FY 15 budget process.

6. Reporting Requirements. In consideration and as part of this Contract, SVMA agrees to provide to the ASB:

   A. Written and in-person presentations and reports in November and May during the term of this Contract or as otherwise scheduled by the parties outlining program results and plans for the upcoming season and explaining annual performance based on the metrics specified in attached **Exhibit "A"**. Semi-annual reports will be based on the government fiscal year of October 1st to September 30th.

   B. The ASB has at all times the right to request an independent audit, at the sole cost of SVMA, under the provisions herein, and such audit obligation and cost on the part of SVMA shall survive any termination.

   C. The ASB may request additional financial information it deems necessary or appropriate to assist the ASB in verifying the accuracy of the SVMA's financial records, and within a reasonable time period, SVMA shall submit such information or

reports relating to its activities under this Contract to ASB in such form and at such time as ASB may reasonably require. Any duly authorized agents of the ASB shall be entitled to inspect and audit all books and records of SVMA for compliance with the terms of this Contract. SVMA agrees to retain all financial records, supporting documents, statistical reports, contracts, minutes, correspondence, and all other accounting records or written materials pertaining to this Contract for three (3) years following the expiration or termination of this Contract.

7. Termination. The ASB may, at its sole discretion, terminate this Contract upon 90 days written notice to SVMA with or without cause. The ASB recognizes that the SVMA has made significant financial commitments (*e.g.*, vendor contracts) on behalf of the ASB and will need time to adjust its obligations. In the event of such termination, the ASB shall have no further responsibility to make any payment to SVMA under this Contract at the end of the 90 day period.

8. Equal Employment Opportunity. SVMA covenants that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.

9. Independent Contractor Status. The parties acknowledge and agree that SVMA shall provide its services for the fee specified herein in the status of independent contractor, and not as an employee of the ASB. SVMA shall create, direct and control its own means and methods of performing this Contract. SVMA and its agents, members, employees and volunteers shall not accrue leave, retirement, insurance, bonding or any other benefit afforded to employees of the ASB. The sole interest and responsibility of the ASB under this Contract is to assure itself that the services covered by this Agreement shall be performed and rendered by SVMA in a competent, efficient and satisfactory manner.

10. Hold Harmless Agreement. SVMA hereby covenants and agrees to indemnify, defend and hold the ASB and the Component Members, and their officials, officers, employees and agents harmless from and against any and all claims, demands, causes of action, suits, losses, liabilities, damages, costs and expenses, including attorney fees, that may accrue, directly or indirectly, by reason of any wrongful act or omission on the part of SVMA, its agents, employees, assigns or subcontractors, related to damages or bodily injury, property damage and personal injury that arise out of SVMA's actions or omissions associated with the services or obligations described in this

Contract. SVMA shall have the duty to appear and defend any such demand, claim, suit or action on behalf of ASB and the Component Members, or tender the defense without cost or expense to ASB and the Component Members.

11. Non-Assignment. This Contract may not be assigned by or transferred by SVMA, in whole or in part, without the prior written consent of the ASB.

12. Mediation/Arbitration. In the event of any controversy, claim or dispute between the parties concerning this Contract or the breach of this Contract, including questions concerning the scope and applicability of this dispute resolution provision, the parties agree to participate in good faith in a mediation of any such dispute in Blaine County, Idaho. If mediation is unsuccessful, then the dispute shall be finally settled through litigation in the District Court, Blaine County Idaho The court shall have no power to award punitive or exemplary damages.

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

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

15. Miscellaneous Provisions.

    a. Paragraph Headings. The headings in this Contract are inserted for convenience and identification only and are in no way intended to

describe, interpret, define or limit the scope, extent or intent of this Contract or any of the provisions of the Contract.

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

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

d. Successor and Assigns. This Contract and the terms and provisions hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

e. Entire Contract. This Contract contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.

f. Governing Law. This Contract shall be construed in accordance with the laws of the State of Idaho.

g. Preparation of Contract. No presumption shall exist in favor of or against any party to this Contract as a result of the drafting and preparation of the document.

h. No Waiver. No waiver of any breach by either party of the terms of this Contract shall be deemed a waiver of any subsequent breach of the Contract.

i. Amendment. No amendment of this Contract shall be effective unless the amendment is in writing, signed by each of the parties.

j. Notices. Notices hereunder shall be by personal delivery or US Mail Certified/Return Receipt and shall be deemed effective upon such personal delivery or two (2) business days after mailing, whichever is later. Notices shall be provided as follows:

SUN VALLEY
AIR SERVICE BOARD

a. ASB: P.O. Box 3801, Ketchum, Idaho 83340

b. SVMA: P.O. Box 6316, Ketchum, Idaho 83340

k. Fiscal Year. For the purpose of this Contract, the fiscal year is considered a government fiscal year between October 1 and September 30 of the following year.

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

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

Signatures:

Dated: 3/12/14	The Sun Valley Air Services Board, an Idaho Joint Powers Authority By: _____ Its: Chair
Dated: 3/14/14	SVMA, An Idaho Non-Profit Corporation By: _____ Its: President

Visit SunValley

SCOPE OF WORK

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

Organizational Structure
Sun Valley Marketing Alliance, Inc. DBA Visit Sun Valley is an Idaho non-profit 501c(6) corporation. The board of directors is made up of 5 directors representing the City of Ketchum, the City of Sun Valley, the Sun Valley Resort, an at-large director, and a member-elected director. There are 4 permanent staff members.

SPECIFIC SCOPE OF WORK FOR AIR SERVICE BOARD

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

- **Summer 2014, Winter 2014/15 and Summer 2015 marketing campaigns**
  - Creative briefs developed outlining goals and objectives for the campaigns
  - Creative strategy confirmed as per the above brief
  - Campaign assets (photography, video) developed in support of the campaign
  - Digital, print and out-of-home (if applicable) ads will be developed
  - **Media buys will be planned, negotiated, developed, executed and monitored for each target market (Seattle, Los Angeles, San Francisco, Denver and New York) for summer 2014, Winter 2014/2015 and Summer 2015**
  - PR efforts in support of the direct air service in each of these market
  - Monitoring and tracking of digital advertising buy; adjusting messaging and creative as required throughout the season to optimize results
  - Managing the area website to increase visitation and maximize conversion (bookings via the website or directly with key partners)
  - Leveraging current partners to extend media reach through advertising, PR and Social Media (including the Sun Valley Resort and the Idaho Travel Council).
  - Maximizing the use of Social Media in support of the new flights via our existing social media properties
  - Tracking and reporting results

Visit SunValley

Key Performance Indicators

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

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

Appendix A:

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

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

- *Strategic Marketing:* Strategic Marketing includes advertising, public relations, social media, partnerships and promotions. All of the marketing efforts drive to the official website for the area, www.visitsunvalley.com.

- *Research:* Visit Sun Valley manages the area's occupancy reporting, maintains a visitor volume estimation model, and undertakes primary research in key target markets.

- *Membership:* Visit Sun Valley represents approximately 300 member businesses in Ketchum, Sun Valley, Hailey, and the surrounding areas.

- *Visitor Services:* Visit Sun Valley manages the Visitor Information Center and provides in-person assistance to visitors 365 days per year. Visit Sun Valley also responds to visitor queries via Live Chat and Contact Us forms and manages the website and mobile site for the area.

EXHIBIT B - 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 SERVICES BOARD

INVOICES TO BE PAID

Through September 24, 2014

Fly Sun Valley Alliance	July 2014 LOT Remittance	237,781.80
Sun Valley Marketing Alliance	May 2014 LOT Remittance	48,422.19
Sun Valley Marketing Alliance	June 2014 LOT Remittance	82,324.19
Sun Valley Marketing Alliance	July 2014 LOT Remittance	41,961.49
ICRMP	Premium for 10/1/14 – 9/30/15	1,069.00
TOTAL		$411,558.70

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

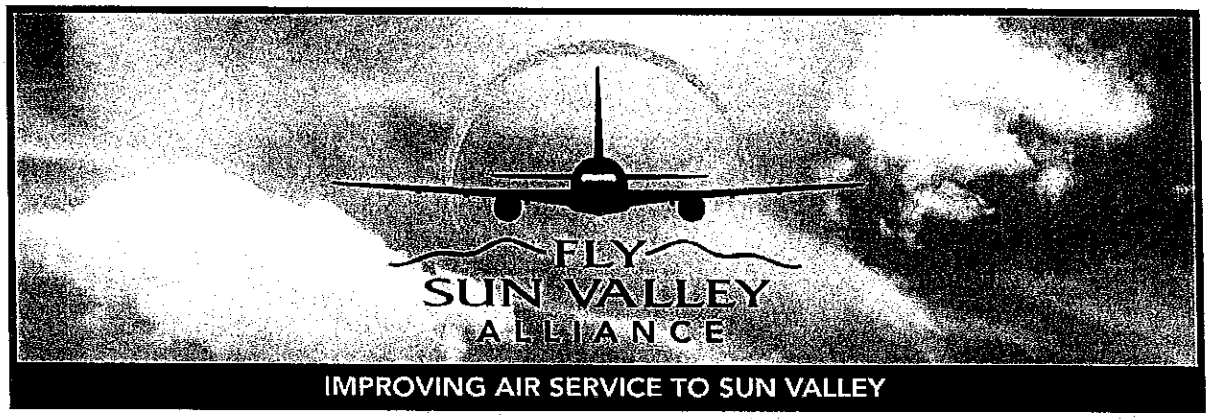
Invoice

Date	Invoice #
9/30/2014	146

Bill To
Sun Valley Air Service Board Attn: Sandy C & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - July 2014 Collections - September 2014 FSVA Contract Services	237,781.80	237,781.80
		Total	$237,781.80



TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED - SEPTEMBER 2014

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed and monitored weekly booking tracking & MRG projection reports for AS and UA summer flights, fares, revenue, other
- Historical analysis of seats/load factors by season by market; for SUN and competitive markets
- Continued discussions regarding potential enhancements to diversion bussing operation with bus operator and Horizon and SkyWest station managers
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Met with Alaska Airlines SUN program manager in Seattle to discuss service and other items
- Began research work to provide input for FMAA Master Plan Aviation Activity Forecast

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and social media postings; updated website
- Implemented ongoing local air marketing/advertising re:Alaska fall flight discount, other

RESEARCH/OTHER

- Managed 2014 Summer Air Passenger survey collection at airport – scheduling surveyors, arranging supplies, assisting with survey collection as needed, mailed completed surveys to research firm for tabulation, etc.
    - 731 surveys collected as of 8/31 – will continue through October
- Continued work on compiling/tracking relevant comparative data and information of air service

Visit SunValley

T 208.725.2109
F 208.726.4533
E sedwards@visitsunvalley.com

Sun Valley Marketing Alliance, Inc. www.VisitSunValley.com
PO Box 4934 • 460 E. Sun Valley Rd. • Suite 201 • Ketchum ID • 83340

INVOICE

INVOICE #4001
DATE: AUGUST 27, 2014

TO:

Air Service Board
PO Box 3801
Ketchum, ID 83340

COMMENTS OR SPECIAL INSTRUCTIONS:

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
	Air Service Board Contract – Add'l 1% LOT for Air Service Marketing – May 2014		48,422.19
	Air Service Board Contract – Add'l 1% LOT for Air Service Marketing – June 2014		82,324.19
		SUBTOTAL	130,746.38
		TOTAL DUE	130,746.38

Make all checks payable to Visit Sun Valley
If you have any questions concerning this invoice, please contact Finance Manager, Sara Edwards at sedwards@visitsunvalley.com or 208.725.2109

Visit SunValley
Sun Valley Marketing Alliance, Inc.
PO Box 4934 • 460 E. Sun Valley Rd. • Suite 201 • Ketchum ID • 83340
T 208.725.2109
F 208.726.4533
E sedwards@visitsunvalley.com
www.VisitSunValley.com

Invoice

Date	Invoice #
7/31/2014	4999

Bill To
Air Service Board PO Box 3801 Ketchum, ID 83340

P.O. No.	Terms

Quantity	Description	Rate	Amount
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing July 2014	41,961.49	41,961.49
Thank you for your participation and support of Visit Sun Valley!		**Balance Due**	$41,961.49

Visit SunValley

Detail for invoices submitted to Air Service Board for Summer 2014

Please see attached creative workbook for detailed listings of ads negotiated and sent to date.

March:

- Finalized creative concept and design for summer 2014 campaign
- Began negotiating advertising contracts with vendors
- Began planning and negotiations for Winter 2014.15 advertising program
- Transitioned all vendors to a pay-direct relationship with Visit Sun Valley

April:

- Finalized contracts with vendors for Summer 2014
- On-going in-house design work to accommodate various sizes and types of ads

May:

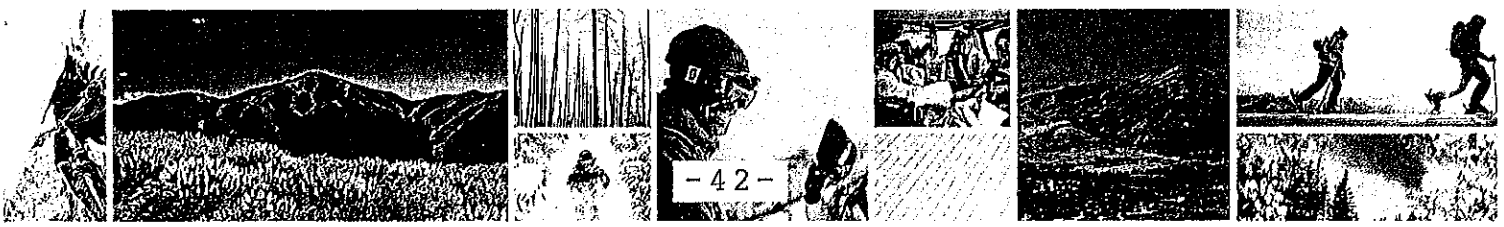
- Completed 75, 30 and 15 second video ads and submitted for placement
- Began summer pay-per-click (PPC) advertising campaign in Air Service Markets
- On-going in-house design work to accommodate various size and types of ads
- Placed digital, print and video ads as per attached creative workbook

June:

- On-going in-house design work to accommodate various sizes and types of ads
- Created billboard ad for Denver airport and bus wrap as per attached examples
- Continued PPC campaign in air service markets
- Placed digital, print, video, and out-of-home ads as per attached creative workbook.

July and August:

- On-going in-house design work to accommodate various sizes and types of ads
- Continued PPC (pay per click) campaign in air service markets
- Continued placing summer and fall ads in air service markets as per attachment
- Finalized winter creative and began early submission of winter ads
- Developing 15, 30 and 60 second video ads for winter
- Finalizing contracts with vendors for winter 2014/15



ICRMP ...more than just insurance

Insurance Billing Invoice

Susan Roberts
Sun Valley Air Service Board
PO Box 416
Sun Valley, ID 83353

Date Billed:
9/1/2014

Policy Number:
34A15014022114

DESCRIPTION	AMOUNT
Total Annual Member Contribution for Policy Period 10-01-14 to 9-30-15 If you have already paid all or the minimum premium, please disregard this notice. Minimum 50% due on October 1, 2014 Balance Due on April 1, 2015	$1,069.00

Return this portion with your payment

Member:

Sun Valley Air Service Board
PO Box 416
Sun Valley, ID 83353

Address corrections?
Please check this box and make changes on the back of this form and enclose with your payment.

Make Checks Payable to:

ICRMP
PO Box 15116
Boise, ID 83715

Policy Number:	Due Date:
34A15014022114	10/2/2014

Minimum Due:
$534.50