

**REGULAR MEETING OF THE  
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT  
AND REVITALIZATION DISTRICT**

**Tuesday, September 2, 2014 – 10:00 AM  
Staff Conference Room – Second Floor  
Flagstaff City Hall – 211 West Aspen, Flagstaff, Arizona**

1. Call to Order
2. Roll Call
3. Approval of Minutes: August 5, 2014, Regular Meeting
4. Consideration of Resolution No. 2014-10 - A RESOLUTION OF THE DISTRICT BOARD OF THE FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT OF FLAGSTAFF REPEALING SECTION 1 OF RESOLUTION NO. 2014-01 AND ADOPTING SEPARATE RULES OF PROCEDURE AND RULES OF OPERATION
5. Consideration of contract with Johanna Klomann PC for bookkeeping services for the District.
6. Consideration of purchase of Directors and Officer Liability Insurance from Philadelphia Insurance.
7. PUBLIC PARTICIATION  
  
*Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.*
8. Report of Board of Directors.
9. Adjournment

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m. in accordance with the statement filed by the Board with the District Clerk.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Elizabeth A. Burke, MMC, District Clerk

**REGULAR MEETING OF THE  
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT  
AND REVITALIZATION DISTRICT**

**Tuesday, August 5, 2014 – 10:00 AM  
Staff Conference Room – Second Floor  
Flagstaff City Hall – 211 West Aspen, Flagstaff, Arizona**

**MINUTES**

1. Call to Order

Chairman VanLandingham called the meeting to order at 10:00 a.m.

2. Roll Call

Present:

Absent:

Chairman John VanLandingham  
Member Antoinette Beiser  
Member Dave Stilley

None

Others present: Mark Lamberson; District Attorney Dana Kjellgren; District Clerk Elizabeth Burke.

3. Approval of Minutes: July 1, 2014, Regular Meeting

**Member Stilley moved to approve the minutes of July 1, 2014; seconded; passed unanimously.**

4. Ratification of 2014-2015 Work Plan Approval.

Ms. Kjellgren said that the Work Plan was developed by July 1, 2014, which was a requirement in the IGA but the Board did not formally act on it. It was reviewed and discussed at the prior meeting.

**Member Stilley moved to ratify the 2014-2015 Work Plan approval; seconded; passed unanimously.**

5. Discussion of Request for Proposal for District Management Services.

At this time Chairman VanLandingham and Mr. Lamberson left the room.

Ms. Kjellgren briefly reviewed the RFP that had been prepared.

After a brief discussion, **Member Stilley moved to direct District staff to proceed with the RFP process; seconded; passed unanimously.**

Ms. Kjellgren noted that Ms. Goodrich was out of town this week, but would get with her next week to begin that process. She reminded Members Stilley and Beiser that two

members of the Board would need to be at a pre-proposal meeting, which will have to be posted as a special meeting of the Board.

6 PUBLIC PARTICIATION

*Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.*

Chairman VanLandingham and Mr. Lamberson returned to the meeting at this time.

7. Report of Board of Directors.

Chairman VanLandingham reported that the bank account had been set up at Compass Bank and the IGA check from the City has been deposited.

He also reported that he has been working on insurance for the Board members and officers, but that was still in progress.

Chairman VanLandingham said that one of the IGA deadlines was for appointing, training, etc. the new clerk and treasurer by the end of the calendar year. He asked if there was a possibility of contracting with the City for those services. Ms. Kjellgren noted that she has spoken with a few people that may be interested, but for the City to stay involved they would need to discuss it further with the City Manager.

8. Adjournment

The regular meeting of the Flagstaff Downtown Business Improvement and Revitalization District Board held August 5, 2014, adjourned at 10:22 a.m.

---

John VanLandingham, Chairman

ATTEST

---

Elizabeth A. Burke, District Clerk

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT  
AND REVITALIZATION DISTRICT  
OF FLAGSTAFF, ARIZONA**

RESOLUTION NO. 2014-10

A RESOLUTION OF THE DISTRICT BOARD OF THE FLAGSTAFF  
DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION  
DISTRICT OF FLAGSTAFF REPEALING SECTION 1 OF  
RESOLUTION NO. 2014-01 AND ADOPTING SEPARATE RULES OF  
PROCEDURE AND RULES OF OPERATION

WHEREAS, on April 9, 2014, the District, adopted Resolution 2014-01 approving Rules of Procedure and Operation for the District Board; and

WHEREAS, the District desires to separate the Rules of Procedure from the Rules of Operation for the sake of clarity and adopt more fully developed Rules of Operation.

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT OF FLAGSTAFF, ARIZONA as follows:

1. Section 1 of Resolution No. 2014-01, adopted April 9, 2014, is hereby repealed.
2. Rules of Procedure. Rules of Procedure in substantially the form attached as Exhibit A are hereby approved.
3. Rules of Operation. Rules of Operation in substantially the form attached as Exhibit B are hereby approved.

PASSED by the District Board of the Flagstaff Downtown Business Improvement and Revitalization District this 2<sup>nd</sup> day of September, 2014.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
District Clerk

APPROVED AS TO FORM:

Kjellgren & Speed, PLC

---

Attorney for the District

ATTACHMENTS:

EXHIBIT A – Rules of Procedure

EXHIBIT B – Rules of Operation

## **ATTACHMENT 'A'**

### **RULES OF PROCEDURE of the FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT**

#### **Rule 1 GENERAL RULES REGARDING MEETING PROCEDURES**

##### **1.01 Rules of Procedure; Journal**

The Board shall determine its own rules and orders of business, and shall provide for keeping a record of its proceedings. The record of proceedings shall be open to public inspection.

##### **1.02 Written Rules, Order of Business, and Procedure**

These Rules of Procedure of the Board shall be available to all interested citizens.

#### **Rule 2 CODE OF CONDUCT AND CONFLICTS OF INTEREST**

##### **2.01 Code of Conduct**

District Board members occupy positions of public trust. All actions and business transactions of such officials dealing in any manner with public funds shall be in compliance with all laws or ordinances establishing a code of conduct for public officials or pertaining to conflicts of interest of public officials or employees.

##### **2.02 Participation and Voting Bar [A.R.S. §38-503]**

Any Board member prohibited from participating or voting on any matter before the District by the state conflict of interest laws shall make known such conflict on the record of any meeting where the item is discussed, and shall not enter into discussion, debate, or vote on such matter.

#### **Rule 3 BOARD MEETINGS**

##### **3.01 Regular Meetings**

The District Board shall hold regular meetings on the first Tuesday of every month at 1:00 p.m. unless a majority of the Board decides to postpone or cancel such meeting. No change shall be made in regular meeting times or place without a published seven day notice.

If the day fixed for any regular meeting of the Board falls upon a day which the District observes as a legal holiday, the meeting may be cancelled or held at a time and date designated by the Board. All regular meetings of the Board shall be held in the Flagstaff City Hall Staff Conference Room. No change shall be made in regular meeting times without a published seven-day notice. However, the Chairman of the Board may change the Board meeting location to adjust to a specific need for additional space required to accommodate a large citizen turnout, upon giving the public notice of such change pursuant to notice requirements. All regular meetings of the Board shall be open to the public.

### **3.02 Special Meetings**

Special meetings may be called by the Chairman of the Board. The Board may hold any other meetings it deems necessary at such times and locations as it determines appropriate under the circumstances for the purposes of addressing specific issues, strategic planning, budgeting, or for any other purpose allowed by law, so long as notice of such meeting has been given in accordance with the Arizona Open Meeting Law. The District Clerk shall prepare written notice of special sessions, stating time, place, and agenda; this notice shall be given personally, or by telephone or Internet, to each member of the Board, the District Manager, and the District's attorney, and shall be posted no later than twenty-four hours in advance of the special meeting.

### **3.03 Work Sessions and Agenda Review**

Work sessions are public meetings held for the following purposes: (1) briefing Board members on items included on the Board's regular meeting agenda, (2) discussion of long range plans and programs for which no immediate action is required, (3) detailed discussion of matters which may soon be placed on a regular meeting agenda, and (4) exchange of information between the staff and Board. No formal vote shall be taken on any matter under discussion, nor shall any Board member enter into a commitment with another respecting a vote to be taken subsequently in a public meeting of the Board, providing that nothing herein shall prevent the Board from giving staff direction on any matter under discussion. Any formal action, however, must be scheduled for Board action at a regular or special Board meeting.

### **3.04 Executive Sessions [A.R.S. §38-431.03]**

The Board may meet in, or recess into, executive session for all purposes allowed by law. Attendance at the executive session shall be limited to members of the District Board, the District Manager and District's attorney or their designees, and appropriate District staff or consultants to the District as the Board may invite or as may be required for advice or information. No formal vote involving final action shall be taken on any matter under discussion while in an executive session, except the Board may instruct its attorneys and representatives as allowed by law.

### **3.06 Minutes of Meeting [A.R.S. §38-431.01]**

Except as otherwise provided by state law, there shall be minutes of all Board meetings. Such minutes shall include, but need not be limited to: (1) the date, time, and place of the meeting; (2) the members of the District Board recorded as either present or absent; (3) a general description of the matters considered; (4) an accurate description of all legal

actions proposed, discussed, or taken, and the names of members who propose each motion; and (5) the name of persons, as given, making statements or presenting material to the Board and a reference to the legal action about which they made statements or presented material. Minutes of all meetings, except executive sessions, shall be open to public inspection.

**Rule 4**  
**THE BOARD AGENDA**

**4.01 Procedures for Preparation of Board Agendas**

All reports, communications, ordinances and resolutions, contracts or other documents, or other matters to be submitted to the Board as part of the Board meeting agenda packet shall be available to the Board by the Friday preceding the meeting.

The agenda shall be made public in advance of the meeting by posting on the regular public posting board at City Hall and on the District's website. Such action shall be taken concurrently with the furnishing of the agenda to the District Board.

**Rule 5**  
**ORDER OF BUSINESS**

**5.01 Regular Meeting Agenda**

The agenda for regular meetings of the District Board shall follow the following order:

Call to Order  
Roll Call  
Approval of Minutes of Previous Meetings  
Public Participation  
Specific Items for Consideration  
Possible Future Agenda Items  
Informational Items and Reports to/from Board and Staff, and Requests for Future Agenda Items  
Adjournment

**Rule 6**  
**PRESIDING OFFICER**

**6.01 Chairman as Chair**

The Chairman, or in his or her absence, the Vice Chairman, shall be the Chair for all meetings of the Board.

**6.02 Temporary Chair**

In case of the absence of the Chairman and the Vice Chairman, the District Clerk shall call the Board to order. If a quorum is found to be present, the Board shall proceed to elect, by a majority of those present, a Chair for the meeting.



**Rule 7**  
**MEETING DECORUM AND ORDER**

**7.01 Decorum and Order among Board members**

The Chair shall preserve decorum and decide all questions of order, subject to appeal to the Board. During Board meetings, Board members shall preserve order and decorum and shall not delay or interrupt the proceedings or refuse to obey the order of the Chair or the Rules of the Board. Every Board member desiring to speak shall address the Chair, and upon recognition by the Chair, shall confine himself or herself to the question under debate and shall avoid all personal attacks and indecorous language. A Board member once recognized shall not be interrupted while speaking unless called to order by the Chair or unless a point of order is raised by another Board member. If a Board member is called to order while he or she is speaking, he or she shall cease speaking immediately until the question of order is determined. If ruled to be out of order, he or she shall remain silent or shall alter his or her remarks so as to comply with the Rules of the Board. Board members shall confine their questions to the particular issues before the Board. If the Chair fails to act, any member may move to require him or her to enforce the Rules and the affirmative vote of the majority of the Board shall require the Chair to act.

**7.02 Decorum and Order among District Staff**

The Chair shall have the authority to preserve decorum in meetings as far as the audience, staff members, and District employees are concerned. Any remarks by staff members and District employees shall be addressed to the Chair and to any or all members of the Board.

**7.03 Decorum and Order among Citizen Participants**

Citizens attending Board meetings shall also observe the same rules of propriety, decorum, and good conduct applicable to members of the Board. Any person making personal, impertinent, and slanderous remarks, or who becomes boisterous while addressing the Board during a Board meeting, may be removed from the room if so directed by the Chair, and such person shall be barred from further audience before the Board. Unauthorized remarks from the audience, stamping of feet, whistles, yells, and similar demonstrations shall not be permitted by the Chair. Should the Chair fail to act, any member of the Board may move to require the Chair to enforce the Rules, and the affirmative vote of the majority of the Board shall require the Chair to act. Political campaigning is prohibited. Any member of the public desiring to address the Board on any item may, and on any public hearing item shall be recognized by the Chair pursuant to Rule 9, shall state his or her name and city of residence in an audible tone for the record, and shall limit his or her remarks to the questions under discussion. Any remarks shall be addressed to the Chair and to any or all members of the Board.

Citizens are allowed to address the Board a maximum of three times throughout the meeting, including comments made during Public Participation. Other than Public Participation, comments shall be limited to the business at hand. If the Chair recognizes a speaker, the Chair shall limit the period of speaking to a reasonable period of time of no more than three minutes per person, at the discretion of the Chair and a speaker may address the Board with the speaker's own statements, and the statements of other

persons within the three minute period, but that shall be the speaker's only opportunity to address the Board on that issue.

**Rule 8**  
**RIGHT OF APPEAL FROM THE CHAIR**

**8.01 Process for Appeal**

Any Board member may appeal to the Board from a ruling of the Chair. If the appeal is seconded, the member making the appeal may briefly state his or her reason for the same, and the Chair may briefly explain the Chair's ruling. There shall be no debate on the appeal, and no other member shall participate in the discussion. The Chair shall then put the question, "Shall the decision of the Chair be sustained?" If a majority of the members present vote "aye", the ruling of the Chair is sustained; otherwise, it is overruled.

**Rule 9**  
**PUBLIC PARTICIPATION IN BOARD DISCUSSIONS**

**9.01 Non-Public Hearing Discussions**

Any person wishing to speak on any matter on the agenda before the Board shall fill out a comment card and submit that card to the recording clerk, who will deliver the card to the Chair. The Chair need not accept public discussion on a non-public hearing item. If the Chair recognizes a speaker, the Chair shall limit the period of speaking to a reasonable period of time of no more than three minutes per person, at the discretion of the Chair and a speaker may address the Board with the speaker's own statements, and the statements of other persons within the three minute period, but that shall be the speaker's only opportunity to address the Board on that issue. The person desiring to speak shall limit his or her remarks to the matter under discussion and shall address his or her remarks to the Chair. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

**9.02 Public Hearings**

- A. In the case of a public hearing, the Chair shall announce prior to such hearing the total time limit, if any, to be allowed for public debate, depending upon the circumstances and public attendance. The Chair shall also announce the time limits for each individual speaker (normally no more than three minutes), and that no speaker may be heard more than once.
- B. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.
- C. Speakers may not cede any portion of their allotted time to another speaker.
- D. The order of presentation and time limits shall be as follows:

1. Staff presentation (ten minute time limit, except with specific Board permission to exceed this limit).
  2. Applicant presentation, only upon applicant's specific request (up to ten minutes, except with specific Board permission to exceed this limit).
  3. Board's questions to staff and applicant.
  4. Public comment (three minutes for individual speakers, up to fifteen minutes for a representative of ten or more persons present at the meeting who have contributed their time to the representative),
  5. Applicant's response, only upon applicant's specific request (5 minutes),
  6. Staff's response (5 minutes),
  7. Board deliberation and questions to staff and applicant.
- E. This rule will not preclude questions from members of the Board to the speaker where it is deemed necessary for purposes of clarification or understanding, but not for purposes of debate or argument.

### **Rule 10**

#### **RULES GOVERNING MOTIONS BY THE BOARD**

##### **10.01 Motion to be Stated by the Chair - Withdrawal**

When a motion is made and seconded, it shall be so stated by the Chair before debate commences. A motion may not be withdrawn by the mover without the consent of the member seconding it.

##### **10.02 Motion to Suspend Rules**

Suspension of these Rules requires majority consent of the Board members present. A motion to suspend may not be made while another motion is pending unless it directly applies to the pending motion.

##### **10.03 Motion to Change Order of Agenda**

The Chair may, at his or her discretion, or shall, upon the majority vote of Board members present, change the order of the agenda. However, caution should be given to not changing the order to circumvent the Open Meeting Law.

##### **10.04 Motion to Table**

A motion to table is used to delay discussion on an item until later in the meeting or until the next meeting. Neither the motion to table nor other business can be discussed, until a vote has been taken on the motion. If the motion is successful, no further discussion can be had without a motion to take off the table. To take a motion off the table at the same or immediately succeeding meeting, a motion and second must be made to take the item off the table, and it must pass by majority vote.

If not revived by the adjournment of the immediately succeeding meeting, the matter is considered to be dead.

**10.05 Motion to Postpone**

A motion to postpone is in order when an item is rescheduled to a time certain, when it is delayed with conditions, or when the matter is intended to be disposed of without action. If the motion prevails, the item shall return for Board action at the meeting specified or in accordance with the conditions established in the postponement. A motion to postpone may be debated prior to vote, but no other motion, including a motion to amend, may be offered until the vote is taken and only if the motion to postpone fails.

A motion to postpone indefinitely, if it receives a majority vote, effectively extinguishes an item.

**10.06 Motion to Divide the Question**

If the question contains two or more divisionable propositions, the Chair may, and upon request of a member shall, divide the same.

**10.07 Motion to Amend**

On a motion to amend or “strike out and insert”, the motion shall be made so that the intent of the amendment is clear to the Board and public, and for the record.

The Board may materially amend an ordinance after the first read of that ordinance and proceed immediately to the second read and adoption. In other words, it is not necessary to proceed as though it is a new ordinance after a material change.

**10.08 Motion to Amend an Amendment**

A motion to amend an amendment shall be in order, but one to amend an amendment to an amendment shall not be introduced. An amendment modifying the intention of a motion shall be in order, but an amendment relating to a different matter shall not be in order.

**10.09 Motion to Reconsider**

After the decision on any question, any member who voted with the majority may move for a reconsideration of any action at the same meeting or at the next regular meeting that occurs at least one week after the date the action was taken. In the event of a tie vote on a motion, any Board member may move for reconsideration at the next regular meeting of the District Board that occurs at least one week after the date the action was taken, but not thereafter. To ensure that the matter will be included on the posted agenda in conformance with the Open Meeting Law, any Board member who wishes to have a decision reconsidered must alert the District Clerk in writing at least five (5) days, exclusive of Saturdays, Sundays, and intermediate holidays, prior to the meeting at which the motion to reconsider will be made, unless the motion to reconsider was made and seconded at a Board meeting. A motion to reconsider shall require the affirmative vote of the majority of the members present at the time of reconsideration. After a motion for reconsideration has once been acted on, no other motion for reconsideration of the same subject shall be made without unanimous consent of all Board members.

**10.10 Motion for Roll Call Vote**

Any Board member may request a roll call vote, or the Chair may ask for a roll call vote for purposes of clarifying a vote for the record. The roll may be called for yeas and nays upon any questions before the Board. Unless allowed by the Chair, it shall be out of order for members to explain their vote during the roll call, or to engage in additional debate or discussion on the subject after the vote is taken.

**Rule 11****MISCELLANEOUS PROVISIONS REGARDING MEETING PROCEDURES****11.01 Prior Approval by Administrative Staff**

Except as to matters requested by individual Board members under the Possible Future Agenda Items Section of the agenda, all ordinances, resolutions and contract documents shall, before presentation to the Board, have been approved as to form and legality by the District's attorney, and shall have been examined for practicality by the District Manager or his or her authorized representative.

**11.02 Placement of Items on Agendas for Board Action**

Pursuant to Board direction received during any Board meeting, the District Manager may present ordinances, resolutions, and other matters or subjects to the Board, and any Board member may assume sponsorship thereof by moving that such ordinances, resolutions, matters or subjects be adopted. In addition, ordinances, resolutions and other matters or subjects requiring action by the Board may be introduced and sponsored by a member of the Board through the Possible Future Agenda Items process described in Rule 4.01, or by contacting the District Clerk one week prior to the meeting.

**11.04 Amendments to Rules of Procedure**

New rules of procedure may be adopted, or these Rules may be repealed or amended, in conformance with applicable provisions of the Arizona Revised Statutes at any meeting of the District Board called for that purpose, by a vote of the majority of the Directors.

**11.05 Robert's Rules**

Robert's Rules of Order, latest edition, shall serve as a guideline for interpretation of and supplementation for these Rules in all cases to which they are applicable, provided they are not in conflict with these Rules or the laws of the State of Arizona. The interpretation of these Rules and Robert's Rules shall be guided by the principles underlying Parliamentary law, that is, a careful balance of the rights of individuals and minority subgroups of the Board with the will of the majority. In no case shall the strict application of a rule or procedure be interpreted to deny any individual or minority the right to participate in a debate, discussion, or vote, nor shall these rules be interpreted in such a way so as to defeat the will of the majority of the whole of the Board.

**EXHIBIT ‘B’**

**RULES OF OPERATION  
of the  
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT  
AND REVITALIZATION DISTRICT**

**Table of Contents**

**1. GENERAL PROVISIONS ..... 12**

**2. PURPOSE ..... 12**

**3. POWERS OF THE DISTRICT..... 12**

**4. BOARD OF DIRECTORS ..... 13**

**5. OFFICERS..... 14**

**6. ELECTIONS; ELIGIBLE VOTERS ..... 14**

**7. COMMITTEES ..... 15**

**8. CONTRACTS, CHECKS, DEPOSITS AND FUNDS ..... 15**

    8.1 Authority to Execute Documents. .... 15

    8.2 Procurement..... 15

    8.3 Authorized Signatories on the District’s Bank Accounts. .... 16

    8.4 Finances. .... 16

    8.5 Budget. .... 16

    8.6 District audits and financial reviews. .... 16

**9. MISCELLANEOUS ..... 16**

    9.1 Records. .... 16

    9.2 Annual Reports. : ..... 17

    9.3 Submittal of Annual Report to Board of Supervisors. .... 17

    9.4 Exemption from Annual Reporting Requirement. .... 17

    9.5 Immunity from Civil Liability..... 17

    9.6 Perpetual Succession ..... 18

    9.7 Dissolution of the District..... 18

**10. AMENDMENTS ..... 19**

**11. CONSTRUCTION AND DEFINITIONS ..... 19**

## **1. GENERAL PROVISIONS**

The District is a special purpose District for purposes of article IX, section 19, Constitution of Arizona, a tax levying public improvement District for the purposes of article XIII, section 7, Constitution of Arizona, and a municipal corporation for all purposes of A.R.S. Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5. Except as otherwise provided in this section, the District is considered to be a municipal corporation and political subdivision of this state, separate and apart from the City of Flagstaff. Notwithstanding any other law, the District does not have the power of eminent domain and does not have the power to enact zoning ordinances. (A.R.S. § 48-6807(B)).

## **2. PURPOSE**

The District Board shall administer the implementation of the General Plan for the infrastructure of the District. (A.R.S. § 48-6807(C)).

## **3. POWERS OF THE DISTRICT**

3.1 To further the implementation of the General Plan, the District may:

- 3.1.1 Enter into contracts and spend monies for any infrastructure purpose with respect to the District.
- 3.1.2 Enter into intergovernmental agreements as prescribed in A.R.S § 11-952 for the financing, planning, design, inspection, ownership, control, maintenance, operation or repair of infrastructure or the provision of enhanced municipal services by the municipality in the District, including an intergovernmental agreement with an Indian tribe or community.
- 3.1.3 Sell, lease or otherwise dispose of District property if the sale, lease or conveyance is not a violation of the terms of any contract or bond resolution of the District.
- 3.1.4 Reimburse the City of Flagstaff for providing enhanced municipal services in the District.
- 3.1.5 Operate, maintain and repair infrastructure.
- 3.1.6 Establish, charge and collect user fees, rates or charges for the use of any infrastructure or service.
- 3.1.7 Employ staff, counsel and consultants.
- 3.1.8 Reimburse the City of Flagstaff for staff and consultant services and support facilities supplied by the municipality.
- 3.1.9 Accept gifts or grants and incur and repay loans for any infrastructure purpose.

- 3.1.10 Enter into agreements with landowners and the City of Flagstaff for the collection of fees and charges from landowners for infrastructure purposes, the advance of monies by landowners for infrastructure purposes or the granting of real property by the landowner for infrastructure purposes.
  - 3.1.11 After approval at an election held pursuant to A.R.S. § 48-6818, levy and assess the costs of any infrastructure purpose on any land benefited in the District.
  - 3.1.12 Pay the financial, legal and administrative costs of the District.
  - 3.1.13 Enter into contracts, agreements and trust indentures to obtain credit enhancement or liquidity support for its bonds and process the issuance, registration, transfer and payment of its bonds and the disbursement and investment of proceeds of the bonds.
  - 3.1.14 With the consent of the City of Flagstaff, enter into agreements with persons outside of the District to provide services to persons and property outside of the District.
  - 3.1.15 With the consent of the City of Flagstaff, use public easements and rights-of-way in or across public property, roadways, highways, streets or other thoroughfares and other public easements and rights-of-way, whether in or out of the geographical limits of the District or the City of Flagstaff.
- 3.2 In connection with any power authorized by statute, the District may:
- 3.2.1 Contract.
  - 3.2.2 Enter into intergovernmental agreements pursuant to A.R.S. Title 11, Chapter 7, Article 3.
  - 3.2.3 Adopt and change a seal.
  - 3.2.4 Sue and be sued.
  - 3.2.5. Enter into development agreements, as defined in section A.R.S. § 9-500.05.

(A.R.S. § 48-6808.)

#### **4. BOARD OF DIRECTORS**

4.1 The District shall be governed by an initial District board appointed by the City of Flagstaff. The City shall appoint three (3) persons to serve on the initial board of directors. The three directors shall own real property in the District. (ARS § 48-6802.)

4.2 The initial board of directors shall serve a term of one (1) year. Subsequent members of the board of directors shall be real property owners in the District who shall be elected at large by the real property owners in the District as shown on the property tax assessment roll who are qualified to vote pursuant to A.R.S. § 48-6818. Subsequent members of the board of directors shall serve a term of four years. (ARS § 48-6802.) After the initial board of directors' one-year term, the board shall be increased to five (5) members elected pursuant to A.R.S. § 48-6818.



4.3 If a vacancy occurs on the District board because of death, resignation or inability of the director to discharge the duties of director, the vacancy shall be filled by appointment made by the Flagstaff City Council. A director appointed by the Flagstaff City Council shall hold office for the remainder of the unexpired term until the member's successor is elected as provided by A.R.S. § 48-6818. A director shall not be an elected official of the municipality or Indian tribe or community or an employee or agent of the municipality or Indian tribe or community but may be a director of more than one District. (A.R.S. § 48-6810(B).)

4.4 The board of directors shall comply with A.R.S. Title 38, Chapter 3, Article 3.1 as a separate political subdivision. (ARS § 48-6810(C).)

## **5. OFFICERS**

The District Clerk and District Treasurer shall be the Clerk of the City of Flagstaff and the Treasurer of the City of Flagstaff, respectively, unless the District board appoints a District Clerk and District Treasurer. (ARS § 48-6810.)

## **6. ELECTIONS; ELIGIBLE VOTERS**

6.1 Any election permitted under A.R.S. Title 48, Chapter 39, Article 1, shall be a nonpartisan election called by posting notices in three public places within the boundaries of the District not less than twenty (20) days before the election. Any election may be conducted as a mail ballot election in the manner prescribed in A.R.S. Title 16, Chapter 4, Article 8.1 as nearly as practicable. If the election notice is not mailed to the property owners and, if applicable, to the qualified electors, the notice shall also be published in a newspaper of general circulation in the City of Flagstaff. If there is no newspaper so circulated in the City of Flagstaff, publication shall be in a newspaper of general circulation in the county in which the municipality is located once a week for two consecutive weeks before the election. The notice shall meet the requirements of A.R.S. § 48-6818(A).

6.2 The District board shall determine the date of the election and, if applicable, the polling places for the election and may consolidate precincts. The Clerk of the District board shall prepare a list of eligible voters in the election. A prospective landowner voter shall execute an affidavit stating that the voter is the owner of land in the District and is qualified to vote pursuant to this section and stating the parcel number owned by the voter. Election board members may administer oaths or take all affirmations for these purposes. An election held pursuant to this article is not subject to A.R.S. Title 16, Chapter 2, Article 3.

6.3 Only the owners of real property in the District are eligible to vote in an election regarding an assessment to be levied against the real property in the District, in an election for the board of directors of the District and in an election for dissolution.

6.3.1 Corporations, partnerships and other business entities are eligible to vote as property owners, but only one vote may be cast for each one-seventh of an acre of real property in the District, except that any fraction of ownership of real property that is less than one-seventh of an acre entitles the owner to cast one vote.

6.4 A majority of the acreage as represented by the votes cast at an election conducted solely under the acreage system shall determine the result. An acreage system election shall be conducted pursuant to the procedures prescribed in sections A.R.S. § 48-3042 through 48-3051 as nearly as practicable.

6.5 Except as otherwise provided by A.R.S. Title 48, Chapter 39, Article 1, the election shall comply with the general election laws of this state, except that the words to appear on the ballots shall be for an assessment levy election, "assessment, yes" and "assessment, no". The returns of election shall be made to the District board.

6.6 Within fourteen (14) days after an election, the District board shall meet and canvass the returns. The canvass may be continued from time to time.

6.6.1 In the case of an ad valorem tax election, if a majority of the votes cast by qualified electors at the election is in favor and the majority of acreage as represented by the votes cast at the election is in favor of imposing the tax, the District board shall enter that fact on its minutes.

6.6.2 In the case of a landowner election only, the result of the measure shall be determined by a majority of the acreage represented by the votes cast at an election, and the District board shall enter that fact on its minutes.

6.7 Failure of a majority to vote in favor of the matter submitted does not prejudice the submission of the same or similar matters at a later election.

6.8 If a person listed on the assessment roll is no longer the owner of land in the District and the name of the successor owner becomes known and is verified by recorded deed or other similar evidence of transfer of ownership, the successor owner is deemed to be the owner for the purposes of A.R.S. Title 48, Chapter 39, Article 1.

(ARS § 48-6818.)

## **7. COMMITTEES**

The District Board may appoint such committees from time to time as it deems appropriate.

## **8. CONTRACTS, CHECKS, DEPOSITS AND FUNDS**

8.1 **Authority to Execute Documents.** Except as otherwise provided by resolution of the District Board, all agreements and other documents to which the District is a party shall be executed on behalf of the District by the Chairman or the Vice Chairman of the District Board.

### **8.2 Procurement.**

8.2.1 Procurement Limits. Procurement limits for the District will be as follows:

8.2.1.1 \$0 - \$5,000: Board or Executive Director can select vendor directly;

8.2.1.2 \$5,001 - \$25,000: Board must obtain three written quotes, if possible;

8.2.1.3 \$25,001 - \$100,000 Board must undertake a formal procurement process under State procurement statutes. (Resolution 2014-04.)

8.2.2 Approve Bank for District Accounts. Since annual banking charges are estimated to be well below \$5,000 per year, the Chairman of the Board is authorized to

select a banking institution within the boundaries of the District on behalf of the Board. (Resolution 2014-04.)

8.3 **Authorized Signatories on the District's Bank Accounts.** The authorized signatories for the District shall be those persons designated by resolution of the Board.

8.4 **Finances.** The projects to be constructed or acquired as shown in the General Plan may be financed from the sources of revenue authorized by A.R.S. § 48-6812.

8.5 **Budget.** On or before July 15 each year, the District Treasurer shall prepare a proposed budget for the ensuing fiscal year to be submitted to the District board for approval. The board shall indicate its approval of the budget by resolution, which shall provide for a hearing on the budget as approved. The Flagstaff City Council may review the proposed annual budget and may submit written comments to the board for its assistance and information in adopting its annual budget. At the conclusion of the budget hearing, the District board, by resolution, shall adopt the budget as finally approved by the board. The budget shall be adopted before October 1 each year. (A.R.S. § 48-6813.)

8.6 **District audits and financial reviews.** The District shall have its reports audited in accordance with generally accepted government auditing standards and the following:

8.6.1 The District shall have a financial review performed annually. (A.R.S. § 48-253(A)(1).)

8.6.2 The District may select an outside auditor who is a certified public accountant or a representative who is selected by the Board of Supervisors and who is trained as an auditor. (A.R.S. § 48-253(A)(2).)

8.6.3 The District may advertise and use competitive bidding practices to select an agent to perform the audits or financial reviews required by this section. (A.R.S. § 48-253(A)(3).)

8.6.4 If The District that submits a financial statement for the preceding fiscal year that has been attested to by an independent certified public accountant pursuant to section 48-251, it is deemed to have complied with A.R.S. § 48-253 by submitting a copy of the financial statement to the county Treasurer. (A.R.S. § 48-253(B).)

8.6.5 The District shall submit a copy of the completed audit or financial review to the county Treasurer and the Board of Supervisors within two hundred forty (240) days after the close of the District's fiscal year or within one hundred eighty (180) days after a request for a financial review is received by the District. (A.R.S. § 48-253(C).)

## 9. MISCELLANEOUS

9.1 **Records.** The District shall keep the following records, which shall be open to public inspection:

9.1.1 Minutes of all meetings of the District board;

- 9.1.2 All resolutions;
- 9.1.3 Accounts showing all monies received and disbursed;
- 9.1.4 The annual budget;
- 9.1.5 All other records required to be maintained by law. (ARS § 48-6810)

9.2 **Annual Reports.** The District shall submit an annual report as prescribed by A.R.S. § 48-251 that contains the following information:

- 9.2.1 A schedule of the beginning and ending fund balances and all revenues and expenditures for the preceding fiscal year on a form prescribed by the auditor general or the same information contained in a financial statement for the preceding fiscal year that has been attested to by an independent certified public accountant. The schedule or statement shall include all monies, gifts or donations that are received from all sources and that have a value exceeding one hundred dollars.
- 9.2.2 Legal descriptions of any boundary changes occurring during the preceding fiscal year.
- 9.2.3 The names, occupations and business telephone numbers of all members of the governing board and officers of the District on the last day of the preceding fiscal year.
- 9.2.4 The schedule and location of regular meetings of the District governing board.
- 9.2.5 The location or locations where public notices of meetings are posted pursuant to A.R.S. § 38-431.02.
- 9.2.6 The name and title of the person or persons completing the reporting requirements pursuant to this subsection.
- 9.2.7 A copy of any audit or financial review required to be prepared.

9.3 **Submittal of Annual Report to Board of Supervisors.** The Clerk or other officer of the District governing board shall submit the report within two hundred forty (240) days of the close of the District's fiscal year to the Clerk of the Board of Supervisors of each county in which the District is located.

9.4 **Exemption from Annual Reporting Requirement.** If the District does not provide services or otherwise operate during the entire period covered by the report and notifies the Clerk of the Board of Supervisors in writing of these circumstances within the time for filing the report, it is exempt from the annual report requirement of A.R.S. § 48-251(A).

9.5 **Immunity from Civil Liability.** A director of the District is immune from civil liability and not subject to suit directly or by contribution for any act or omission resulting in damage or injury if such person was acting in good faith and within the scope of his or her official capacity, unless the damage or injury was caused by willful and wanton or grossly negligent conduct of such

person. As used in this section "official capacity" means any decision, act or event undertaken by the District in furtherance of the purpose or purposes for which the District was formed or any ancillary or additional purpose authorized by law. (A.R.S. 48-187.)

**9.6 Perpetual Succession.** The District has perpetual succession, except that the District may be dissolved as provided in section 48-6819 and, if the District does not have any bonds or other obligations outstanding, shall be dissolved ten (10) years after the date of formation unless the Flagstaff City Council by resolution extends the District by an additional period of ten (10) years. (A.R.S. § 48-6809).

**9.7. Dissolution of the District.** The District may be dissolved by the District board by a resolution of the District board, pursuant to A.R.S. § 48-6819, if the following conditions exist: (1) All of the real and personal property owned by the District has been or will be conveyed to a municipality; (2) Either the District has no bonds or obligations or the municipality has assumed all of the obligations of the District.

9.7.1 The District board shall comply with the conditions prescribed by A.R.S. § 48-6819(A) and shall dissolve the District if both of the following occur:

9.7.1.1 The Flagstaff City Council has consented to comply with the conditions prescribed by subsection A and either:

9.7.1.1.1 Dissolution has been approved by a vote of the property owners of the District voting in an election called for that purpose.

9.7.1.1.2 The Flagstaff City Council determines that the District has been inactive for at least five (5) consecutive years and has no future purpose.

9.7.1.2 The District board adopts a resolution dissolving the District and records the resolution in the office of the county recorder.

9.7.2 The District board may call such an election and shall call such an election if requested to do so in a petition signed by ten (10) per cent of the property owners of the District.

9.7.3 The election shall be called and held in the same manner as an assessment levy election, except that the ballot shall contain the words "dissolution, yes" and "dissolution, no".

9.7.4 All property in the District, except federal, state, county and municipal property, remains subject to the lien for the payment of ad valorem taxes levied, and any property subject to a special assessment lien remains subject to the lien notwithstanding dissolution of the District. The District may not be dissolved if any revenue or assessment bonds of the District remain outstanding unless an amount of money sufficient, together with investment income thereon, to make all payments due on the revenue bonds either at maturity or prior redemption has been deposited with a trustee or escrow agent and pledged to the payment and redemption of the bonds. The District may continue to operate after dissolution only as needed to collect money and make payments on any outstanding bonds.

- 9.7.5 If a proposal for dissolution is approved and the District is an Arizona state retirement system employer before the dissolution, the governing body of the District shall notify the director of the Arizona state retirement system of the dissolution.

## **10. AMENDMENTS**

These Rules of Operation may be amended by the Board from time to time in compliance with State law at a duly noticed public meeting.

## **11. CONSTRUCTION AND DEFINITIONS**

All terms and definitions in these Rules shall conform with applicable terms and definitions in the Arizona Revised Statutes. Any conflict in definitions in these Rules with the Arizona Revised Statutes shall be resolved in favor

# Johanna Klomann, CPA, PLLC

419 W Aspen Ave Flagstaff, AZ 86001

---

Phone: (928) 774-8995

Fax: (866) 706-1017

[johannak.klomanncpa@gmail.com](mailto:johannak.klomanncpa@gmail.com)

## **ACCOUNTING SERVICES PROPOSAL**

Flagstaff Downtown Business Improvement & Revitalization District  
C/O John Vanlandingham

August 6, 2014

This letter is to confirm our understanding of the terms and objectives of our engagement as well as the nature and limitations of the service we provide.

We will compile, from the information you give us, a monthly statement of assets, liabilities and net assets and a statement of financial position on the accrual basis of accounting. We will come to your offices, or you will deliver to us your information monthly, bimonthly or quarterly, at your option, to input financial information that you provide into Quickbooks accounting software. You agree to provide account coded invoices, payroll time sheets, bank statements, documents concerning asset acquisitions and dispositions, liabilities and notes payable, and all other relevant documents.

We will record all revenue and expenses from the above documents you provide, in the Quickbooks accounting software. Each month or quarter, at your option, we will give you a copy of the preliminary financial statements reflecting all financial activity during the month/quarter. You agree to review this report and tell us of any changes necessary in the classification or distribution of revenue or expense. Unless you tell us of a change, we will assume that all transactions have been properly coded and have been posted to the correct accounts. The ledgers will also include adjusting entries. The ledgers will be used in the preparation of the annual financial statements and tax returns.

Each month, we will input your invoices for payment and issue checks for your signature if you so choose.

Each month we will reconcile your checking account(s) with your bank statement and identify errors in the bank account ledgers. We will make correcting entries in the ledgers and identify the specific source of each adjustment. We will tell you of these adjustments and make you aware of any corrections.

On a periodic basis, as needed we will meet with you to discuss your accounting records and the management implications of your financial statements. These meetings are important to your financial well-being and should be held at least quarterly.

The financial statements are prepared for the use of internal management only. You must obtain our prior written permission before you distribute a copy of our financial report to anyone other than a member of internal management. If Flagstaff Downtown Business Improvement and Revitalization District(FDBIRD) distributes a copy of our financial report to any person or entity other than internal management without having first obtained our prior written permission to do so, FDBIRD agrees to indemnify and hold harmless from and against any and all claims or causes of action for damages or loss against us by such person or entity as a result of said person's alleged reliance on said report.

FBDIRD obligation to indemnify includes, without limitation, the obligation to indemnify us for, and pay, all of the attorney's fees and costs reasonably incurred by us in defending against such claims.

It is understood that our assignment is limited to an accounting service and does not include an audit of your financial statements in accordance with generally accepted auditing standards, and we ask that you not in any manner refer to this agreement as an audit. Accordingly, the financial statements that we will prepare will not satisfy any regulatory, contractual, or other requirements for an audit in accordance with such standards.

Our fees for this work will be at our regular hourly rate plus direct out-of-pocket expenses. **Currently, billing rates will be at a rate of \$50.00 per hour. Beginning January 1<sup>st</sup> 2015 we will implement an automatic cost of living increase of 1% annually.** Payment for services is due when invoiced. Billings become delinquent if not paid within 15 days of the invoice date.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us.

Please advise me if I can provide you with any further information.

Sincerely,

Johanna Klomann, CPA

Acknowledged:  
Flagstaff Downtown Business Improvement & Revitalization District

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date





# Bell Endorsement & Crisis Management

## PHLY HAS INCREASED LIMITS...

**PHLY has increased limits on Bell Endorsement and created a Crisis Management Endorsement that will be attached to our policies.**

### Bell Endorsement

**\$50,000 Identity Theft Expense** – coverage which reimburses the expenses of any director or officer who becomes a victim of an incident of identity theft.

**\$50,000 Terrorism Travel Reimbursement** – which covers any director or officer for emergency travel expenses that he or she incurs in the event of a “certified act of terrorism”.

**\$50,000 Emergency Real Estate Consulting Fee** – coverage for realtor’s fee or real estate consultant’s fee necessitated by the Insured’s need to relocate due to the “Unforeseeable destruction” of the Insured’s principal location.

**\$25,000 Temporary Meeting Space Reimbursement** – coverage for rental of meeting space which is necessitated by the temporary unavailability of the Insured’s primary office space due to the failure of a climate control system, or leakage of a hot water heater.

**\$50,000 Workplace Violence Counseling** – in the event that a violent incident occurs at any of the Insured’s premises.

**\$50,000 Kidnap Expense** – coverage for reasonable fees incurred as a result of the kidnapping of a Director or Officer or their spouse, “domestic partner,” parent or child.

**\$50,000 Key Individual Replacement Expenses** – coverage for the Chief Executive Officer or Executive Director who suffers an “injury” which results in the loss of life. No deductible applies to this coverage.

**\$50,000 Image Restoration and Counseling** – coverage for image restoration and counseling arising out of “Improper Acts.”

**\$50,000 Donation Assurance** – coverage for “Failed Donation Claim(s).”

**\$50,000 Business Travel** – coverage for Business Travel Accidental Death Benefit to the Named Insured if a Director or Officer suffers an “injury” while traveling on a common carrier for business.

**\$25,000 Conference Cancellation** – coverage for any business-related conference expenses, paid by the insured and not otherwise reimbursed, for a canceled conference that an employee was scheduled to attend. The cancellation must be due directly to a “natural catastrophe” or a “communicable disease” outbreak that forces the cancellation of the conference.

**\$25,000 Fundraising Event Blackout** – coverage for expenses that are incurred due to the cancellation of a fundraising event caused by the lack of electric supply resulting in a power outage, provided the fundraising event is not re-scheduled. The fundraising event must have been planned at least thirty (30) days prior to the power outage.

**\$5,000 per employee: \$25,000 policy limit Political Unrest** – coverage to reimburse any present director, officer, employee or volunteer of the named insured while traveling outside the United States of America for “emergency evacuation expenses” that are incurred as a result of an incident of “political unrest.”

**\$1,500 Travel Delay Reimbursement** – coverage to reimburse any present director or officer of the named insured for any “non-reimbursable expenses” they incur as a result of the cancellation of any regularly scheduled business travel on a common carrier.

### Crisis Management

**\$25,000 Crisis Management** – coverage for “crisis management emergency response expenses” incurred because of an “incident” giving rise to a “crisis.”

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Your insurance policy, and not the information contained in this document, forms the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. All coverages are not available in all states due to state insurance regulations. Certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. | © 2011-2012 Philadelphia Insurance Companies, All Rights Reserved.



PHLY.com

TOKIO  
MARINE  
GROUP



# Making Things Easier for You!

## PHLY CUSTOMER SERVICE

### Did you know...

- PHLY has a dedicated National Processing Center to efficiently and effectively process endorsements
- The Loss Assistance Hotline provides **Management & Professional Liability** policyholders with 2 FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy
- You can review billing and payment history online  
**For example: Payment verifications go to MyPHLY on PHLY.com**
- You can pull up and print your invoices and policy documents online
- You can update your profile online  
**For example: Billing address changes and contact information**
- We offer live help within seconds: No complicated phone systems
- 97.3% of our policyholders would refer us to prospective customers\*
- 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

### Frequently Asked Questions

#### How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service Email: [custserv@phlyins.com](mailto:custserv@phlyins.com)
- Customer Service Online chat
- PHLY.com – “Contact Us”

#### When can I contact Customer Service?

Customer Service is available Monday - Friday from 8:30 a.m. - 8:00 p.m. EST

#### What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Checks sent to the lock box
- Check by phone payments through our IVR (877.438.7459 –Option 1), web site, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard and American Express)

### Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally, with Commercial Liability Claims Examiner Niche expertise
- 24/7 Claims Service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

### Risk Management Services

- Product specific web-based Risk Management Services solutions through PHLY.com
- Free online interactive Defensive Driver Training course and examination
- Regular e-flyer communications on current Risk Management Services issues and Large Loss Lessons Learned
- Strategic partnership with best in class vendor for discounted background & motor vehicle record (MVR) checks

### Automatically included on most accounts

PHLY Bell endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling. \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement and \$1,500 Travel Delay Reimbursement.

### Honors, Awards and Ratings

- Nationally recognized as a member of Ward's Top 50 Benchmark group of Property/Casualty Insurance companies for outstanding achievement in the areas of financial strength, claims performance and consistently favorable underwriting results
- Forbes Magazine has recognized Philadelphia Insurance Companies as one of the 400 Best Big Companies in America
- A++ (Superior) rated by A.M. Best Company
- A+ rated by Standard & Poor's for counterparty credit and financial strength
- Business Insurance's Best Places to Work in Insurance program identifies and recognizes Philadelphia Insurance Companies as a high-quality workplaces in the commercial insurance industry

*A Passion for Service!*

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Coverage(s) described may not be available in all states and are subject to Underwriting and certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. © 2013 Philadelphia Consolidated Holding Corp., All Rights Reserved.

\*All statistics contained herein were generated via an internal company survey of active policy holders.



PHLY.com





One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

## PROPOSAL FOR INSURANCE

**Quotation Number:** 8000234

**Proposal Date:** 05/22/2014

**Named Insured and Mailing Address:**  
Flagstaff Downtown Business & Revitaliza  
120 N Leroux St  
Flagstaff, AZ 86001-4544

**Producer:** 19841  
McCullough Insurance Agency Inc.  
PO Box 1000  
420 N Humphreys  
Flagstaff, AZ 86002

**Contact:** Linda Smith  
**Phone:** (928)774-3345  
**Fax:** (928)779-4561

**Insurer:** Philadelphia Indemnity Insurance Company

**Policy Period From:** 06/01/2014  
**Proposal Valid Until:** 06/01/2014

**To:** 06/01/2015  
at 12:01 A.M. Standard Time at your mailing address shown above.

**Product:** Flexi Plus Five

**Production Underwriter:** Leshner, David S.  
**Production Underwriter Phone:** (480) 281-5636  
**Underwriter:** McClanahan, Jason R.  
**Underwriter Phone:** (303) 200-5368

**Submission Type:** New Business

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY,  
WE AGREE WITH YOU TO EXTEND INSURANCE AS STATED IN THIS PROPOSAL.

THIS PROPOSAL CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS  
INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	<b>PREMIUM</b>
<b>Flexi Plus Five</b>	\$ 1,575.00
<b>TOTAL</b>	<b>\$ 1,575.00</b>

**The premium shown is subject to the following terms and conditions:**

Any taxes, fees or surcharges included in the total premium shown on the proposal  
are not subject to installment billing.

\* Is a balance sheet available? If not, please confirm positive fund balance

\* Carolina Casualty app must be re-signed/dated if bound after 5/31/14



**PHILADELPHIA**  
INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

**Named Insured:** Flagstaff Downtown Business & Revitaliza

**Proposal Date:** 05/22/2014  
**Quotation Number:** 8000234

**SPECIALTY LINES**

**Total:** \$ 1,575.00

**FLEXI PLUS FIVE**

**PREMIUM**

<b>Coverage Part</b>	<b>Limit</b>	<b>Retention</b>	<b>Retroactive Date</b>	<b>P&amp;P Date</b>	<b>Coinsurance</b>	
Directors and Officers Liability:	\$ 1,000,000	\$ 2,500	FULL PRIOR ACTS	06/01/2014		\$ 1,575.00

Aggregate Limit: \$ 1,000,000

\$ 1,575.00



A Member of the Tokio Marine Group

One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

**Proposal Date:** 05/22/2014  
**Quotation Number:** 8000234

**Named Insured:** Flagstaff Downtown Business & Revitaliza

## FORM SCHEDULE

Form	Edition	Description
Recurring Payment Flyer	1212	Recurring Payment Flyer
CSNotice-1	0813	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
PP0713	0713	Privacy Policy Notice
CPD-PIIC	0107	Common Policy Declarations
IL0985	0108	Disclosure Pursuant to Terrorism Risk Ins Act of 2002
PI-NPD-1	0102	FlexiPlus Five Declarations Page
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-NPD-2	0102	Flexi Plus Five Coverage Form
PI-NPD-25	0102	Professional Services Exclusion(Supervision Carve-Out)
PI-NPD-52	1203	Amendment of Exclusions
PI-NPD-82	1012	Pro-Pak Elite Enhancement
PI-NPD-106	1011	Reliance On Another Ins Carriers Application Endt [Applicant: John Vamandingham] [Applicant: John Vamandingham] [Carriers Name: Carolina Casualty] [Date: 05/01/2014] [Form #: DO 21505]
PI-MANU-2	0100	Absolute Breach of Contract Exclusion
PI-NPD-AZ-1	0102	Arizona - Changes
PI-SLD-001	0108	Cap on Losses from Certified Acts of Terrorism



One Bala Plaza, Suite 100  
Bala Cynwyd, Pennsylvania 19004  
610.617.7900 Fax 610.617.7940  
PHLY.com

**Proposal Date:** 05/22/2014

**Quotation Number:** 8000234

**Named Insured:** Flagstaff Downtown Business & Revitaliza

The producer placing this policy may receive commission and additional underwriting profit share incentives. These incentives are based on the underwriting performance of this producer's book of business. Any questions about the nature of this compensation should be directed to the producer.

In order to complete the underwriting process, we require that you send us the additional information requested in the "conditions" section of this proposal. We are not required to bind coverage prior to our receipt, review and underwriting approval, of said additional information. However, if we do bind coverage, it shall be for a temporary period of not more than 30 days. Such temporary binding of coverage shall be void ab initio ("from the beginning") if we have not received, reviewed and approved in writing such materials within 15 days from the effective date of the temporary binder. This 30 day temporary conditional binder may be extended only in writing signed by the Insurer. Payment of premium shall not operate to extend the binding period or nullify the automatic voiding as described above.

This quotation is strictly conditioned upon no material change in the risk occurring between the date of this proposal and the inception date of the proposed policy (including any claim or notice of circumstances that which may reasonably expected to give rise to a claim under any policy of which the policy being proposed by this letter is a renewal or replacement). In the event of such change in risk, the Insurer may in its sole discretion, whether or not this quotation has been already accepted by the Insured, modify and/or withdraw this quotation.

Subject to the terms and conditions outlined above and prior to the quote expiration date, this quote may be bound by signing and dating below and by initialing, on the previous page, the option to be bound. This form will then act as the binder of coverage for 30 days from the date signed and may be distinguished by the Quotation number on page 1. This binder is only valid for 30 days.

**No coverage is afforded or implied unless shown in this proposal.**

**This proposal does not constitute a binder of insurance.**

**This proposal is strictly limited to the terms and conditions herein. Any other coverage extensions, deletions or changes requested in the submission are hereby rejected.**

\_\_\_\_\_  
Signature of Authorized Insurance Representative

\_\_\_\_\_  
Date



# CLAIM SCENARIOS

## NOT-FOR-PROFIT D&O CLAIM EXAMPLES

### Breach of By-Laws

Members of an association filed a lawsuit alleging the recent election of a new Executive Director did not follow the correct procedures outlined in the association's bylaws. Members argued that the majority vote required was not obtained and the by-laws were modified to suit the self-interest of the board. Defense costs and settlement exceeded \$75,000.

### Defamation

The long time founding yacht club members had their privileges revoked. They alleged some of the younger board members made false statements and coerced other club members into a bias voting position. They sued for defamation and non-monetary damages to restore their senior club member benefits. Through arbitration a settlement was reached that exceeded \$20,000.

### Membership Discrimination

Plaintiffs represent a group of membership applicants who held Muslim religious beliefs and were denied entry into the country club. They alleged membership discrimination based on religion. The claim settled for over \$100,000.

### Misrepresentation

A non-profit cooperative was attempting to merge with another because of financial difficulties. The surviving coop requested membership information and the most recent balance sheet and income statement from the distressed co-op. Soon after the merger it became apparent that the acquired co-op overstated their sales and membership enrollment. The board of the newly formed co-op felt misled and immediately sued the former Treasurer alleging misrepresentation. The prior co-op's insurance policy provided defense cost to the individual.

### Misappropriation of Funds

A grant making foundation receiving private donations was alleged to have used those funds for purposes not associated with the foundation's underlying mission. A group of supporters sued the foundation's board alleging misappropriation of funds and breach of duty. Defense costs exceeded \$65,000.

### Anti-trust

A large trade association was being investigated for violations of restraint of trade and anti-trust activities associated with their accreditation and certification program. The case was settled out of court after the association agreed to modify its standard setting and trade practices. However, the legal defense amounted to \$150,000.

*For more information about our products and services please visit us at [PHLY.com](http://PHLY.com)*

800.873.4552

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Your insurance policy, and not the information contained in this document, forms the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. All coverages are not available in all states due to state insurance regulations. Certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. | © 2007-2012 Philadelphia Insurance Companies, All Rights Reserved.



PHLY.com

TOKIO  
MARINE  
GROUP

**AZ - Colonial General Insurance Agency, Inc.**

P.O. Box 14770

8475 E. Hartford Drive, Suite 100

Scottsdale, AZ 85267-4770

Phone: (480) 991-7889

Fax: (480) 538-2042

**Quotation**

May 20, 2014

Retail Broker: MCCULLOUGH INS AGY INC- COMMERCIAL

Fax: 928-779-4561

Attention: Linda Smith

From: Holli Schultz - 480-991-7889 Ext. 287

Email: hollis@colgen.com

Bill to: \_\_\_ Insured \_\_\_ Agent

Page 1 of 1

APP Number: APP57540123

Applicant Name: FLAGSTAFF DOWNTOWN BUSINESS &amp; REVIT

Alternate Name:

Expiring Policy Number: New

Quotation Expires: 60 Days

Please review the following coverage(s) offered. Coverages may differ from those requested on the application/submission. Quote is based on the information submitted and is subject to change.

Limit	Description of Coverage	Premium Basis: S	Exposure: 168,500	Amount
Class Code:	47052 Real Estate Property - Managed			
	Additional Insured			100.00
100,000	Damage to Premises Rented to You			
1,000,000	Each Occurrence			
2,000,000	General Aggregate			
5,000	Medical Payments			
1,000,000	Personal & Advertising Injury			
	Premises/Operations		Ded: 500	2,130.00
2,000,000	Products/CO Aggregate		Ded: 500	
2,000,000	Products/CO Aggregate		Ded: 500	

**Total General liability premium placed with Scottsdale Indemnity Company** **\$2,230.00**

Tax/Fee Description	Amount
Agency Policy Fee (Fully Earned)	150.00
Stamping Tax	4.76
Surplus Lines Tax	71.40

**Taxes/Fees** **\$226.16**

This quotation is subject to the following terms and conditions:

Additional Insured-Fully Earned: Incl (1) \$100.00 Each  
 GL Deductible is per Claimant  
 Insured and finance company cancellation requests may be subject to short rate cancellation penalty.  
 Limited Certified Terrorism Coverage Buyback Available for \$112 premium, plus applicable taxes.  
 Minimum and Advanced Premium Endt Applies @ 100% earned.  
 No Return Premiums will be issued on Audits.  
 Minimum earned premium of 25 % applies  
 Subject to Audit

This quotation is subject to common and declaration forms in addition to the following forms and endorsements:

CG 20 12	AI-Political Sub-Permits	Ed Date: 04-2013
CG 21 16	Exclusion-Designated Professional Services	Ed Date: 04-2013
CG 22 70	Real Estate Property Managed	Ed Date: 04-2013

**Grand Total Premium/Taxes/Fees:** **\$2,456.16**

For additional premium, terrorism coverage can be extended to cover certified acts of terrorism as defined under the Terrorism Risk Insurance Act of 2002.

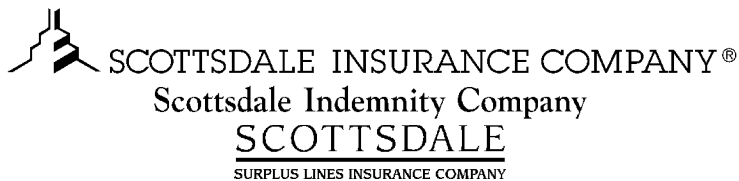
**COVERAGE CANNOT BE BOUND WITHOUT:**

Terrorism form Signed by the Insured, either accepting or rejecting coverage (see copy attached).

Coverage cannot be bound until approved by Colonial General Insurance Agency Inc..

**If premium is financed, you must collect the down and mail along with a copy of the finance agreement. For a Finance Quote through our affiliate Sundance Premium Finance Co call 1-800-848-8860 \*\*Fully earned policies may NOT be Financed\*\***





**POLICYHOLDER DISCLOSURE  
 NOTICE OF TERRORISM INSURANCE COVERAGE**

**TERRORISM RISK INSURANCE ACT**

Under the Terrorism Risk Insurance Act of 2002, as amended pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2007, effective January 1, 2008 (the "Act"), you have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "certified acts of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; to have been committed by an individual or in-dividuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that where coverage is provided by this policy for losses resulting from "certified acts of terrorism," such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses eighty-five percent (85%) of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is provided below and does not include any charges for the portion of loss that may be covered by the Federal Government under the Act.

You should also know that the Act, as amended, contains a \$100 Billion Cap that limits United States Government reimbursement as well as insurers' Liability for losses resulting from "certified acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

**CONDITIONAL TERRORISM COVERAGE**

The federal Terrorism Risk Insurance Program Reauthorization Act of 2007 is scheduled to terminate at the end of December 31, 2014, unless renewed, extended or otherwise continued by the federal government. Should you select Terrorism Coverage provided under the Act and the Act is terminated December 31, 2014, any terrorism coverage as defined by the Act provided in the policy will also terminate.

**IN ACCORDANCE WITH THE ACT, YOU MUST CHOOSE TO SELECT OR REJECT COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" BELOW:**

The Note below applies for risks in these states: California, Connecticut, Georgia, Hawaii, Illinois, Iowa, Maine, Missouri, New Jersey, New York, North Carolina, Oregon, Rhode Island, Virginia, Washington, West Virginia, Wisconsin.

**NOTE:** In these states, a terrorism exclusion makes an exception for (and thereby provides coverage for) fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from an act of terrorism coverage for such fire losses will be provided in your policy.

**If you do not respond to our offer and do not return this notice to the Company, you will have no Terrorism Coverage under this policy.**

I hereby elect to purchase certified terrorism coverage for a prospective premium of (5% of premium -- not including taxes and fees). I understand that the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 may terminate on December 31, 2014. Should that occur my coverage for terrorism as defined by the Act will also terminate.

I hereby reject the purchase of certified terrorism coverage.

\_\_\_\_\_  
REVITALIZATION DISTRICT

Policyholder/Applicant's Signature

\_\_\_\_\_  
 FLAGSTAFF DOWNTOWN BUSINESS &

Named Insured/Firm

\_\_\_\_\_  
 Print Name

\_\_\_\_\_  
 Policy Number, if available

\_\_\_\_\_  
 Date