

**AUDIT COMMITTEE  
APRIL 22, 2010**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>IDAHO PUBLIC TELEVISION &amp; FRIENDS OF IDAHO PUBLIC TELEVISION, INC. - OPERATING AGREEMENT</b>	Motion to approve

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**AUDIT**  
**APRIL 22, 2010**

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**IDAHO PUBLIC TELEVISION**

**SUBJECT**

Idaho Public Television and Friends of Idaho Public Television, Inc. Operating Agreement

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education, Policies and Procedures, Section V.E.

**BACKGROUND/DISCUSSION**

By action of the Board, Idaho Public Television (IPTV) had been designated to accept gifts made for the benefit of public television in the state of Idaho: KAID TV, Channel 4; KISU TV, Channel 10; and KUID TV, Channel 12. In 2007, these separate foundations and friends groups united under the banner of a single board. The configuration is comprised of board leadership from across IPTV's service area of Idaho and 6 surrounding states. The resulting organization is called the Friends of Idaho Public Television, Inc. It is the single organization that receives both annual and long term gifts (including Endowment) to IPTV.

According to Board Policy V.E.3, agencies under the Board's jurisdiction may establish foundations to accept gifts made for the benefit of the agencies' operating purposes. These agencies are subject to the same policies as the institutional foundations. According to Board Policy V.E.2.a.(2), institution foundations "shall be brought into substantial conformance with these policies, and, upon so doing; the institution shall provide prompt notice to the Board in order that the Board may recognize the affiliated foundation. Upon recognition by the Board, the organization of the nonprofit corporation is ratified, validated, and confirmed, and it shall be deemed to have been organized as if its organization had taken place under authority of this policy."

Since the friends groups were consolidated into the new Friends of Idaho Public Television, Inc., the Audit Committee requested IPTV to bring its operating agreement into conformance with Board policy on gifts and affiliated foundations. At its March meeting, the Audit Committee approved the foundation operating agreement between Idaho Public Television and Friends of Idaho Public Television, Inc.

**IMPACT**

The operating agreement between The Friends of Idaho Public Television, Inc. and Idaho Public Television will facilitate the compliance with the Board policies regarding gifts and affiliated foundations and support groups in a manner consistent with State and Federal law and regulations, including applicable Federal Communications Commission ("FCC") regulations.

**ATTACHMENTS**

Attachment 1 – Friends of Idaho Public Television Operating Agreement Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval.

**COMMITTEE ACTION**

A motion to approve the Foundation Operating agreement between Idaho Public Television and Friends of Idaho Public Television, Inc. as submitted, and to direct the General Manager or Board President to execute the Agreement on behalf the Board.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No

OPERATING AGREEMENT BETWEEN THE FRIENDS OF IDAHO PUBLIC  
TELEVISION, INC.

AND

IDAHO PUBLIC TELEVISION, AN ENTITY OF THE STATE BOARD OF EDUCATION  
OF THE STATE OF IDAHO

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**OPERATING AGREEMENT**

**ARTICLE I  
PURPOSE**

The Idaho State Board of Education ("SBOE"), acting pursuant to its constitutional authority and authority otherwise delegated by the State of Idaho has adopted policies regarding gifts to public entities and affiliated foundations with the express objective of preserving and encouraging the operation of recognized foundations associated with the institutions, schools and entities under the Board's governance. Idaho Public Television ("IPTV") is one such entity under the SBOE's governance. The Friends of Idaho Public Television, Inc. ("Friends of IPTV") maintains an endowment and operating funds, hereby referred to as "Endowment" affiliated with IPTV, and otherwise enjoys an ongoing working relationship with IPTV intended to enhance and promote the mission of IPTV in the state of Idaho and throughout its service area. IPTV and the Friends of IPTV adopt this Operating Agreement (the "Agreement") with the intent of complying with the SBOE policies regarding gifts and affiliated foundations and support groups in a manner consistent with State and Federal law and regulations, including applicable Federal Communications Commission ("FCC") regulations.

**ARTICLE II  
INSTITUTIONAL RESOURCES AND SERVICES**

**A. Administrative and Staff Support.**

IPTV shall provide to the Friends of IPTV support staff and administrative services for the general purpose of facilitating the organization and conduct of regular and special board and committee meetings, including administrative support for the preparation of agendas, gathering and distribution of materials in advance of such meetings, minute keeping and organization for such meetings and logistical support including the organization of travel arrangements and accommodations when required. All out of pocket costs for such administrative services shall be borne by the Friends of IPTV, which shall either pay these items directly or reimburse IPTV upon presentation of receipt therefor.

**1. Specific Administrative Support Designations.**

IPTV will provide the specific administrative and support staff services by the employees in the capacities detailed on Schedule II to this Agreement.

**2. Restriction on IPTV Responsibility.**

No employee of IPTV in a key administrative or policy making capacity (including, but not limited to the General Manager of IPTV) shall be permitted to have responsibility or authority for Friends of IPTV policy making, financial oversight, spending authority, or investment decisions unless specifically approved in writing by the Friends of IPTV and the Audit Committee of the State Board of Education. The Friends of IPTV maintains no employees.



**3. Limitation on Functions of General Manager with respect to the Friends of IPTV.**

Unless specifically agreed in writing by the Friends of IPTV and the Audit Committee of the State Board of Education, the responsibilities of any function performed by the General Manager of IPTV with respect to the Friends of IPTV or by any IPTV employee relating to a key administrative or policy making capacity shall be limited to the coordination of institution and affiliated endowment fundraising efforts, and the provision of administrative support to endowment fundraising activities.

**B. Other Institution Resources and Services.**

IPTV will provide to the Friends of IPTV the following resources and services through the employees in the capacities identified in Article II.A.1 including the following: i. Access via reporting functions to IPTV's financial systems to receive, disburse, and account for funds held (with respect to transactions processed through IPTV's financial system, the Friends of IPTV shall comply with the institution's financial and administrative policies and procedures manuals); ii. Accounting services, to include cash disbursements and receipts, accounts receivable and payable, bank reconciliation, reporting and analysis, auditing, payroll, and budgeting; iii. Investment, management, insurance, benefits administration, and similar services; iv. Development services, encompassing research, information systems, donor records, communications, and special events.

**C. Use of Facilities and Equipment.**

IPTV will provide to the Friends of IPTV meeting rooms and other logistical support for the conduct of regular and special meetings of the Friends of IPTV board and committees, including the use of telecommunications equipment such as video microwave interconnect and teleconferencing facilities.

**D. Terms for Institution Cost Recovery.**

Except as provided herein, IPTV does not intend to recover from the Friends of IPTV any costs associated with the provision of personnel, use of facilities or equipment. All personnel, facilities and equipment provided by third parties at an expense to IPTV will be billed to the Friends of IPTV for reimbursement. No payments shall be made directly from the Friends of IPTV directly to IPTV employees in connection with resources or services provided pursuant to this Agreement.

**ARTICLE III  
OPERATION OF ENDOWMENT**

**A. The Friends of IPTV Endowment.**

The Friends of IPTV maintains an endowment fund (the "IPTV Endowment") recognized by the Internal Revenue Service as a tax exempt entity pursuant to section 501(c)(3) of the Internal Revenue Code. All operations of the Friends of IPTV regarding its IPTV Endowment

shall comply with the SBOE's general guidelines for foundations found at SBOE Policies and Procedures Section V.E.2.b. as adopted effective July 1, 2008.

**B. Guidelines for receiving, depositing, disbursing and accounting for all funds, assets, or liabilities of the Endowment.**

The Friends of IPTV maintains guidelines for the IPTV Endowment regarding the receipt, deposit, disbursement and accounting for all fund assets and liabilities consistent with generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). These policies provide that when endowment funds are transferred to IPTV, institution officials into whose department or program endowment funds are transferred shall be informed by the Friends of IPTV of the restrictions, if any, on such funds and shall be responsible both to account for them in accordance with institution policies and procedures, Federal Communications Commission regulations and requirements, and to notify the Friends of IPTV on a timely basis regarding the use of such funds.

**C. Procedures for IPTV Endowment expenditures and financial transactions.**

The Friends of IPTV will comply with its written procedures described in Schedule III.C hereto for all expenditures and financial transactions with IPTV, including the disbursement or disposition of any endowment funds. Except as specifically agreed in writing by the Friends of IPTV, no person with signature authority shall be an IPTV employee in a key administrative or policy making capacity (including, but not limited to, the General Manager or an institution vice president or equivalent position).

**D. Liability Insurance Coverage.**

The Friends of IPTV maintains comprehensive general liability insurance including D&O coverage for the acts and omissions of its board members, officers and employees as described in the policy attached as Schedule III.D.

**E. Endowment Investment Policies.**

The Friends of IPTV maintains a written Endowment Fund Statement of Investment Policy and Fiduciary Management, which is revised from time to time at the direction of the Friends of IPTV board and its standing endowment committee. The current investment policy is attached as Schedule III.E. All investment policies adopted by the Friends of IPTV board and endowment committee are designed to and shall be conducted in accordance with prudent, sound practice to ensure that gift assets are protected and enhanced, and that a reasonable return is achieved, with due regard for the fiduciary responsibilities of the Friends of IPTV board. Moreover, all such investments are and must be consistent with the terms of the gift instrument.

**F. Separation of Funds.**

At no time shall the funds of the IPTV Endowment and IPTV be commingled but to the contrary shall at all times be kept separate in accounts reflecting the ownership of the respective entities.

**G. Organizational Structure of the Friends of IPTV.**

The Friends of IPTV, Inc. is a corporation duly organized and validly existing under the nonprofit corporation act of the State of Idaho. Copies of the Articles of Incorporation and Bylaws of the Friends of IPTV, Inc., are attached hereto as Schedule III.G.

**ARTICLE IV  
IPTV ENDOWMENT RELATIONSHIPS WITH IPTV**

At all times the relationship between the Friends of IPTV and IPTV shall be arms-length and conducted with recognition of the fiduciary duties of the Friends of IPTV to its constituents, and of the IPTV Endowment with regard to State, Federal and FCC laws and regulations.

**A. Access to Friends of IPTV Endowment Books and Records.**

IPTV may access the endowment books and records of the Friends of IPTV solely for the purpose of carrying out the administrative assistance described in Article II.A.1 of this Agreement.

**B. IPTV Input to Friends of IPTV Endowment payout Operating Budget and Capital Expenditures.**

The General Manager of IPTV, or other institution chief executive officer or designee, shall provide recommendations to the Friends of IPTV board for the proposed expenditures from the endowment payout prior to their approval by the Friends of IPTV board. In no event shall these recommendations be deemed binding or controlling on the actions of the Friends of IPTV board.

**C. Supplemental Compensation to Employees of IPTV.**

The Friends of IPTV shall make no supplemental compensation to any employee of IPTV.

**ARTICLE V  
AUDITS AND REPORTING**

**A. Procedure for Conducting Audits.**

The Friends of IPTV shall annually conduct an audit consistent with GAAP and GASB requirements through the services of the State Legislative Auditor. No individual designated by the State Legislative Auditor shall be a member of the board of the Friends of IPTV. The annual audit shall be a full scope audit, performed in accordance with GAAP.

**B. Reporting to IPTV General Manager.**

The Friends of IPTV shall no less frequently than annually report directly in writing to the IPTV General Manager or his designee the following items: Regular financial audit report; Annual report of transfers made to the institution, summarized by department; Annual report of unrestricted funds received, and of unrestricted funds available for use in that fiscal year; A list

of Friends of IPTV officers, directors, and employees; Confirmation that no payments were made to any IPTV employee for supplemental compensation or otherwise; A list of all State and Federal contracts and grants managed by the Friends of IPTV; a report of the Friends of IPTV's major activities; a report of each real estate purchase or material capital lease, investment, or financing arrangement entered into during the preceding fiscal year of the Friends of IPTV for the benefit of the institution; a report of any actual litigation involving the Friends of IPTV during its fiscal year, as well as legal counsel used by the Friends of IPTV for any purpose during such year, including a discussion of any potential or threatened litigation involving the Friends of IPTV or the IPTV Endowment.

**ARTICLE VI  
CONFLICTS OF INTEREST AND CODE OF ETHICS AND CONDUCT**

A copy of the Friends of IPTV Conflicts of Interest policy is found in the Articles and Bylaws attached under Schedule III.G.

**ARTICLE VII  
GENERAL PROVISIONS**

**A. Notices.**

All notices and other communications ("Notices") shall be in writing and may be delivered (i) in person, with the date of notice being the date of personal delivery, (ii) by United States Mail, postage prepaid for certified or registered mail, return receipt requested, with the date of notice being the date of the postmark on the return receipt, (iii) by fax, with confirmation of the transmittal of the fax and a copy of the fax deposited on the same day in the United States Mail, with the date of notice being the date of the fax, (iv) by e-mail, with confirmation of sending of the e-mail and a copy of the e-mail deposited on the same day in the United States Mail, with the date of notice being the date of the e-mail, (v) by nationally recognized delivery service such as Federal Express, with the date of notice being the date of delivery as shown on the confirmation provided by the delivery service.

**B. Severability.**

The invalidity of any portion of this Agreement shall not affect the validity of any other portion of this Agreement.

**C. Counterparts.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

**D. Governing Law.**

This Agreement shall be governed by the substantive laws of the State of Idaho and Federal law and regulations consistent with Federal Communication Commission guidelines applicable to licensees of public television broadcast services.

IDAHO STATE BOARD OF EDUCATION

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

FRIENDS OF IDAHO PUBLIC TELEVISION, INC.

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_  
Eve Chandler  
President

**SCHEDULE II**

Services Provided by Idaho Public Television to the Friends of Idaho Public Television, Inc.:

**Advisory:**

Monitor and advise Friends Board of Directors relating to their activities for compliance with state, federal and private guidelines and regulations.

**Administrative Support:**

Provide general clerical support for board and committee meetings.

**Technical:**

Provide meeting space and technical support for board and committee meetings.

**Financial:**

Provide support for fund raising, deposits and payment of related expenses including board member travel and meeting expenses.

Coordinate and provide administrative support for the annual audit as conducted by the Legislative Auditor.

Maintain financial records as required by state, federal and private entities.

**Other:**

Provide additional support services as mutually agreed upon outside these parameters.

**SCHEDULE III.C**

1. The Friends of IPTV will establish a budget plan on an annual basis for the unrestricted Operating funds. The budget will include any distributions authorized to be made from the Endowment for the fiscal year.
2. Once a budget has been established and authorized by the Friends of IPTV, the Fiscal Affairs manager of IPTV, or designee providing administrative assistance as provided in Article II.A.1, shall have authority to authorize and make expenditures to the extent they fall within the budget and are not unusual in nature. Items that arise during the year under \$10,000 that are not budgeted or that vary significantly from the budget will require approval of the President of the Friends of IPTV. Unexpected costs above \$10,000 will require approval from the Executive Committee of the Friends of IPTV
3. Quarterly financial reports will be provided to the Treasurer and Executive Committee within 30 days of the close of the period. Detailed budget reports will be provided to the Board of Directors at each board meeting. Budget variances of 10% or more will be referenced on budget reports.
4. All checks will require two signatures.

## SCHEDULE III.D

## Carolina Casualty Insurance Company

4600 Touchton Road East, Building 100, Suite 400, Jacksonville, FL 32246

Declarations Page

## Nonprofit Management Liability Insurance

## CLAIMS MADE WARNING FOR DECLARATIONS

NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY "CLAIM" FIRST MADE AGAINST THE INSUREDS AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.

PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Whenever printed in this Declarations Page, the boldface type terms shall have the same meanings as indicated in the Policy.

Item 1. Name and Address of **Named Insured**: Policy Number: 3898834

Friends of Idaho Public Television, Inc.  
1455 North Orchard Street  
Boise, ID 83706

Person designated to receive all correspondence from the **Insurer**:  
Peter Merrill  
General Manager

Item 2. **Policy Period**: From April 29, 2009 (inception date) to April 29, 2010 (expiration date)  
(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured**)

Item 3. Purchased **Coverage Sections**:

Directors, Officers and Organization Liability Insurance Coverage Section:

☒ Yes ☐ No

Employment Practices Liability Insurance Coverage Section:

☒ Yes ☐ No

Fiduciary Liability Insurance Coverage Section:

☐ Yes ☒ No

Item 4. Limits of Liability for the **Policy Period**:

A. Combined Aggregate Limit of Liability for all **Coverage Sections** purchased as indicated above.  
OR

Not Applicable

B. Separate Aggregate Limit of Liability for each **Coverage Section**:

1. Directors, Officers and Organization Liability Insurance Coverage Section:

\$1,000,000

2. Employment Practices Liability Insurance Coverage Section:

\$1,000,000

3. Fiduciary Liability Insurance Coverage Section:

Not Applicable

Item 5. Applicable Deductibles:

1. Directors, Officers and Corporate Liability Insurance Coverage Section:

A. **Insured Person** Non-Indemnifiable:

\$0.

B. **Insured Person** Indemnifiable:

\$0

C. **Insured Entity** Liability:

\$500

2. Employment Practices Liability Insurance Coverage Section:

\$1,000

3. Fiduciary Liability Insurance Coverage Section:

Not Applicable

Item 6. Premium:

\$1,044

Item 7. Extended Reporting Period:

Option 1: 12 months for 40.00 percent of the "full annual premium"

Item 8. Forms and Endorsements attached:

Policy Form: CT 22335 (09-06); NP 23300 (09-06); EPL 23300 (09-06)

265 (01-08)

POLICYHOLDER DISCLOSURE

CT 23110 (03-08)

Nonprofit Management Liability for Foundations

CT 233032 (09-06)

Addition to Section III. B. Deletion of Insured Entity

NP 234010 (09-06)

Addition to Section IV. Additional Exclusions

NP 234400 (09-06)

Addition to Section IV. Broad Intellectual Property Exclusion

Inspection Fee \$

Policy Fee \$

Broker Fee \$ 150.00



**Carolina Casualty Insurance Company**

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Item 9. Notice to the Insurer as provided in sections VII. A. and VII. B. of the Common Policy Terms and Conditions Section of this Policy shall be sent to: Monitor Liability Managers, LLC, Claims Department,  
Address: 2850 West Golf Road, Suite 800, Rolling Meadows, IL 60008-4039  
Fax: (847) 806-4017  
Email: newclaim@monitorliability.com  
All other notices required to be given to the Insurer under this Policy shall be sent to: Monitor Liability Managers, LLC  
Address: 2850 West Golf Road, Suite 800, Rolling Meadows, IL 60008-4039  
Fax: (847) 806-6282

The Nonprofit Management Liability Insurance Policy shall constitute the contract between the Insureds and the Insurer.

Authorized Representative: \_\_\_\_\_



Date Issued: May 27, 2009

**Carolina Casualty Insurance Company**  
 4600 Touchton Road East, Building 100, Suite 400, Jacksonville, FL 32246

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## POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act 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; and to have been committed by an individual or individuals 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. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. 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 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act is \$0.

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
Effective Date of This Endorsement 04/29/2009	Authorized Representative
NP 23300 (09-06)	20188-898834-553320 265 (01-09)

**Carolina Casualty Insurance Company**  
4600 Touchton Road East, Building 100, Suite 400, Jacksonville, FL 32246

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## Nonprofit Management Liability for Foundations

### Common Policy Terms and Conditions Section

In consideration of the premium paid for this **Policy**, it is understood and agreed that:

1. Section II, Extended Reporting Period C, of the Common Policy Terms and Conditions Section this **Policy** is deleted in its entirety and replaced with the following:
  - II. C. Without any additional premium being required, there shall be an automatic extension of the coverage granted by this **Policy** with respect to any **Claim** first made and reported during a period of 90 days after the date upon which the **Policy Period** ends, but only with respect to any **Wrongful Act** fully occurring prior to the end of the **Policy Period** and otherwise covered by this **Policy** and only if there is no other policy or policies that would otherwise provide insurance for such **Wrongful Act**. This 90 day period shall be referred to as the Automatic Extended Reporting Period.
2. Section III, Definitions of the Common Policy Terms and Conditions Section of this **Policy** is amended by the addition of the following:
  - III. **"No Liability"** means with respect to a **Claim** made against the **Insured(s)**:
    1. a final judgment of no liability obtained prior to trial, in favor of all **Insureds**, by reason of a motion to dismiss or a motion for summary judgment, after the exhaustion of all appeals, or
    2. a final judgment of no liability obtained after trial, in favor of all **Insureds**, after the exhaustion of appeals.

In no event shall the term **"No Liability"** apply to a **Claim** made against an **Insured** for which a settlement has occurred.
3. Section IV, Exclusions A, of the Common Policy Terms and Conditions Section of this **Policy** is deleted in its entirety and replaced with the following:
  - IV. A.: based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged nuclear reaction, radiation or contamination, regardless of cause, provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured**.

### Directors, Officers and Organization Liability Insurance Coverage Section

In consideration of the premium paid for this **Policy**, it is understood and agreed that:

1. Section III, Additional Definitions C, **"Damages"** 1, of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is deleted in its entirety and replaced with the following:
  - III. C. 1. taxes, civil or criminal fines, or penalties imposed by law; provided, however, that the **Insurer** will reimburse an **Insured Entity**
    - a. for any employer share of payroll taxes on any portion of damages or settlements which constitute backpay otherwise considered **Damages**, or
    - b. for any 10 percent excess benefit tax penalty assessed by the Internal Revenue Service on any organization manager who participates in an excess benefit transaction, as defined by the Taxpayer Bill of Rights 2 [H.R. 2337], up to a maximum aggregate limit of \$25,000 per **Policy Period** for all **Insureds**, which amount shall be part of and not in addition to the Limits of Liability set forth in Item 4, of the Declarations.

It is further understood and agreed that the **Insurer** shall not be liable for any **Loss** attributable to, or a part of, the 200 percent tax penalty assessed by the Internal Revenue Service for failure to correct the award of an excess benefit tax penalty, and the assessment of a 200 percent tax penalty shall void any coverage extended by this endorsement.

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
Effective Date of This Endorsement 04/29/2009	Authorized Representative
NP 23300 (09-06)	20230-898834- 553320
	CT 231110 (03-08)

**Carolina Casualty Insurance Company**  
4600 Touchton Road East, Building 100, Suite 400, Jacksonville, FL 32246

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**Employment Practices Liability Insurance Coverage Section**

In consideration of the premium paid for this **Policy**, it is understood and agreed that

1. Section IV, Additional Exclusions B, of the Employment Practices Liability Insurance Coverage Section of this **Policy** is deleted in its entirety and replaced with the following:

IV. B.: for any actual or alleged violation of the Employee Retirement Income Security Act of 1974, including amendments thereto; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law;

2. Section V, Limits of Liability and Deductibles of the Common Policy Terms and Conditions Section of this **Policy** is amended by the addition of the following:

V.: No Deductible shall apply, even as to **Costs of Defense**, to any **Claim** which is in the form of a civil action for monetary relief, in which:

1. there is a determination of **No Liability**; or
2. the **Claim** is dismissed or stipulated dismissed without prejudice and without any payment of any consideration by any **Insured**.

If there is a determination of **No Liability** in a **Claim**, the **Insurer** shall reimburse **Costs of Defense** paid by the **Insured** in such **Claim**.

If a **Claim** is dismissed or stipulated dismissed without prejudice and without any payment of any consideration by any **Insured**, the **Insurer** shall reimburse **Costs of Defense** paid by the **Insured** in such **Claim** 90 days after the date of the dismissal or stipulation so long as (i) the **Claim** (or any other **Claim** which together with such **Claim** would be deemed a single **Claim**) is not brought again within such 90 day period and (ii) the **Insured Entity** provides the **Insurer** with a written undertaking in a form satisfactory to the **Insurer** to repay the **Insurer** for such reimbursement in the event the **Claim** (or any other **Claim** which together with such **Claim** would be deemed a single **Claim**) is brought again after such 90 day period and before the expiration of the statute of limitations for such **Claim**.

3. Section VI, Defense, Cooperation and Settlements of the Common Policy Terms and Conditions Section of this **Policy** is amended by the addition of the following:

IV.: In the event of **Loss** arising from any **Claim** for which payment is due under the provisions of this **Policy**, then the **Insurer** shall:

1. first, pay such non-Indemnifiable **Loss** for which coverage is provided under section I, Insuring Agreement of Directors, Officers and Organization Liability Insurance **Coverage Section**; and
2. then, with respect to whatever remaining amount of the applicable Limit of Liability is available after payment of such non-Indemnifiable **Loss**, at the written request of the chief executive officer of the **Named Insured**, either pay or withhold payment of such other **Loss** for which coverage is provided under this **Policy**.

In the event the **Insurer** withholds payment pursuant to subparagraph 2, above, then the **Insurer** shall at such time and in such manner as shall be set forth in written instructions of the chief executive officer of the **Named Insured**, remit such payment to the **Insured Entity** or directly to an individual **Insured Person**.

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
Effective Date of This Endorsement 04/29/2009	Authorized Representative
NP 23300 (09-06)	20230-898834-553320
	CT 231110 (03-08)

**Carolina Casualty Insurance Company**

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4. Section IV, Additional Exclusions H, of the Employment Practices Liability Insurance Coverage Section of this **Policy** is deleted in its entirety and replaced with the following:

IV. H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any federal, state, local or foreign wage and hour laws, including, without limitation, the Fair Labor Standards Act; provided, however, the **Insurer** will pay **Costs of Defense** up to, but in no event greater than \$100,000, for any such **Claims**, without any liability by the **Insurer** to pay such sums that any **Insured** shall become legally obligated to pay as **Damages**, which amount shall be part of and not in addition to the Limits of Liability stated in Item 4, of the Declarations. This exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law or amounts owed under the Equal Pay Act of 1963.

5. Section V, Changes in Exposure A, of the Employment Practices Liability Insurance Coverage Section of this **Policy** is deleted in its entirety and replaced with the following:

V. A. Acquisition or Creation of a Subsidiary

If during this **Policy Period** the **Insured Entity** forms or acquires a **Subsidiary**, then this **Policy** shall provide coverage pursuant to this **Coverage Section**:

1. automatically for an entity whose assets total less than 50 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date; or
2. for an entity whose total assets are equal to or greater than 50 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, but only upon the condition that within 90 days of it becoming a **Subsidiary**, the **Named Insured** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium and/or amendment of the provisions of this **Policy** required by the **Insurer** relating to such new **Subsidiary**. Further coverage as shall be afforded to the new **Subsidiary** is conditioned upon the **Named Insured** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

An entity becomes a **Subsidiary** when the **Insured Entity** owns more than 50 percent of the issued and outstanding voting stock either directly or indirectly through one or more of its **Subsidiaries**. An entity ceases to be a **Subsidiary** when the **Insured Entity** ceases to own more than 50 percent of the issued and outstanding voting stock either directly or indirectly through one or more of its **Subsidiaries**.

In all events, coverage afforded pursuant to this **Coverage Section** with respect to a **Claim** made against a **Subsidiary** shall only apply for **Wrongful Acts** committed or allegedly committed after the effective time that such **Subsidiary** became a **Subsidiary** and prior to the time that such **Subsidiary** ceased to be a **Subsidiary**.

Identity Theft Expense Supplemental Coverage

In consideration of the premium paid for this **Policy**, it is understood and agreed that:

1. Section I, Insuring Agreement of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended as follows:

I. **Identity Theft Expense Coverage**

The **Insurer** shall pay up to a maximum aggregate limit of \$10,000 per **Policy Period** for **Identity Theft Expenses** incurred by any present director, trustee or officer of the **Named Insured** as a direct result of an **Identity Theft** first discovered and reported to the **Insurer** during the **Policy Period**; provided, however, that the **Identity Theft** began to occur subsequent to the inception date of the first Nonprofit Directors, Officers and Organization Liability Insurance Policy issued by the **Insurer** to the **Named Insured**. No Deductible shall apply to this coverage and any payments made hereunder shall not reduce the Limits of Liability stated in Item 4, of the Declarations.

2. Solely for purposes of the coverage provided by this endorsement, section III, Additional Definitions of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended by the addition of the following:

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

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III.: "Identity Theft" means the act of knowingly transferring or using, without lawful authority, a means of identification of a present director, trustee or officer (or spouse thereof) of the **Named Insured** with the intent to commit, aid, or abet any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.

III.: "Identity Theft Expenses" means:

1. the expenses incurred to notarize affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies, or
2. the expenses incurred for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors, or
3. loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information

**Donation Assurance Supplemental Coverage**

In consideration of the premium paid for this **Policy**, it is understood and agreed that:

1. Section I, Insuring Agreement of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended as follows:

1. **Donation Assurance Coverage**

The **Insurer** shall pay up to a maximum aggregate limit of \$10,000 per **Policy Period** for any **Failed Donation Claim** first made to the **Insured Entity** during the **Policy Period** and reported to the **Insurer** in writing during the **Policy Period**. No Deductible shall apply to this coverage and any payments made hereunder shall not reduce the Limits of Liability stated in Item 4. of the Declarations.

2. Solely for purposes of the coverage provided by this item, Section III, Additional Definitions of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended by the addition of the following:

III.: "Failed Donation Claim" means a written notice to the **Insured Entity** of:

1. the bankruptcy or reorganization of any donor whereby such bankruptcy or reorganization prevents the donor from honoring a prior written pledge of funds or other measurable tangible property to the **Insured Entity**; provided, however, the donor must never have been in bankruptcy, or have filed for bankruptcy or reorganization prior to the time the applicable pledge was made to the **Insured Entity**; or
2. the unemployment or incapacitation of a natural person donor lasting at least 60 days and preventing the donor from honoring a pledge made prior to said unemployment or incapacitation of funds or other measurable tangible property to the **Insured Entity**; provided, however, Donation Assurance Coverage shall not apply if either the natural person donor or any **Insureds** had or should have had any reason to believe the natural donor person would become unemployed or incapacitated subsequent to the donation date.

Such coverage for **Failed Donation Claims** for non-cash donations shall be based on the fair market value of the non-cash donation on the date the **Failed Donation Claim** is first made to the **Insured Entity**, and a donation amount which is to be collected by the **Insured Entity** over more than a 12 month period shall be deemed to be a single donation.

It is further understood and agreed such coverage for **Failed Donation Claims** shall not apply to any pledge for funds or other measurable tangible property made to the **Insured Entity** dated prior to April 29, 2009.

**Kidnap Expense Supplemental Coverage**

In consideration of the premium paid for this **Policy**, it is understood and agreed that:

1. Section I, Insuring Agreement of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended as follows:

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
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**I. Kidnap Expense Coverage**

The **Insurer** shall pay up to a maximum aggregate limit of \$50,000 per **Policy Period** for **Kidnap Expenses** incurred by the **Insured Entity** or any **Insured Person** resulting from **Kidnapping** during the **Policy Period**. No Deductible shall apply to this coverage and any payments made hereunder shall not reduce the Limits of Liability stated in Item 4. of the Declarations.

2. Solely for purposes of the coverage provided by this item, section III, Additional Definitions of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended by the addition of the following:

III.: "**Kidnapping**" or "**Kidnapped**" means the wrongful abduction and holding, under duress or by fraudulent means, of an **Insured Person** by a person or group, whether acting alone or in collusion with others, that includes a demand for payment by an **Insured** in exchange for the release of the **Insured Person**. **Kidnapping** shall not include the wrongful abduction of any **Insured Person** by or at the direction of any present or former family member of any **Insured Person**.

III.: "**Kidnap Expenses**" means the reasonable fees and expenses for, or the cost of:

1. an independent negotiator or security consultant retained with prior written approval of the **Insurer**, or
2. interest on any loan taken by the **Named Insured** for property or other consideration surrendered as payment of a **Kidnapping** demand, or
3. travel and accommodations incurred by the **Insured Entity** which become necessary due to the applicable **Kidnapping**, or
4. a reward paid by the **Insured Entity** which is pre-approved by the **Insurer**, to an informant for information not otherwise available which leads to the arrest and conviction of persons responsible for the applicable **Kidnapping** or
5. the current salary to a director, trustee or officer of the **Insured** who is **Kidnapped**, provided, however, that they are held for more than 30 days; Salary shall be paid for a period commencing upon the abduction and ceasing upon the earliest of either the release of the employee or discovery of death of the employee, or 120 days after the **Insurer** receives the last credible evidence that the employee is still alive, or 12 months after the date of **Kidnapping** or the exhaustion of the Kidnap Expense Coverage limit, whichever comes first.

3. Solely for purposes of the coverage provided by this item, section III, Additional Definitions D. "**Insured Person(s)**" of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is deleted in its entirety and replaced with the following:

III. D. "**Insured Person(s)**" means any past, present or future duly elected or appointed directors, trustees, and officers of the **Insured Entity**. In the event that the **Insured Entity** operates outside the United States, then the term **Insured Persons** also means those titles, positions or capacities in such foreign **Insured Entity** which is equivalent to the position of a director, trustee or officer in an entity incorporated within the United States. Coverage will automatically apply to all new **Insured Persons** after the **Policy** inception date. **Insured Person(s)** also means the lawful spouse, parent, child, or domestic partner of an **Insured Person**.

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
Effective Date of This Endorsement 04/29/2009	Authorized Representative
NP 23300 (09-06)	20230-898834-553320
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**Addition to Section III. B.  
Deletion of Insured Entity**

In consideration of the premium paid for this **Policy**, it is understood and agreed that section III. Definitions B. **Insured Entity** of the Common Policy Terms and Conditions Section of this **Policy** is amended by the addition of the following:

III. B.: It is further understood and agreed that **Insured Entity** shall not include:

Idaho Public Television

Idaho State Board of Education

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.		Policy Number 3898834
Effective Date of This Endorsement 04/29/2009		Authorized Representative
NP 23300 (09-06)	18287-898834-553320	CT 233032 (09-06)



**CAROLINA CASUALTY INSURANCE COMPANY**

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**Addition to Section IV.  
Additional Exclusions**

In consideration of the premium paid for this **Policy**, it is understood and agreed that section IV, Additional Exclusions of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended as follows:

1. Section IV, Additional Exclusions of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended by the addition of the following:
  - IV.1. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the performance of any professional services for others, and caused by any act, error or omission.

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
Effective Date of This Endorsement 04/29/2009	Authorized Representative
[NP 23300]	

NP 234010 (09-06)

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### Addition to Section IV. Broad Intellectual Property Exclusion

In consideration of the premium paid for this **Policy**, it is understood and agreed that:

1. Section IV. Additional Exclusions of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is amended by the addition of the following:
  - IV. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged:
    1. plagiarism or piracy, or
    2. infringement of copyright, patent, title or slogan, or
    3. idea misappropriation, or
    4. intellectual property rights.
2. Section III. Additional Definitions H. "**Personal Injury**" of the Directors, Officers and Organization Liability Insurance Coverage Section of this **Policy** is deleted in its entirety and replaced with the following:
  - III. H. "**Personal Injury**" means any actual or alleged defamation, invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, or malicious prosecution.

Whenever printed in this Endorsement, the boldface type terms shall have the same meanings as indicated in the Policy Form. All other provisions of the Policy remain unchanged.

Insured Friends of Idaho Public Television, Inc.	Policy Number 3898834
Effective Date of This Endorsement 04/29/2009	Authorized Representative
NP 23300 (09-06)	18486-898834-553320
	NP 234400 (09-06)

*Directors, Officers and Organization Liability  
Insurance Coverage Section*

**NP**

**Carolina Casualty  
Insurance Company**

**THIS IS A CLAIMS MADE POLICY.  
PLEASE READ IT CAREFULLY.**

## Carolina Casualty Insurance Company

## CLAIMS MADE WARNING FOR POLICY

NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY "CLAIM" FIRST MADE AGAINST THE INSUREDS AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.

PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

In consideration of the payment of the premium, in reliance on all statements in the **Proposal** and all other information provided to the **Insurer**, and subject to all provisions of this **Policy**, the **Insurer** and **Insureds** agree as follows:

## I. Insuring Agreement

## Directors, Officers and Organization Liability Insurance

This **Policy** shall pay on behalf of the **Insureds** all **Loss** arising from any **Claim** first made against the **Insureds** during the **Policy Period** and reported to the **Insurer** in writing during the **Policy Period** or within 90 days thereafter, for any **Wrongful Act**.

## II. Extended Reporting Period

Refer to Common Policy Terms and Conditions Section.

## III. Additional Definitions

In addition to the Definitions listed in section III of the Common Policy Terms and Conditions Section, whenever printed in boldface type, and whether in the singular or plural form, in this **Coverage Section** the following terms shall have the meanings indicated below.

- A. "**Claim(s)**" means a written demand for monetary or non-monetary relief including, but not limited to, a civil, criminal, administrative, or arbitration proceeding, provided, however, the term **Claim** shall not include any grievance or arbitration subject to a collective bargaining agreement. A **Claim** shall be deemed to have been first made at the time notice of the **Claim** is first received by any **Insured**.
- B. "**Costs of Defense**" means reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of a covered or potentially covered **Claim** against the **Insureds**, but excluding salaries, wages, overhead or benefit expenses associated with any **Insured**, or any amount covered by the duty to defend obligation of any other insurer.
- C. "**Damages**" means a monetary judgment, award or settlement, pre-judgment interest and post-judgment interest, provided, however, **Damages** shall not include:
  - 1. taxes, civil or criminal fines, or penalties imposed by law, or
  - 2. costs incurred by any **Insured** to make any building or property more accessible or accommodating to any disabled person, or
  - 3. commissions, bonuses, profit sharing or severance payments, or
  - 4. any matter deemed uninsurable under the law pursuant to which this **Policy** shall be construed.

**Damages** also means, where insurable, liquidated, punitive, or exemplary damages, or any multiplied damages award in excess of the amount so multiplied. Such coverage for liquidated, punitive, exemplary or multiplied damages is part of and not in addition to the Limit of Liability, and any payment of such damages shall serve to reduce the Limit of Liability. Only for the purpose of resolving any dispute between the **Insurer** and the **Insured** regarding whether such liquidated, punitive, exemplary or multiplied damages are insurable under this **Policy**, the law of the jurisdiction most favorable to the insurability of those damages shall control, provided that such jurisdiction is where:

- 1. those damages were awarded or imposed, or
  - 2. any **Wrongful Act** occurred for which such damages were awarded or imposed, or
  - 3. the **Insured** resides, is incorporated or has its principal place of business, or
  - 4. the **Insurer** is incorporated or has its principal place of business.
- D. "**Insured Person(s)**" means any past, present or future duly elected or appointed directors, trustees, officers, employees (including part time, seasonal and temporary individuals), volunteers, or committee or staff members of the **Insured Entity**. In the event that the **Insured Entity** operates outside the United States, then the term **Insured Persons** also means those titles, positions or capacities in such foreign **Insured Entity** which is equivalent to the position of a director, trustee or officer in an entity incorporated within the United States. Coverage will automatically apply to all new **Insured Persons** after the **Policy** inception date.

### Carolina Casualty Insurance Company

This **Coverage Section** shall cover **Loss** arising from a **Claim** made against the estates, heirs, or legal representatives of deceased **Insured Persons**, and the legal representatives of **Insured Persons** in the event of incompetency, insolvency or bankruptcy, who were **Insured Persons** at the time the **Wrongful Act** upon which such **Claims** are based were committed.

This **Coverage Section** shall cover **Loss** arising from a **Claim** made against the lawful spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) of an individual **Insured Person** for a **Claim** arising solely out of his or her status as the spouse of an individual **Insured Person**, including a **Claim** that seeks damages recoverable from marital community property, property jointly held by the individual **Insured Person** and the spouse, or property transferred from the individual **Insured Person** to the spouse; provided, however, this extension shall not afford coverage for any **Claim** for any **Wrongful Act** of the spouse, but shall apply only to **Claims** arising out of any **Wrongful Act** of an individual **Insured Person**.

- E. **"Insured(s)"** means any **Insured Person** or any **Insured Entity**.
- F. **"Loss"** means **Damages** and **Costs of Defense**.
- G. **"Outside Entity"** means:
  - 1. a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, including amendments thereto, or
  - 2. any other entity organized for a religious or charitable purpose under any nonprofit organization act or statute, or
  - 3. any other entity, partnership, joint venture or other organization listed by endorsement to this **Policy**.
- H. **"Personal Injury"** means any actual or alleged defamation, invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, infringement of copyright or trademark, unauthorized use of title, plagiarism, or misappropriation of ideas.
- I. **"Related Wrongful Act(s)"** means **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.
- J. **"Wrongful Act(s)"** means:
  - 1. with respect to individual **Insured Persons**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Insured Persons** of an **Insured Entity** in their respective capacities as such, or any matter claimed against them by reason of their status as **Insured Persons** of an **Insured Entity**, or any matter claimed against them arising out of their serving as a director, officer, trustee, or governor of an **Outside Entity** in such capacities, but only if such service is at the specific request or direction of the **Insured Entity**, or
  - 2. with respect to an **Insured Entity**, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the **Insured Entity**, or
  - 3. any **Personal Injury**.

#### IV. Additional Exclusions

In addition to the Exclusions listed in section IV. of the Common Policy Terms and Conditions Section, the **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured**:

- A. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the gaining of any profit or advantage to which an **Insured** was not legally entitled; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** gained such profit or advantage to which an **Insured** was not legally entitled;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any criminal or deliberate fraudulent act; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** committed such criminal or deliberate fraudulent act;
- C. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving payments to an **Insured** of any remuneration without the previous approval of the governing bodies of the **Insured Entity**, which payment without such previous approval shall be held to have been illegal; provided, however, this exclusion shall not apply unless a judgment or other final adjudication adverse to any of the **Insureds** in such **Claim** shall establish that such **Insureds** received such payments;

[Provided, however, that with respect to Additional Exclusions A., B. and C., the **Insurer** will provide a defense for any such **Claims**, without any liability by the **Insurer** to pay such sums that any **Insured** shall become legally obligated to pay as **Damages**.]

- D. for
  - 1. physical injury to or destruction of any tangible property, including the loss of use thereof, or
  - 2. bodily injury, sickness, disease, death, assault or battery of any person;

### Carolina Casualty Insurance Company

- E. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Employee Retirement Income Security Act of 1974, including amendments thereto;
  - F. by, on behalf of, or in the right of the **Insured Entity** in any capacity; provided, however, this exclusion does not apply to any **Claim** that is a derivative action brought or maintained on behalf of the **Insured Entity**, but only if such **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or participation of, or intervention of any **Insured**
  - G. which is insured in whole or in part by another valid policy, except with respect to any excess beyond the amount or amounts of coverage under such other policy whether such other policy is stated to be primary, contributory, excess, contingent or otherwise;
  - H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any **Wrongful Act** of the **Insured Persons** serving in their capacities as directors, officers, trustees, employees, members or governors of any other entity other than an **Insured Entity** or an **Outside Entity**, or by reason of their status as directors, officers, trustees, employees, members or governors of such other entity;
  - I. for any **Wrongful Act** arising out of an **Insured** serving as a director, officer, trustee, employee, member or governor of an **Outside Entity**:
    - 1. if such **Claim** is brought by the **Outside Entity** or any of its directors or officers, or by any security holder of the **Outside Entity**, whether directly or derivatively, unless such security holders **Claim** is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or participation of, or intervention of the **Outside Entity**, any of its Directors or officers, or any **Insured**, or
    - 2. if such **Wrongful Act** occurred prior to the inception date of the first Nonprofit Directors, Officers and Organization Liability Insurance Policy issued by the **Insurer** to the **Named Insured**, which has been continuously renewed and maintained in effect to the inception of this **Policy Period**, or
    - 3. to the extent such **Insured** is indemnified for such **Loss** by such **Outside Entity**, and (if applicable) which is insured in whole or in part under any policy issued to or for the benefit of any **Outside Entity** or its directors or officers, then this **Policy** shall apply only to **Loss** excess over such indemnification and insurance (if applicable);
  - J. based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any past, present or future actual or potential employment relationship;
  - K. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
    - 1. any **Wrongful Act** alleged in any claim which has been reported, or in any circumstance of which notice has been given, prior to the **Policy Period** under any other policy, or
    - 2. any other **Wrongful Act** whenever occurring, which together with a **Wrongful Act** which has been the subject of such claim or notice, would constitute **Related Wrongful Acts**;
  - L. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any federal, state, local or foreign wage and hour laws, including, without limitation, the Fair Labor Standards Act;
  - M. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged breach of any oral or written contract or agreement, provided, however, this exclusion shall not apply to any **Claim** made against any **Insured Person** or to the extent that an **Insured Entity** would have been liable in the absence of the contract or agreement.
- [The **Wrongful Act** of an **Insured** shall not be imputed to any other **Insured** for the purpose of determining the applicability of the Exclusions.]

## Carolina Casualty Insurance Company

### V. Changes in Exposure

#### A. Acquisition or Creation of a Subsidiary

If during this **Policy Period** the **Insured Entity** forms or acquires a **Subsidiary**, then this **Policy** shall provide coverage pursuant to this **Coverage Section**:

- 1 automatically for an entity whose assets total less than 35 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, or
- 2 for an entity whose total assets are equal to or greater than 35 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, but only upon the condition that within 90 days of it becoming a **Subsidiary** the **Named Insured** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium and/or amendment of the provisions of this **Policy** required by the **Insurer** relating to such new **Subsidiary**. Further coverage as shall be afforded to the new **Subsidiary** is conditioned upon the **Named Insured** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

An entity becomes a **Subsidiary** when the **Insured Entity** has or controls the right to elect or appoint more than 50 percent of the Board of Directors (or other governing body) either directly or indirectly through one or more of its **Subsidiaries**. An entity ceases to be a **Subsidiary** when the **Insured Entity** ceases to control the right to elect or appoint more than 50 percent of the Board of Directors (or other governing body) either directly or indirectly through one or more of its **Subsidiaries**.

In all events, coverage afforded pursuant to this **Coverage Section** with respect to a **Claim** made against a **Subsidiary** shall only apply for **Wrongful Acts** committed or allegedly committed after the effective time that such **Subsidiary** became a **Subsidiary** and prior to the time that such **Subsidiary** ceased to be a **Subsidiary**.

In witness whereof, the **Insurer** has caused this **Policy** to be signed by its President and Chief Executive Officer and Secretary, but this **Policy** shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the **Insurer**.



President and Chief Executive Officer



Secretary



*Common Policy Terms and Conditions Section*

**NP**

Carolina Casualty  
Insurance Company

THIS IS A CLAIMS MADE POLICY.  
PLEASE READ IT CAREFULLY.



## Carolina Casualty Insurance Company

## CLAIMS MADE WARNING FOR POLICY

NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY "CLAIM" FIRST MADE AGAINST THE INSUREDS AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.

PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

In consideration of the payment of the premium, in reliance on all statements in the **Proposal** and all other information provided to the **Insurer**, and subject to all provisions of this **Policy**, the **Insurer** and **Insureds** agree as follows:

## I. Common Policy Terms and Conditions Section

The Common Policy Terms and Conditions Section of this **Policy** shall apply to all **Coverage Sections**. Unless stated to the contrary in any **Coverage Section**, the terms and conditions of each **Coverage Section** of this **Policy** shall apply only to that **Coverage Section** and shall not apply to any other **Coverage Section** of this **Policy**. If any provision in the Common Policy Terms and Conditions Section is inconsistent or in conflict with the terms and conditions of any **Coverage Section**, the terms and conditions of such **Coverage Section** shall control for the purposes of that **Coverage Section**. Any defined term referenced in this Common Policy Terms and Conditions Section and also defined in a **Coverage Section** shall, for the purposes of coverage under that **Coverage Section**, have the meaning set forth in that **Coverage Section**.

## II. Extended Reporting Period

- A. If the **Named Insured** cancels or if the **Insurer** or the **Named Insured** refuses to renew this **Policy**, then the **Named Insured** shall have the right, upon payment of the appropriate percentage of the "full annual premium", as stated in Item 7, of the Declarations, to an extension of the coverage granted by this **Policy** with respect to any **Claim** first made and reported during the appropriate period of months, as stated in Item 7, of the Declarations, after the date upon which the **Policy Period** ends, but only with respect to any **Wrongful Act** fully occurring prior to the end of the **Policy Period** and otherwise covered by this **Policy**. Such period of months shall be referred to as the Extended Reporting Period. As used herein, "full annual premium" means the premium level in effect immediately prior to the end of the **Policy Period** for all **Coverage Sections** purchased as part of this **Policy**. The rights contained in this paragraph shall terminate, however, unless written notice of such election together with the additional premium due is received by the **Insurer** within 30 days of the effective date of cancellation or non-renewal.
- B. The additional premium for the Extended Reporting Period shall be fully earned at the inception of the Extended Reporting Period. The Extended Reporting Period is not cancelable.
- C. Without any additional premium being required, there shall be an automatic extension of the coverage granted by this **Policy** with respect to any **Claim** first made and reported during a period of 60 days after the date upon which the **Policy Period** ends, but only with respect to any **Wrongful Act** fully occurring prior to the end of the **Policy Period** and otherwise covered by this **Policy** and only if there is no other policy or policies that would otherwise provide insurance for such **Wrongful Act**. This 60 day period shall be referred to as the Automatic Extended Reporting Period.

## III. Definitions

Whenever printed in boldface type and whether in the singular or plural form in this **Policy**, the following terms shall have the meanings indicated below.

- A. "**Coverage Section(s)**" means, individually or collectively, the purchased **Coverage Sections** listed in Item 3, of the Declarations and attached hereto.
- B. "**Insured Entity**" means the **Named Insured** and any **Subsidiary**.
- C. "**Insurer**" means the entity issuing this **Policy** as listed on the Declarations Page.
- D. "**Named Insured**" means the entity designated in Item 1, of the Declarations.
- E. "**Policy**" means, collectively, the Declarations, the Common Policy Terms and Conditions Section, the **Coverage Sections**, and the **Proposal**.
- F. "**Policy Period**" means the period of time from the inception date shown in Item 2, of the Declarations to the earlier of the expiration date shown in Item 2, of the Declarations or the effective date of cancellation of this **Policy**.
- G. "**Proposal**" means the Proposal Form(s) and any material submitted therewith.

**Carolina Casualty Insurance Company****H. "Subsidiary(ies)" means:**

1. an entity which qualifies as a nonprofit organization under Section 501(c)(3), (c)(4), (c)(6), (c)(7), (c)(8), (c)(10), or (c)(13) of the Internal Revenue Code of 1986, including amendments thereto and which the **Named Insured** has or controls the right to elect or appoint more than 50 percent of the Board of Directors (or other governing body) on or before the inception of the **Policy Period**. The term **Subsidiary** shall not mean any political committee organized pursuant to Section 432 of the Federal Election Campaign Act of 1971, including amendments thereto, or
2. an entity, subject to the terms of section V. A. of the **Coverage Section(s)**, that the **Insured Entity** forms or acquires during the **Policy Period**.

**IV. Exclusions**

The **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured**:

- A. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged nuclear reaction, radiation or contamination, regardless of cause;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged seepage, pollution or contamination of any kind.

**V. Limits of Liability and Deductibles**

- A. The Limits of Liability stated in Item 4. of the Declarations are the limits of the **Insurer's** liability for all **Damages** arising out of all **Claims** first made against the **Insureds** during the **Policy Period**, and any Extended Reporting Period(s) that may apply under the applicable **Coverage Sections**. The Limit of Liability for any Extended Reporting Period(s) that may apply shall be part of, and not in addition to, the applicable Limits of Liability stated in Item 4. of the Declarations. In the event the applicable Limits of Liability stated in Item 4. of the Declarations are exhausted by payment of **Damages**, or have been tendered to or on behalf of the **Insured**, then any and all obligations of the **Insurer** hereunder shall be deemed to be completely fulfilled and extinguished.
- B. If the Combined Aggregate Limit of Liability for all **Coverage Sections** is purchased as stated in Item 4. A. of the Declarations, then the maximum limit of the **Insurer's** liability for all **Damages** arising out of all **Claims** first made against the **Insureds** during the **Policy Period**, and any Extended Reporting Period(s) that may apply under all **Coverage Sections** shall not exceed the Combined Aggregate Limit of Liability stated in Item 4. A. of the Declarations.
- C. If the Separate Aggregate Limit of Liability for each **Coverage Section** is purchased as stated in Item 4. B. of the Declarations, then the maximum limit of the **Insurer's** liability for all **Damages** arising out of all **Claims** first made against the **Insureds** during the **Policy Period**, and any Extended Reporting Period(s) that may apply shall not exceed the Separate Aggregate Limit of Liability for each applicable **Coverage Section** stated in Item 4. B. of the Declarations.  
In the event a **Claim** is covered under more than one **Coverage Section**, and such **Coverage Sections** include the Employment Practices Liability Insurance **Coverage Section**, then any **Damages** for such **Claim** shall be covered first as provided in, and shall be subject to the available Limit of Liability applicable to, the Employment Practices Liability Insurance **Coverage Section**. Any remaining **Damages** for such **Claim** that is covered by any other **Coverage Section(s)** of this **Policy**, and is not paid under the Employment Practices Liability Insurance **Coverage Section**, shall be covered as provided in, and shall be subject to, the remaining Limit of Liability applicable to the appropriate **Coverage Section(s)**. However, the remaining Limit of Liability of the applicable **Coverage Section(s)** for such **Claim** shall be reduced by the amount of **Damages** paid under the Employment Practices Liability **Coverage Section**.  
In the event a **Claim** is covered under more than one **Coverage Section**, and the Employment Practices Liability Insurance **Coverage Section** does not apply, then the highest remaining applicable Limit of Liability, at the time the **Claim** is first made, shall apply.
- D. **Costs of Defense** shall be separate and in addition to the applicable Limits of Liability stated in Item 4. of the Declarations. Payment of **Costs of Defense** shall not reduce the applicable Limits of Liability stated in Item 4. of the Declarations.
- E. The applicable Deductible amount stated in Item 5. of the Declarations shall be borne by the **Named Insured** and shall apply to each and every **Claim**. The applicable Deductible shall not apply to **Damages**, but shall only apply to **Costs of Defense**. In the event a **Claim** is covered under more than one **Coverage Section** or multiple parts of one **Coverage Section**, the largest applicable Deductible shall apply.
- F. If the **Insurer** advances any **Costs of Defense** within the applicable Deductible, the **Named Insured** shall, upon written demand, reimburse the **Insurer** for such amounts within 30 days. If the **Named Insured** fails to pay the applicable Deductible, then all **Insureds** shall be jointly and severally obligated to pay the Deductible. Any funds so advanced by the **Insurer** shall serve to reduce the Limit of Liability to the extent that they are not repaid to the **Insurer**. If the **Insurer** brings suit to collect the Deductible, then the **Insured** responsible to pay the applicable Deductible also shall pay the legal fees, costs and expenses incurred by the **Insurer** to collect the Deductible.

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### VI. Defense, Cooperation and Settlements

- A. An **Insured** shall not admit liability, enter into any settlement agreement, stipulate to any judgment, agree to arbitration, or incur **Costs of Defense** without the **Insurer's** prior written consent. The **Insurer's** consent shall not be unreasonably withheld, provided that the **Insurer** shall be entitled to full information and all particulars it may request in order to reach a decision regarding such consent. Any **Loss** incurred and settlements agreed to prior to the **Insurer** giving its consent shall not be covered hereunder.
- B. The **Insurer** shall have the right and the duty to defend any **Claim** for **Damages** which are covered by this **Policy**. The **Insurer's** right and duty to defend any **Claim** shall end when the applicable Limits of Liability stated in Item 4 of the Declarations has been exhausted by the payment of **Damages**, or has been tendered to, or on behalf of, the **Insured** or to a court of competent jurisdiction. The **Insurer** has no obligation to provide **Costs of Defense** for any **Claim** for **Damages** not covered by this **Policy**.
- C. Each **Insured** shall cooperate with the **Insurer** in the defense and settlement of any **Claim**, and in enforcing any right of contribution or indemnity against any person or organization that may be liable to the **Insured**, at no cost to the **Insurer**. Upon the request of the **Insurer**, the **Insured** shall submit to examination and interrogation, under oath if required by a representative of the **Insurer**, and shall attend hearings, depositions and trials, assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, as well as giving written statements to the **Insurer's** representatives, and meeting with such representatives for purposes of investigation or defense, all without charge to the **Insurer**.
- D. The **Insurer** shall not settle any **Claim** without the **Named Insured's** consent. If, however, the **Named Insured** shall refuse to consent to any settlement recommended by the **Insurer**, which is acceptable to the claimant, and shall elect to contest the **Claim**, or continue any civil, criminal, administrative, or arbitration proceedings in connection with such **Claim**, then the **Insurer's** liability for the **Claim** shall be the amount for which the **Claim** could have been settled, including **Costs of Defense** incurred up to the date of such refusal, and 70 percent of such **Loss** excess of the amount for which the **Claim** could have been settled. It is a condition of this insurance that the remaining 30 percent of such **Loss** shall be borne by the **Insureds** at their own risk. Such amounts are subject to the provisions of section V. of the Common Policy Terms and Conditions Section of this **Policy**.

### VII. Notice of Claim and Multiple Claims

- A. As a condition precedent to their rights under this **Policy**, an **Insured** shall give the **Insurer** written notice of any **Claim** as soon as practicable, but in no event later than 90 days after such **Claim** is first made.
- B. If during the **Policy Period** or any Extended Reporting Period(s) that may apply the **Insureds** become aware of any fact, circumstance or situation which may reasonably be expected to give rise to a **Claim** being made against any **Insured** and shall give written notice to the **Insurer**, as soon as practicable (but prior to the expiration of or cancellation of the **Policy**), of:
  1. the specific fact, circumstance or situation, with full details as to dates, persons, and entities involved; and
  2. the injury or damages which may result therefrom; and
  3. the circumstances by which the **Insured** first became aware thereof;
 then any **Claim** subsequently made arising out of such fact, circumstance or situation shall be deemed to have been made when notice was first given to the **Insurer**.
- C. All **Claims** based upon or arising out of the same **Wrongful Act** or any **Related Wrongful Acts**, or one or more series of any similar, repeated or continuous **Wrongful Acts** or **Related Wrongful Acts**, shall be considered a single **Claim**. Each **Claim** shall be deemed to be first made at the earliest of the following times:
  1. when the earliest **Claim** arising out of such **Wrongful Act** or **Related Wrongful Acts** is first made, or
  2. when notice pursuant to section VII. B. above of a fact, circumstance or situation giving rise to such **Claim** is given.
- D. In addition to furnishing the notice as provided in sections VII. A. and VII. B. above, the **Insureds** shall give the **Insurer** such information and cooperation as it may reasonably require and shall, as soon as practicable, furnish the **Insurer** with copies of reports, investigations, pleadings and other papers in connection therewith.

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### VIII. General Conditions

#### A. Termination of Policy and Non-Renewal

1. This **Policy** shall terminate at the earliest of the following times:
  - a. upon the receipt by the **Insurer** of written notice of cancellation from the **Named Insured**;
  - b. upon expiration of the **Policy Period** as set forth in Item 2. of the Declarations;
  - c. at such other time as may be agreed between the **Named Insured** and the **Insurer**; or
  - d. upon written notice by the **Insurer** of cancellation for non-payment of premium.
2. The **Insurer** may not cancel this **Policy** except for non-payment of any premium when due. The **Insurer** shall provide at least 20 days written notice to the **Named Insured** prior to any cancellation for non-payment of any premium.
3. If this **Policy** is cancelled by the **Named Insured**, the **Insurer** shall retain the customary short rate proportion of the premium herein. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.
4. If the **Insurer** decides not to renew this **Policy**, the **Insurer** shall provide written notice to the **Named Insured** at least 60 days prior to the end of the **Policy Period**. The notice shall include the reason for such non-renewal.
5. Any notices to be given to the **Named Insured** under this section VIII. shall be provided to the **Named Insured** at the last known principal address and to its insurance agent or broker. The mailing by certified mail of such notice shall be sufficient.

#### B. Proposal

The **Proposal** is the basis of this **Policy** and is incorporated in and constitutes a part of this **Policy**. A copy of the Proposal Form(s) is attached hereto. Any material submitted with the Proposal Form(s) shall be maintained on file with the **Insurer** and shall be deemed to be attached hereto as if physically attached. It is agreed by the **Insureds** that the statements in the **Proposal** are their representations, that they are material and that this **Policy** is issued in reliance upon the truth of such representations. With respect to such statements and representations, no knowledge or information possessed by any **Insureds** shall be imputed to any other **Insureds**.

If any person or persons knew as of the **Policy** inception date that such declarations and statements contained in the Proposal Form(s) were untrue, inaccurate or incomplete, then this **Policy** will be void as to that person or persons.

However, if the Chairperson of the Board of Directors, President, Chief Executive Officer, or Executive Director of the **Insured Entity** knew as of the **Policy** inception date that such declarations and statements contained in the Proposal Form(s) were untrue, inaccurate or incomplete, then this **Policy** will be void as to that person or persons and the **Insured Entity**.

#### C. Action Against the Insurer

No action shall lie against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this **Policy**, nor until the amount of the **Insureds'** obligation to pay shall have been finally determined either by judgment against the **Insureds** after actual trial or by written agreement of the **Insureds**, the claimant and the **Insurer**.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this **Policy** to the extent of the insurance afforded by this **Policy**. No person or organization shall have any right under this **Policy** to join the **Insurer** as party to any action against the **Insureds** to determine the **Insureds'** liability, nor shall the **Insurer** be impleaded by the **Insureds** or their legal representatives. Bankruptcy or insolvency of the **Insureds** or of their estates shall not relieve the **Insurer** of any of its obligations hereunder.

#### D. Changes in Exposure

If during this **Policy Period** the **Named Insured** shall consolidate or merge with or into, or sell all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert (herein referred to as "Transaction") then, this **Policy** shall continue in full force and effect as to any **Wrongful Acts** fully occurring prior to the Transaction, but there shall be no coverage afforded by any provision of this **Policy** for any actual or alleged **Wrongful Acts** occurring after the Transaction. This **Policy** may not be cancelled following a Transaction and the entire premium for this **Policy** shall be deemed fully earned as of the Transaction. The **Named Insured** shall give the **Insurer** written notice of the Transaction as soon as practicable but not later than 30 days after the Transaction.

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### E. Subrogation

In the event of any payment under this **Policy**, the **Insurer** shall be subrogated to the extent of such payment to all the **Insureds'** rights of recovery thereof, and the **Insureds** shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the **Insurer** to effectively bring suit in the name of the **Insureds**. In no event, however, shall the **Insurer** exercise its rights of subrogation against an **Insured** under this **Policy** unless such **Insured** has been convicted of a criminal act, or been judicially determined to have committed a deliberate fraudulent act, or obtained any profit or advantage to which such **Insured** was not legally entitled.

### F. Assignment

This **Policy** and any and all rights hereunder are not assignable without the written consent of the **Insurer**.

### G. Entire Agreement

By acceptance of this **Policy**, the **Insureds** and the **Insurer** agree that this **Policy** and any written endorsements attached hereto constitute the entire agreement between the parties.

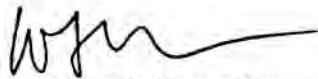
### H. Representation by Named Insured

It is agreed that the **Named Insured** shall act on behalf of its **Subsidiaries** and all **Insureds** with respect to the giving and receiving of notices, the payment of premiums and the receiving of any return premiums that may become due under this **Policy**, the receipt and acceptance of any endorsements issued to form a part of this **Policy** and the exercising or declining to exercise any right to an Extended Reporting Period.

### I. Coverage Territory

This **Policy** applies to any **Wrongful Act** taking place anywhere in the world.

In witness whereof, the **Insurer** has caused this **Policy** to be signed by its President and Chief Executive Officer and Secretary, but this **Policy** shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the **Insurer**.



President and Chief Executive Officer



Secretary

*Employment Practices Liability Insurance  
Coverage Section*

**NP**

Carolina Casualty  
Insurance Company

THIS IS A CLAIMS MADE POLICY.  
PLEASE READ IT CAREFULLY.



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**Carolina Casualty Insurance Company**


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**CLAIMS MADE WARNING FOR POLICY**


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**NOTICE: THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE AND REPORTED BASIS. SUBJECT TO ITS TERMS, THIS POLICY APPLIES ONLY TO ANY "CLAIM" FIRST MADE AGAINST THE INSUREDS AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD THAT MAY APPLY.**

**PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

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In consideration of the payment of the premium, in reliance on all statements in the **Proposal** and all other information provided to the **Insurer**, and subject to all provisions of this **Policy**, the **Insurer** and **Insureds** agree as follows:

**I. Insuring Agreement**


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**Employment Practices Liability Insurance**

This **Policy** shall pay on behalf of the **Insureds** all **Loss** arising from any **Claim** first made against the **Insureds** during the **Policy Period** and reported to the **Insurer** in writing during the **Policy Period** or within 90 days thereafter, for any **Wrongful Act**.

**II. Extended Reporting Period**


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In addition to section II. Extended Reporting Period of the Common Policy Terms and Conditions Section, the following shall apply:

If the **Named Insured** cancels or refuses to renew this **Coverage Section**, then without any additional premium being required, there shall be an automatic extension of the coverage granted by this **Coverage Section** with respect to any **Claim** first made and reported during the period of 36 months after the date upon which the **Policy Period** ends, but only with respect to any **Wrongful Act** of any duly elected or appointed director or officer that was an **Insured**, but who did not serve as a duly elected or appointed director or officer at the time of the cancellation or non-renewal, fully occurring prior to the end of the **Policy Period** and otherwise covered by this **Coverage Section** and only if there is no other policy or policies that would otherwise provide insurance for such **Wrongful Act**. This 36 month period shall be referred to as the Automatic Extended Reporting Period for former directors and officers.

**III. Additional Definitions**


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In addition to the Definitions listed in section III. of the Common Policy Terms and Conditions Section, whenever printed in boldface type, and whether in the singular or plural form, in this **Coverage Section** the following terms shall have the meanings indicated below:

- A. **"Claim(s)"** means a written demand for monetary or non-monetary relief or an administrative or regulatory investigation or proceeding commenced by or before a federal, state, local or foreign agency, provided, however, the term **Claim** shall not include any grievance or arbitration subject to a collective bargaining agreement. A **Claim** shall be deemed to have been first made at the time notice of the **Claim** is first received by any **Insured**.
- B. **"Costs of Defense"** means reasonable and necessary fees, costs and expenses (including premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond) resulting solely from the investigation, adjustment, defense and appeal of a covered or potentially covered **Claim** against the **Insureds**, but excluding salaries, wages, overhead or benefit expenses associated with any **Insured**, or any amount covered by the duty to defend obligation of any other insurer.
- C. **"Damages"** means a monetary judgment (including back pay and front pay), award or settlement, pre-judgment interest and post-judgment interest; provided, however, **Damages** shall not include:
  - 1. taxes (provided, however, that the **Insurer** will reimburse an **Insured Entity** for any employer share of payroll taxes on any portion of damages or settlements which constitute back pay otherwise considered **Damages**), civil or criminal fines, or penalties imposed by law, or
  - 2. payment of insurance, disability, pension, health or other plan benefits claimed by or on behalf of any former or current **Employee**, or that a claimant would have been entitled to as an **Employee** had the **Insured Entity** provided the claimant with a continuation of insurance, or
  - 3. costs incurred by any **Insured** to make any building or property more accessible or accommodating to any disabled person, or
  - 4. commissions, bonuses, profit sharing or severance payments, or
  - 5. future wages or benefits of any reinstated **Employee** or wages or benefits associated with the continued employment of an **Employee**, or
  - 6. any matter deemed uninsurable under the law pursuant to which this **Policy** shall be construed.

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**Damages** also means, where insurable, liquidated, punitive, or exemplary damages, or any multiplied damages award in excess of the amount so multiplied. Such coverage for liquidated, punitive, exemplary or multiplied damages is part of and not in addition to the Limit of Liability, and any payment of such damages shall serve to reduce the Limit of Liability. Only for the purpose of resolving any dispute between the **Insurer** and the **Insured** regarding whether such liquidated, punitive, exemplary or multiplied damages are insurable under this **Policy**, the law of the jurisdiction most favorable to the insurability of those damages shall control, provided that such jurisdiction is where:

1. those damages were awarded or imposed, or
2. any **Wrongful Act** occurred for which such damages were awarded or imposed, or
3. the **Insured** resides, is incorporated or has its principal place of business, or
4. the **Insurer** is incorporated or has its principal place of business.

D. **"Employee"** means:

1. an individual whose labor or service is engaged by and directed by an **Insured Entity**, including part-time, leased, seasonal and temporary individuals, or
2. an individual who is a volunteer, intern, committee or staff member or independent contractor for the **Insured Entity**, but only if the **Insured Entity** provides indemnification to such individual in the same manner as that provided to the **Insured Entity's** employees.

An individual's employment status shall be determined as of the date of the **Wrongful Act**

E. **"Harassment"** means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a sexual or non-sexual nature that:

1. is explicitly or implicitly made a condition of employment, or
2. are used as a basis for employment decisions, or
3. create a work environment that interferes with performance.

**Harassment** also means assault or battery, but only if related to a charge of sexual harassment.

F. **"Insured(s)"** means:

1. any director, trustee, officer, or **Employee** of an **Insured Entity** while acting solely within the course and scope of employment with the **Insured Entity**, or
2. an **Insured Entity**

This **Coverage Section** shall cover **Loss** arising from a **Claim** made against the lawful spouse (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) of an individual **Insured** for a **Claim** arising solely out of his or her status as the spouse of an individual **Insured**, including a **Claim** that seeks damages recoverable from marital community property, property jointly held by the individual **Insured** and the spouse, or property transferred from the individual **Insured** to the spouse; provided, however, this extension shall not afford coverage for any **Claim** for any **Wrongful Act** of the spouse, but shall apply only to **Claims** arising out of any **Wrongful Act** of an individual **Insured**.

G. **"Loss"** means **Damages** and **Costs of Defense**.H. **"Related Wrongful Act(s)"** means **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event or decision.I. **"Wrongful Act(s)"** means any actual or alleged:

1. act by an **Insured** arising from an actual or potential employment relationship with the claimant for discrimination or **Harassment** because of race, color, religion, age, sex, disability, pregnancy, national origin, sexual orientation, marital status, or any other basis prohibited by law which results in termination of the employment relationship, or demotion or failure or refusal to hire or promote, or failure to accommodate an **Employee** or potential **Employee**, or denial of an employment privilege, or the taking of any adverse or differential employment action, or
2. act by an **Insured** arising from an actual or potential employment relationship with the claimant for sexual **Harassment** including unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature that is made a condition of employment, is used as a basis for employment decisions, or creates an intimidating, hostile or offensive work environment that interferes with work performance, or
3. act by an **Insured** arising from an actual or potential employment relationship with the claimant for termination, constructive discharge, wrongful failure to hire, wrongful demotion, negligent retention, negligent supervision, negligent hiring, retaliation, misrepresentation, infliction of emotional distress, defamation, invasion of privacy, humiliation, wrongful evaluation, or breach of any implied contract or implied agreement relating to employment, whether arising out of any personnel manual, policy statement or oral representation, or



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4. discrimination, sexual harassment or violation of any natural person's civil rights relating to such discrimination or sexual harassment, but only if such **Wrongful Act** is alleged to have been committed by an **Insured** and relates to a customer(s), client(s) or other natural person(s), other than an **Employee** or applicant for employment, with the **Insured Entity**.

**IV. Additional Exclusions**

In addition to the Exclusions listed in section IV. of the Common Policy Terms and Conditions Section, the **Insurer** shall not be liable to make any payment for **Loss** in connection with a **Claim** made against any **Insured**:

- A. for:
  1. physical injury to or destruction of any tangible property, including the loss of use thereof, or
  2. bodily injury, sickness, disease, and death; provided, however, this exclusion shall not apply to the following personal injury damages or causes of action in connection with a **Claim** for a **Wrongful Act**: emotional distress, mental anguish, defamation, invasion of privacy or humiliation;
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Employee Retirement Income Security Act of 1974, including amendments thereto;
- C. for any actual or alleged breach of any oral or written contract or agreement; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged breach of any implied contract or implied agreement relating to employment, whether arising out of any personnel manual, policy statement or oral representation;
- D. which is insured in whole or in part by another valid policy, except with respect to any excess beyond the amount or amounts of coverage under such other policy whether such other policy is stated to be primary, contributory, excess, contingent or otherwise;
- E. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
  1. any **Wrongful Act** alleged in any claim which has been reported, or in any circumstance of which notice has been given, prior to the **Policy Period** under any other policy, or
  2. any other **Wrongful Act** whenever occurring which together with a **Wrongful Act** which has been the subject of such claim or notice, would constitute **Related Wrongful Acts**;
- F. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged violation of the Worker's Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, the National Labor Relations Act, including amendments thereto, or any similar provisions of any federal, state, local or foreign statutory or common law; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law;
- G. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged obligations under any workers' compensation, social security, disability benefits, or unemployment compensation law, including amendments thereto, or any similar provisions of any federal, state, local or foreign statutory or common law; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law;
- H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any federal, state, local or foreign wage and hour laws, including, without limitation, the Fair Labor Standards Act; provided, however, this exclusion shall not apply to any **Claim** for any actual or alleged retaliatory treatment of the claimant by the **Insured** on account of the claimant's exercise of rights pursuant to any such law or amounts owed under the Equal Pay Act of 1963.

**Carolina Casualty Insurance Company****V. Changes in Exposure****A. Acquisition or Creation of a Subsidiary**

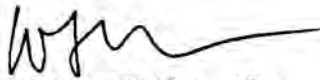
If during this **Policy Period** the **Insured Entity** forms or acquires a **Subsidiary**, then this **Policy** shall provide coverage pursuant to this **Coverage Section**:

1. automatically for an entity whose assets total less than 35 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, or
2. for an entity whose total assets are equal to or greater than 35 percent of the total consolidated assets of the **Insured Entity** as of the **Policy** inception date, but only upon the condition that within 90 days of it becoming a **Subsidiary**, the **Named Insured** shall have provided the **Insurer** with full particulars of the new **Subsidiary** and agreed to any additional premium and/or amendment of the provisions of this **Policy** required by the **Insurer** relating to such new **Subsidiary**. Further, coverage as shall be afforded to the new **Subsidiary** is conditioned upon the **Named Insured** paying when due any additional premium required by the **Insurer** relating to such new **Subsidiary**.

An entity becomes a **Subsidiary** when the **Insured Entity** has or controls the right to elect or appoint more than 50 percent of the Board of Directors (or other governing body) either directly or indirectly through one or more of its **Subsidiaries**. An entity ceases to be a **Subsidiary** when the **Insured Entity** ceases to control the right to elect or appoint more than 50 percent of the Board of Directors (or other governing body) either directly or indirectly through one or more of its **Subsidiaries**.

In all events, coverage afforded pursuant to this **Coverage Section** with respect to a **Claim** made against a **Subsidiary** shall only apply for **Wrongful Acts** committed or allegedly committed after the effective time that such **Subsidiary** became a **Subsidiary** and prior to the time that such **Subsidiary** ceased to be a **Subsidiary**.

In witness whereof, the **Insurer** has caused this **Policy** to be signed by its President and Chief Executive Officer and Secretary, but this **Policy** shall not be valid unless countersigned on the Declarations Page by a duly authorized representative of the **Insurer**.



President and Chief Executive Officer



Secretary

SCHEDULE III.E

**Friends of Idaho Public Television, Inc.**

**FRIENDS OF IDAHO PUBLIC TELEVISION, INC.  
ENDOWMENT FUND**  
Statement of Investment Policy and Fiduciary Management



Approved by  
Friends of Idaho Public Television, Inc.  
February 6, 2009

Statement of Investment Policy and Fiduciary Management  
Friends of Idaho Public Television, Inc.

### **BACKGROUND**

On September 23, 1985, the Idaho Public Television Foundation, Inc. (IdahoPTV Foundation) was incorporated under the laws of the State of Idaho as a nonprofit organization exempt from Federal tax under section 501(c)(3) of the Internal Revenue Code. The Idaho Public Television Foundation's exclusive purposes are:

- to benefit Idaho Public Television (IdahoPTV), an agency of the state of Idaho, directly responsible to the Idaho State Board of Education, which holds the licenses for five analog and five digital public television stations in Idaho: KAID, Boise; KISU, Pocatello; KUID, Moscow; KIPT, Twin Falls; and KCDT, Coeur d'Alene and 37 rural television translators;
- to provide an annual scholarship to a student studying broadcasting at an Idaho state college or university; and
- to solicit, receive, and expend funds and property to carry out any or all purposes of the IdahoPTV Foundation.

The IdahoPTV Foundation endeavors and is empowered to solicit financial support for IdahoPTV. This includes the management and investment of the securities, monies, and real and personal property it receives. When necessary, the IdahoPTV Foundation shall expend its resources, beyond that required to cover the costs of its operation, to and for the benefit of IdahoPTV. The IdahoPTV Foundation is governed by a Board of Directors.

IdahoPTV is a multimedia, statewide television network. The Idaho State Board of Education is the licensee board for Idaho Public Television and has statutory responsibility for all programming and other operating decisions. In addition, IdahoPTV has three regional, non-profit designation corporation boards, the Friends of Idaho Public Television: KAID/KIPT, Inc.; the Friends of Idaho Public Television: KISU, Inc.; and the Friends of Idaho Public Television: KUID/KCDT, Inc., each with a separate Board of Directors.

In 1989, the IdahoPTV Foundation began discussions about establishing an endowment, to recognize the importance of long-term financial vitality and stability for IdahoPTV. By 1991, the IdahoPTV Foundation created the Endowment, and on October 30, 1992, adopted amendments to a previously presented Endowment resolution. The IdahoPTV Foundation set aside an Endowment to receive, invest, and expend various gifts and other income for the benefit of IdahoPTV and its support of local productions, programming, and capital needs. The initial goal was to raise \$3,000,000 by the end of the year 2000. Due to drastic reduction in federal (Corporation for Public Broadcasting) funding and flat state operational funding, the initial deadline goal was moved up to June 30, 1999, and the initial fund's goal was successfully raised by that date.

On March 27, 2008, the Friends of Idaho Public Television, KAID/KIPT, Inc., together with the Friends of Idaho Public Television, KISU, Inc., and the Friends of Idaho Public Television, KUID/KCDT, Inc., merged with the Idaho Public Television Foundation, Inc.

Also on this date, the Idaho Public Television Foundation, Inc. was renamed Friends of Idaho Public Television, Inc. (Friends).

### **INTRODUCTION**

The Friends Board of Directors (Board) approved this policy through careful study and consideration of the returns and risks associated with investment strategies in relation to the current and projected income needs of Idaho Public Television and activities, which are supported by the Friends. This policy provides a structure within which the Endowment may be managed to achieve the long-term investment and financial objectives of the Friends. The Friends is committed to ensuring the assets

Statement of Investment Policy and Fiduciary Management  
Friends of Idaho Public Television, Inc.

of the Endowment are fully diversified into appropriate and viable asset categories, which are managed efficiently and prudently by qualified investment personnel.

The assets are intended to be held as a permanent endowment.

The responsibility for implementation of the investment policy shall be delegated to the Endowment Committee appointed by the Board.

**MISSION**

The mission of the Friends is to provide sustainable annual support for special projects, student scholarships, and programming initiatives that surpass general operating expenditures of Idaho Public Television provided by the State of Idaho. This annual support will be funded by a combination of capital appreciation of the Endowment and by annual fundraising efforts. The Friends endeavors that:

1. Gifts and other support designated by donors to the Friends shall be so honored.
2. The Board shall approve a Spending Policy regarding the amount of financial support it will provide to IdahoPTV on an annual basis.
3. The Board shall encourage funding opportunities to benefit IdahoPTV.

**RESPONSIBILITIES**

**Board**

1. The Board shall approve all investment policies.
2. The Board President shall select board members to serve on the Endowment Committee.
3. The Board may hire an Investment Consultant<sup>1</sup>, or other experts, to advise in stated responsibilities.
4. The Endowment Committee shall recommend to the Board, for the Board's approval, the hiring of Investment Managers<sup>2</sup> or other experts.

**Friends Endowment Committee (Endowment Committee)**

1. The Endowment Committee's primary responsibilities are to ensure compliance with the approved investment policies, to determine the optimum asset allocation of the investment portfolio and to select, monitor and evaluate Investment Managers. The Endowment Committee will meet quarterly to review the status of investments and Investment Manager performance.

<sup>1</sup> An Investment Consultant does not manage assets, but rather oversees the Investment Managers, develops strategies and monitors results. Investment Consultants also provide a third party, objective analysis of all issues relating to the investments.

<sup>2</sup> An Investment Manager is responsible for day to day management of assets through buying and selling of securities.

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2. The Endowment Committee will be responsible for reviewing, implementing, and monitoring existing policies, but must have approval from the Board for any changes in existing policy or adoption of new policies.
3. The Endowment Committee will have the authority to carry out Investment Manager terminations for reasons identified within this policy. Any Investment Manager terminations for reasons outside this policy will be brought before the Board for approval.

**Investment Consultant**

The Investment Consultant will assist in developing the Investment Policy Statement, provide potential model asset allocation strategies, monitor all Investment Manager activities, prepare performance reports and communicate with the Board through the Endowment Committee on all aspects of the portfolio.

**Investment Manager**

1. Investment Managers are responsible for the day-to-day investment management of assets in accordance with this Statement of Investment Policy and Fiduciary Management.
2. All Investment Managers are expected to conform to all State and Federal laws governing the practice of investment management.

**General**

1. The master schedule for Board and Endowment Committee meetings may be adopted on or before December 31<sup>st</sup> for the upcoming calendar year. The IdahoPTV General Manager will provide a copy of the meeting schedule to the Investment Consultant. The Endowment Committee may meet no sooner than four weeks following the end of the quarter.
2. All communication<sup>3</sup> regarding the Endowment and including the Investment Consultant shall be copied to (at the minimum) the Investment Consultant, the Board President, the Board Treasurer, the Endowment Committee, the IdahoPTV General Manager, and the IdahoPTV Director of Fiscal Affairs.
3. The IdahoPTV General Manager will be responsible for communicating any changes to the distribution list.

**INVESTMENT OBJECTIVES**

In recognition of the importance of a strong Endowment for the long-term financial vitality and stability of Idaho Public Television, the Friends of Idaho Public Television, Inc. has set aside a permanent Endowment to receive, invest, and expend various gifts and other income for the benefit of IdahoPTV and its support of local productions, programming, and capital needs. The objectives are:

<sup>3</sup> Communication shall be defined as information, data, and correspondence that is essential to the Client/Investment Consultant relationship. This includes the distribution of performance reports, asset allocation studies, manager research, and any other documents that affect the implementation of existing policy or adoption of new policy. In addition, this includes any organizational changes of the Friends of Idaho Public Television, Inc. that could affect investment procedures, contact lists, or meeting schedules.



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1. Maximize the Endowment's total returns within appropriate risk constraints to support the mission of the Friends of Idaho Public Television, Inc.
2. Maintain the Endowment's purchasing power in perpetuity to ensure spending rates that keep pace with inflation.
3. The annual target return shall be to exceed the policy portfolio benchmark, net of fees over a trailing 3 year period.

#### **Time Horizon**

The Friends established a perpetual endowment and has no fixed investment time horizon. As such, the assets within the Endowment will be managed with a long term focus that will emphasize a total return philosophy.

#### **Risk Tolerance**

The Board recognizes that assumption of risk is warranted in order to achieve the stated objectives, accommodate the spending policy and keep pace with inflation. The Board shall determine how much risk can be tolerated by assessing the probability of achieving, exceeding, or falling short of these objectives.

#### **ASSET ALLOCATION**

The Endowment Committee worked with the Investment Consultant to review various asset allocation models to determine the most optimal diversification relative to the stated goals and objectives of the Friends. As such, both passive and active management styles may be employed in all asset classes.

The Strategic Asset Allocation model will be reviewed every three years to determine its continued relevance to the goals and objectives of the Friends.

#### **Strategic Allocation**



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The following will provide the policy percentages for the Endowment asset allocation and limits on upper and lower constraints:

**Strategic Asset Allocation**

<b><u>Asset Class</u></b>	<b><u>Lower Limit</u></b>	<b><u>Policy</u></b>	<b><u>Upper Limit</u></b>
US Large Cap Equity	27%	33%	39%
US Mid Cap Equity	12%	15%	18%
Real Estate	3%	4%	5%
Int'l Equity Developed	7%	10%	13%
Int'l Equity Emerging	4%	5%	6%
US Fixed Income	27%	30%	33%
Cash Equivalents	1%	3%	5%
		100%	

The Endowment Committee shall determine that each asset class included in the Strategic Allocation has a separate set of security selection guidelines and performance benchmarks, which are approved by the Board and issued to the Investment Managers responsible for each segment of the Endowment portfolio. The Endowment Committee will review security selection guidelines and performance benchmarks every three years during any regular or special meeting. The Endowment Committee will annually review the strategic asset allocation.

**Rebalancing Policy**

It is the goal of the Friends to maintain the Strategic Asset Allocation long term to achieve the stated investment objectives. Over time, certain assets will perform better or worse than others, which will create an imbalance in the allocation. Therefore, upper and lower constraints have been established to allow for variations in asset performance. Once an asset class has breached an upper or lower limit for ten consecutive business days, the Investment Consultant will notify, within the next three business days, the Endowment Committee Chair to discuss a recommendation. Typically, when a limit has been breached, the Investment Consultant will rebalance the portfolio within the approved policy allocation.

**Cash Flows**

Cash inflows and outflows of the Endowment shall be designated as opportunities for rebalancing. By way of example, cash inflows shall be allocated to the asset class or classes that are the most underweighted relative to policy allocation (see page 6). Cash outflows shall be taken from the asset class or classes that are the most over weighted relative to policy allocation (see page 6).

**Performance Benchmarks**

The performance benchmarks that will be used in order to evaluate manager return for the asset classes are as follows:



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<b><u>Asset Class</u></b>	<b><u>Index</u></b>	<b><u>McMillen Universe</u></b>
US Large Cap Equity	Russell 1000 <sup>4</sup>	Large Cap
US Mid Cap Equity	Russell Mid Cap <sup>5</sup>	Mid Cap
Real Estate	NCREIF <sup>6</sup>	Real Estate
US Fixed Income	Lehman Aggregate <sup>7</sup>	Intermediate Fixed
Int'l Equity Developed	MSCI EAFE <sup>8</sup>	Developed International
Int'l Equity Emerging	MSCI Emerging <sup>9</sup>	Emerging International
Cash Equivalents	91 Day T-Bill <sup>10</sup>	N/A
<b><i>Total Portfolio Benchmark/Policy<sup>11</sup></i></b>	52% R3000 30% Lehman Aggregate 15% MSCI EAFE 3% 91 Day T-Bill	N/A

#### **INVESTMENT MANAGER EXPECTATIONS**

Each Investment Manager will be measured by the Investment Consultant against their asset class benchmark and universe. Active management will provide a varied level of relative performance. Therefore, a three-year timeframe will be given to each Investment Manager in order to measure their return relative to their assigned benchmark. In certain instances, such as an Investment Manager drifting from the stated asset class or basic philosophy, a review may be required within a market cycle. The Endowment Committee will review the performance results quarterly and make any recommended changes deemed necessary to the Board for approval.

<sup>4</sup> The Russell 1000 includes the largest 1000 securities in the Russell 3000. The Russell 1000 Index offers investors access to the extensive large-cap segment of the U.S. equity universe representing approximately 92% of the U.S. market.

<sup>5</sup> The Russell Mid Cap Index is comprised of the 800 smallest stocks from the Russell 1000 Index, representing approximately 22% of the U.S. equity market capitalization.

<sup>6</sup> A real estate index that includes both all equity properties plus all properties, which have been de-leveraged making it a large universe of properties.

<sup>7</sup> Covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities. To qualify for inclusion, a bond or security must have at least one year to final maturity, rated investment grade Baa3 or better, dollar denominated, non-convertible, fixed rate and be publicly issued.

<sup>8</sup> A free float-adjusted market capitalization index that is designed to measure developed market equity performance excluding the U.S. and Canada. As of April 2002, the MSCI EAFE index consisted of 21 developed countries in Europe, Australasia and the Far East.

<sup>9</sup> A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

<sup>10</sup> Measures the total return on U.S. Treasury Bills with a maturity of 91 days.

<sup>11</sup> The Total Portfolio Benchmark/Policy is the return of the weighted sub asset class benchmarks at the portfolio level.

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Friends of Idaho Public Television, Inc.

Additionally, all active Investment Managers will be expected to achieve and maintain the following relative performance over a trailing three year period:

<u>Asset Class</u>	<u>Return Above Benchmark</u>	<u>Minimum Universe<sup>12</sup></u> <u>Ranking</u>
US Equity	75 basis points*, net of fees	40 <sup>th</sup> percentile
Fixed Income	25 basis points*, net of fees	40 <sup>th</sup> percentile
International Equity	75 basis points*, net of fees	40 <sup>th</sup> percentile

\* 100 basis points = 1.00%

#### **INVESTMENT MANAGER GUIDELINES**

The managed portfolios will be well diversified and consist of readily marketable securities in the open market. Investments may consist of short, medium and/or long-term securities. All Investment Managers are expected to conform to all State and Federal laws governing the practice of investment management. Each Investment Manager will be provided with this Statement of Investment Policy and will be expected to return a signed copy to the IdahoPTV Director of Fiscal Affairs. The IdahoPTV Director of Fiscal Affairs will distribute copies to the Board, as needed. Additionally, Investment Managers are expected to use prudence in their decision making for Endowment assets and adhere to the investment mandate as agreed to.

#### **Allowable Investments**

All securities are expected to be publicly traded and may consist of:

1. Common stocks
2. Preferred stocks
3. REITs
4. International stocks
5. U.S. Corporate bonds and notes
6. U.S. Government T-bill, notes, bonds and TIPS
7. U.S. Agency bonds
8. Commercial paper or other money market instruments
9. ETFs (passive investments)
10. Warrants that are received by an issuer but not purchased by an Investment Manager.

#### **Concentration**

Investment Managers will be allowed to purchase up to 5%, at cost, of their portfolio's current value in any one security. Positions may not grow beyond 8% of the total value of their portfolio at any time unless written authorization is provided by the Board.

<sup>12</sup> A universe is a group of Investment Managers managing assets within the same asset class. This group is used to compare how hired Investment Managers are performing relative to their peer group, or Universe.

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### Proxy Voting

Investment Managers are authorized by the Board to vote all proxies held by them. It is expected that Investment Managers vote in a manner that represents the interests of the Friends as defined within this policy.

### Fixed Income

Holdings will consist primarily of investment grade securities. These may include, but are not limited to, U.S. Treasury or federal agency obligations, corporate debt instruments, or first mortgage loans. A minimum of 50% of investments will be rated Aaa (Moody's rating) or AAA (S&P). In addition, a minimum of 95% will be rated A by Moody's or A S&P's. A maximum of 5% of fixed income assets may be invested in less than investment grade (Baa) or (BBB) bonds. ETFs will also be allowable investments for fixed income assets.

### Duration

The Fixed Income Investment Manager will be allowed to manage the portfolio's effective duration but will be limited to + or - 1/2 year of the Lehman Aggregate Bond Index duration. If the portfolio moves outside these parameters due to market conditions or if the Investment Manager wants to change the duration outside of + or - 1/2 year, the Investment Manager will contact both the Endowment Committee Chair and the Investment Consultant for review.

### Cash and Equivalents

All cash investments will be limited to bank CDs, U.S. Government securities, commercial paper rated A-1 (S&P) or P-1 (Moody's), and repurchase agreements collateralized by U.S. Government securities. Additionally, cash may be placed with the Master Custodian<sup>13</sup> in a money market fund.

### Restricted Securities

The following list of securities or transactions are not allowed to be held or conducted without the Board's prior written approval:

1. Hedge Funds
2. Private Equity Funds or investments
3. Venture Capital Funds or investments
4. Direct Real Estate investments
5. Short sales
6. Commodities
7. Private placements
8. Any use of leverage
9. Derivative transactions
10. Options contracts

### Investment Manager Controls

Each Investment Manager will be monitored by the Investment Consultant on an ongoing basis, including both performance measurement and material changes within the investment

<sup>13</sup> A Master Custodian is a bank, agent, trust company, or other organization responsible for safeguarding financial assets.

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management company. The Endowment Committee, for reasons stated below, may terminate the Investment Manager without the Board's approval:

1. Returns below the 40<sup>th</sup> percentile in universe over trailing three years
2. Equity returns that do not produce an additional 75 basis points net of fees (0.75%) above benchmark over a trailing three years
3. Fixed Income returns that do not produce an additional 25 basis points net of fees (0.25%) above benchmark over a trailing three years
4. Key personnel changes
5. Firm sale, merger or change of management control
6. Significant style shift
7. Regulatory action
8. Changes within the Friends

#### **INVESTMENT PERFORMANCE REVIEW**

1. At least quarterly, the Endowment Committee will meet to review portfolio performance presented by the Investment Consultant.
2. All investments must comply with a donor's requirements and restrictions.
3. Quarterly the Endowment Committee Chair or Investment Consultant will present an overview of investment performance to the Board.
4. The Endowment Committee Chair and Investment Consultant will meet with the Board at least once annually to review the status of investments and Investment Manager performance.
5. Review will consist of measurement of Investment Manager performance compared to benchmarks and universes. In addition, a review of material changes with Investment Managers will be discussed.

#### **CLASSIFICATION OF CONTRIBUTIONS**

According to GASB and *FASB: Accounting for Contributions Received and Contributions Made*, there are three types of contributions – permanently restricted, temporarily restricted, and unrestricted – determination of classification is based on the existence or absence of donor-imposed restrictions.

1. **Permanently Restricted** - Contributions and other inflows of assets whose use by the Friends is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.
2. **Temporarily Restricted** - Contributions and other inflows of assets whose use by the Friends is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Friends pursuant to those stipulations.
3. **Unrestricted** - Contributions and other inflows of assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

All cash contributions received that are designated to be Endowment assets shall be deposited into the contributions bank account. The non-cash assets received as contributions should be monetized

Statement of Investment Policy and Fiduciary Management  
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as soon as possible and the sale proceeds deposited into the contributions bank account. It is the intent of this policy that the proceeds residing in the contributions bank account are transferred to the cash account of the Endowment investment portfolio (Investment Cash Account) to be allocated in accordance with this policy.

#### **SPENDING POLICY**

The Friends set aside an Endowment to receive, invest, and expend various gifts and other income for the benefit of IdahoPTV and its support of local productions, programming, and capital needs.

The Friends intends to distribute up to 5% of the unrestricted total fair market value of the Endowment annually to benefit IdahoPTV. The annual value of the portfolio will be determined by averaging the balance over the prior three years. December 31<sup>st</sup> will be the determination date for such valuations. This averaging of the portfolio balance will smooth the annual distributions and help achieve predictable spending levels. Proposals for use of Endowment assets shall be presented to the Board by IdahoPTV for determination. In addition, the Board will recommend recipients of the Endowment proceeds in accordance with the Spending Policy. As part of this annual budget process beginning in April, the actual percentage will be recommended each year by the Endowment Committee and approved by the Board.

If the dollars approved are not spent in the year they are made available, the Board may choose to:

1. Roll unspent dollars into the next year and add them to the new funds allowable for spending, or
2. Absorb unspent dollars into the Endowment, which will not be added to next year's spending balance.

#### **ANNUAL AUDIT**

The Friends is required to have an independent audit conducted by the Legislative Auditor, State of Idaho for each fiscal year.

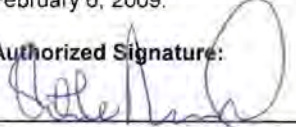
The final annual audited financial statements and auditor's letter to management will be distributed annually to the Board, by the IdahoPTV Director of Fiscal Affairs, within 60 days of Legislature approval.

#### **ACCEPTANCE**

This Statement of Investment Policy and Fiduciary Management will be reviewed and reconfirmed or revised on an annual basis by the Board.

The Board hereby approves this Statement of Investment Policy and Fiduciary Management on February 6, 2009.

Authorized Signature:

  
\_\_\_\_\_  
Signature  
Peter W. Morrill  
Printed Name

General manager  
\_\_\_\_\_  
Title

Statement of Investment Policy and Fiduciary Management  
Friends of Idaho Public Television, Inc.

Friends of Idaho Public Television, Inc.  
Exact Name on Account

ADOPTED October 30, 1992  
2<sup>nd</sup> Revision – February 20, 2002  
3<sup>rd</sup> Revision – January 8, 2007  
4<sup>th</sup> Revision – February 6, 2009



SCHEDULE III.G

RESTATED  
ARTICLES OF INCORPORATION  
OF  
IDAHO PUBLIC TELEVISION FOUNDATION, INC.

Pursuant to the provisions of Section 30-3-94 of the Idaho Nonprofit Corporation Act, the undersigned corporation adopts the following Restated Articles of Incorporation:

- First: The name of the corporation is changed to "Friends of Idaho Public Television, Inc."
- Second: The following Restated Articles of Incorporation were adopted by the Board of Directors of the corporation on January 22, 2008, in the manner prescribed by the Idaho Nonprofit Corporation Act. These Restated Articles of Incorporation contain amendments to the corporation's articles of incorporation which do not require approval by members or any persons other than the Board of Directors.

ARTICLE I

The name of this corporation shall be the Friends of Idaho Public Television, Inc. (herein referred to as the corporation). This corporation shall be a nonprofit corporation and its duration shall be perpetual.

ARTICLE II

The location and post office address of this nonprofit corporation shall be at:

1455 N Orchard St.  
Boise ID 83706

The registered agent shall be the Peter Morrill, General Manager.

ARTICLE III

The corporation shall have a board of directors, in which shall be vested all of the power and authority to supervise, control, direct and manage the property, affairs and activities of

RESTATED ARTICLES OF INCORPORATION 1

06737.0002.1009346.4

the corporation. The rights, powers and privileges of the directors shall be fixed in the by-laws, except insofar as set forth herein. The by-laws of the corporation may, from time to time, be altered, amended, suspended, repealed or new by-laws adopted by a resolution adopted by a two-thirds majority of the entire board of directors of the corporation.

The number of directors shall not be fewer than four (4). The maximum number of directors will be fixed in the by-laws. The incorporators and initial board of directors are the same, and consist of those designated in Article IX of this document.

#### ARTICLE IV

The corporation shall have no members.

#### ARTICLE V

The exclusive purposes of this corporation are: (1) to benefit Idaho Public Television, an entity of the Idaho State Board of Education, state of Idaho, directly responsible to the Idaho State Board of Education, which operates the five public television stations in Idaho: KAID-TV, Boise, KISU-TV, Pocatello, KUID, Moscow, KIPT Twin Falls, and KCDT, Coeur d'Alene; (2) to provide an annual scholarship to a student studying broadcasting at an Idaho state college or university; and (3) to solicit, receive and expend funds and property to carry out any or all purposes of the corporation.

#### ARTICLE VI

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for service rendered and to make payments and distributions in furtherance of the purposes set forth in Article V hereof.

No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal

#### RESTATED ARTICLES OF INCORPORATION 2

06737.0002.1009346.4



income tax under section 501(c) (3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under Section 170(c) (2) of the Internal Revenue Code, or corresponding sections of any future federal tax code.

#### ARTICLE VII

The corporation shall not be dissolved except following the favorable vote of a majority of the board of directors at a meeting duly called for that purpose. Upon dissolution, all assets belonging to the corporation, after due provision for any liabilities then outstanding and unpaid, shall be paid over to the license holder, Idaho State Board of Education, or to the State of Idaho. Any such assets not so disposed of shall be disposed of by the Fourth District Court in Ada County, exclusively for such purposes, or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

#### ARTICLE VIII

No members of the board of directors and no officer duly appointed by the board shall have any personal liability for acts performed in his or her official capacity in good faith, nor shall any such director or officer be liable for nonfeasance or misfeasance in the performance of duties, but only in the case of malfeasance. The corporation shall indemnify the members of its board of directors, its officers, agents and employees against any and all expenses and liabilities, including attorney fees and other costs, which they or any of them incur in connection with any suit or suits which may be brought against them or any of them involving or pertaining to any of their official acts or duties (whether it be alleged that such acts are ultra vires or otherwise), provided only that in such suit or suits personal liability is finally established against them incident to any act of malfeasance on their part. This provision shall not be deemed to prevent compromise of any such litigation when such compromise is deemed advisable.

RESTATED ARTICLES OF INCORPORATION 3

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## ARTICLE IX

The incorporators and initial board of directors were the same consisting of the following persons:

Ralph J. McAdams  
1718 N. 17th Street  
Boise, ID 83702

Jack A. Schlaefle  
2863 N. Mountain Road  
Boise, ID 83703

Larry G. Selland  
2902 Lancaster Drive  
Boise, ID 83702

Janet S. Hay  
328 Winther Blvd.  
Nampa, ID 83651

Scott R. Simplot  
577 W. Curling Drive  
Boise, ID 83702

The current board of directors consists of the following persons:

DeVaun Anderson 1355 Holman Pocatello ID 83201	Laura Bettis 1111 N 9 <sup>th</sup> St Boise ID 83702	Eve Chandler 1206 N 24 <sup>th</sup> Boise ID 83702
Pat Costello 1126 King Rd Moscow ID 83843	John Crim 3514 Mountain View Dr Boise ID 83704	Lynn Davis 1527 Hollipark Idaho Falls ID 83402
Byron Defenbach PO Box 7608 Boise ID 83707	Jerry Evans 9125 W Donnybrook Ct Boise ID 83709	Joy Fisher 1674 Appaloosa Moscow ID 83843

RESTATED ARTICLES OF INCORPORATION 4

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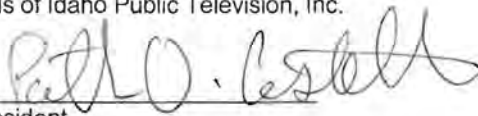
Ellie Hampton 586 Safstrom Pl Idaho Falls ID 83401	Bev Harad 3675 W Quail Heights Ct Boise ID 83703	Al Luray 94 Townsend Gulch Bellevue ID 83313
Judy Meyer 10500 Hayden Bluff Ln Hayden Lake ID 83835	Rebecca Morgan 2545 Marilyn Pocatello ID 83201	Peter Morrill General Manager Idaho Public Television 1455 N Orchard Boise ID 83706
Charles Mosier 231 Shasta Circle Orofino ID 83544	Jim Paxton 1340 S Orchard St Boise ID 83705	Christine Pharr 3639 Country Club Ct Lewiston ID 83501
Chuck Randolph Box 605 Caldwell ID 83606	Erna Rhinehart 2207 Crestline Dr Coeur d'Alene ID 83814	Barbara Roberts 1701 N 21 <sup>st</sup> St Boise ID 83702-0732
Bob Schreiber 3041 Juniper Dr American Falls ID 83211	Marilyn Shuler 5221 N Lakemont Ln Boise ID 83714	Ann Smart 3502 Buckskin Rd Coeur d'Alene ID 83814
Bob Sonnichsen US Bank 101 S Capitol Blvd, Ste 905 Boise ID 83702	Bob Stanton 11228 Ashburton Dr Boise ID 83709	Gayle Wilde PO Box 984 McCall ID 83638 1319 W 1 <sup>st</sup> Meridian ID 83642
Cindy Williams Idaho Nevada CDFI, Inc. PO Box 44922 Boise ID 83711-0922		

RESTATED ARTICLES OF INCORPORATION 5

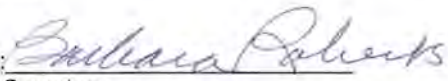
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DATED: January 17, 2008.

Friends of Idaho Public Television, Inc.

By:   
Its President

Attest:

By:   
Its Secretary

RESTATED ARTICLES OF INCORPORATION 6

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**BYLAWS  
OF THE  
FRIENDS OF IDAHO PUBLIC TELEVISION, INC.**

**SECTION ONE  
OFFICE AND PURPOSES**

**SECTION 1.1. Office.** The principal office of the corporation shall be at 1455 North Orchard Street, Boise, ID 83706. The corporation may also have offices at such other places as the board of directors may from time to time appoint or the purposes of the corporation may require.

**SECTION 1.2. Purposes.** The purposes of the corporation shall be set forth in the Articles of Incorporation.

**SECTION TWO  
MEMBERSHIP**

The corporation shall have no members.

**SECTION THREE  
DIRECTORS**

**SECTION 3.1. General Powers.** The business and affairs of the corporation shall be managed and conducted and all corporate powers of the corporation shall be exercised by or under the authority of the board of directors not fewer than thirteen (13) nor more than fifty (50) in number.

**SECTION 3.2. Board Representation.** The board of directors of the corporation shall have broad community and geographic representation. Selections of directors will be from, but not limited to representatives from the following: law, finance, education, arts, industry, agriculture, timber, mining and community. The general manager of IdahoPTV, or the general manager's designated representative, shall be an ex-officio non-voting member of the board of directors of the corporation acting in an advisory capacity consistent with regulatory guidelines.

Except as specified in these bylaws, ex-officio directors of the corporation shall have the voting privileges of regular directors. Additional ex-officio directors in a number no greater than three (3) may be appointed to the board of the corporation from time to time.

SECTION 3.3. Transition. At the date of filing with the Idaho Secretary of State the articles of merger of the Idaho Public Television Foundation, Inc. (the "Foundation") with the Friends of Idaho Public Television, KAID/KIPT, Inc., Friends of Idaho Public Television, KISU, Inc., Friends of Idaho Public Television, KUID/KCDT, Inc., (collectively, these three entities are referenced as the "Merged Entities") the directors of the corporation shall consist of the current directors of the Foundation and the Merged Entities who will fulfill their current terms in their new capacity as directors of the corporation. The additional directors will thereafter be elected by the Board of Directors from throughout the regions formerly represented by the Merged Entities (the "Regions") with a minimum of three directors from each of the Regions and without regard to any term limits in effect for directors of the individual merged entities.

SECTION 3.4. Term. Following the transition process described in section 3.3, The term of office of each director, excluding ex-officio directors, shall be three (3) years with any director eligible for re-election, provided that no director shall serve more than two consecutive terms without a minimum one-year sabbatical after the second consecutive term. All terms shall end at the annual meeting in which the term expires. Directors shall be elected with three classes each year, staggered in such a way as to insure continuity of membership.

SECTION 3.5. Nominations. The board development committee of the board of directors shall prepare a slate to fill vacancies and for the slate prepared for the annual meeting, and shall designate the term for which the person is being nominated to serve. The slate shall be sent to each director not fewer than ten (10) days, nor more than fifty (50) days prior to the meeting at which the election is to be held. Additional nominations may be made by any director and presented at such meeting.

SECTION 3.6. Election. Election of directors of the corporation shall be at the annual meeting of the directors.

SECTION 3.7. Resignation. Any director may resign at any time by giving written notice of such resignation to the board of directors. Such resignation shall take effect at the time specified therein and acceptance shall not be necessary to make it effective.

SECTION 3.8. Attendance. Directors shall attend meetings unless excused by the President for good cause shown. Any director failing to attend two (2) unexcused duly scheduled meetings per year may, at the majority vote of the board of directors, be removed from office.

SECTION 3.9. Vacancies. Any vacancy in the board of directors during the year may be filled for the unexpired portion of the term by the board of directors then serving, although less than a quorum, by affirmative vote of the majority thereof.

**SECTION FOUR  
MEETINGS**

**SECTION 4.1. Annual Meeting.** The annual meeting of directors shall take place within ninety (90) days after the close of each fiscal year or at such time as the directors may by resolution select. At the annual meeting, the directors shall elect directors, elect officers and transact such other business as may be brought before the meeting.

**SECTION 4.2. Special Meetings.** Special meetings of the board of directors may be called by the president and must be called by the president on written request of three (3) or more directors.

**SECTION 4.3. Notice of Meetings.** Notice stating the place, day, and time of any director's meeting, and in case of a special director's meeting, the purpose or purposes for which the meeting is called, shall be delivered not fewer than ten (10) nor more than fifty (50) days before the date of the meeting either personally, by U.S. Mail or by such electronic means (e.g. fax, e-mail) as may be agreed by each director. Such notice shall be directed to each director at the address as it appears on the books or records of the corporation, unless they have filed with the secretary of the corporation a written request that notices shall be provided to another address or by another means designated on such request. In any case, notices shall be deemed delivered when they are deposited in the United States mail or otherwise processed for electronic transmission delivery such as by fax transmission and/or email.

**SECTION 4.4. Quorum.** At all meetings of the board of directors, one half (1/2) of the elected board of directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the board present at any meeting at which there is a quorum shall be the act of the board of directors except as may be otherwise specifically provided by statute or by these bylaws. If at any meeting there is less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice to any absent directors as the case may be.

**SECTION 4.5. Power to Appoint Executive Committee.** The board of directors may appoint an executive committee consisting of the elected corporation officers and, as an ex-officio non-voting member, the general manager of IdahoPTV. The executive committee, to the extent provided by resolution and subject to applicable state and federal laws and regulations, shall have and exercise the authority of the board of directors in the management and affairs (including power to invest monies) of the corporation between meetings of the board. All provisions of the bylaws shall apply to the executive committee in the same manner and to the same extent as they apply to the board of directors.

**SECTION 4.6. Special Telephone Meetings.** Special meetings of the board of directors may be called by or at the request of the president of the board or any director if such

special meeting is held by conference call or by Idaho Public Television teleconference and a quorum directors are present for such telephone/conference meeting.

SECTION 4.7. Action in Meetings. Any actions which might be taken at a meeting of the board of directors may be taken without a meeting if a record or memorandum thereof be made, in writing and signed by all directors of the board as the case may be.

SECTION 4.8. Regular Meetings. The Board of Directors will meet not fewer than four (4) times a year at approximately three-month intervals. One of these will be the Annual Meeting. Meetings may be held at any location within the state of Idaho. At least one meeting will be held annually in each of the Regions, hosted by the directors of that Region and providing an opportunity for the cultivation, recognition and stewardship of friends of IdahoPTV.

## **SECTION FIVE OFFICERS**

SECTION 5.1. Number. The officers of the corporation shall be president, first vice president, second vice president, secretary, treasurer, and such other officers with such other powers and duties not inconsistent with the bylaws as may be appointed and determined by the board of directors.

SECTION 5.2. Nominations. Officers shall be elected from a slate prepared by the Board Development Committee. The slate shall be sent to each director at least twenty-one (21) days before the annual meeting of directors. Additional nominations may be made in writing by at least three (3) cooperating directors. All nominations must be received by the chairperson of the Board Development Committee at least seven (7) days before the annual meeting in order to be considered at such meeting. The directors shall be presented with the slate for election.

SECTION 5.3. Election, Term of Office, and Qualifications. The president, first vice president, second vice president, secretary and treasurer shall be elected from such slate annually by the board of directors from among their members and the other officers shall be so elected from such slate annually by the board of directors from among the board membership as the board of directors may see fit, at each annual meeting of the board of directors; provided, however, that the initial officers of the corporation shall be elected at a special meeting of the board of directors called for that purpose. The General Manager of Idaho Public Television shall provide such administrative support to the secretary as may reasonably be requested. The President and each Vice President will reside in different Regions. Each officer elected shall serve until the next annual meeting of the board of directors, and/or the election and qualifications or his/her successor, but the President and both Vice Presidents will serve a single consecutive one-year term.



SECTION 5.4. Vacancies. In case of any office or board position of the corporation becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the board then in office, although less than a quorum, may elect an officer to fill such vacancy from a slate submitted by the nominating committee and the officer or director shall hold office and serve until the election and qualification of his/her successor.

SECTION 5.5. Removal. Any officer may be removed by the board of directors at any meeting thereof.

SECTION 5.6. Resignation. Any officer may resign by giving written notice to the board of directors, to the president, or to the Idaho Public Television general manager. Such resignation shall take effect at the time specified therein and acceptance shall not be necessary to make it effective.

SECTION 5.7. President. The president shall preside at all meetings of the board of directors and the executive committee. He/she shall have and exercise general charge and supervision of the officers of the corporation and shall do and perform such other duties as may be assigned to him/her by the board of directors. He/she shall appoint all committee chairpersons except the Endowment Committee and the Executive Committee, and shall serve ex-officio on all committees. He/she may sign any appropriate documents or papers of the corporation. The president shall have the general duties and powers of supervision and management usually vested in the office of president of a corporation.

SECTION 5.8. First Vice President. In the absence or disability of the president, the First Vice president shall perform all the duties of the president and in so acting shall have all the powers of the president. The First Vice president shall have such powers and duties as may be prescribed from time to time by the board of directors. In the usual course, the First Vice President will be nominated as the President in the year following his or her service as First Vice President.

SECTION 5.9. Second Vice President. In the absence or disability of the president and the First Vice President, the Second Vice President shall perform all the duties of the president and in so acting shall have all the powers of the President. The Second Vice President shall have such powers and duties as may be prescribed from time to time by the board of directors. In the usual course, the Second Vice President will be nominated as the First Vice President in the year following his or her service as Second Vice President.

SECTION 5.10. Secretary. The secretary shall have charge of such books, documents, and papers as the board of directors may determine. He/she shall attend and keep the minutes of all meetings of the board of directors. He/she shall keep a record, containing the names, alphabetically arranged, of all persons who are directors, showing their mailing addresses, and such book shall be open for inspection as prescribed by law. He/she may sign any appropriate documents or papers of the corporation, and when so

authorized or ordered by the board of directors, he/she may affix the seal of the corporation. He/she shall, in general, perform all the duties incidental to the office of secretary, subject to the control of the board of directors, and shall do and perform such other duties as may be assigned to him/her by the board of directors.

**SECTION 5.11. Treasurer.** The treasurer shall have charge of all funds, property, and securities of the corporation, subject to such regulations as may be imposed by the board of directors. He/she may be required to give bond for the faithful performance of his/her duties, in such sum and with such sureties as the board of directors may require. When necessary or proper, he/she may endorse on behalf of the corporation for collection checks, notes, and other obligations, and shall deposit the same to the credit of the corporation at such bank or banks or depository as the board of directors may designate. He/she shall sign all receipts and vouchers and, together with such other officer or officers, if any, as shall be designated by the board of directors, he/she shall sign all checks of the corporation and all bills of exchange and promissory notes issued by the corporation, except in cases where the signing and execution thereof shall be expressly designated by the board of directors or by these bylaws to some other officer or agent of the corporation. He/she shall make such payments as may be necessary or proper to be made on behalf of the corporation. He/she shall enter regularly on the books of the corporation to be kept by him/her for that purpose, full and accurate account of all monies and obligations received and paid or incurred by him/her for or on account of the corporation, and shall exhibit such books at all reasonable times to any board member on application at the offices of the corporation. He/she shall furnish a financial statement at each meeting of the board of directors. He/she shall, in general, perform all the duties incidental to the office of treasurer, subject to the control of the board of directors, and the Treasurer shall chair the Endowment Committee.

**SECTION 5.12. Compensation.** Directors shall not receive any compensation for their services, but by resolution of the board, a reasonable sum for expenses of attendance may be allowed for attendance at each regular or special meeting of the board. No officer shall receive compensation for serving as an officer of the corporation.

## **SECTION SIX STANDING COMMITTEES**

**SECTION 6.1. Enumeration and General Rules.** Committees to help in carrying out the work of the Corporation will be appointed as necessary by the President. The following are the Standing Committees: Advocacy, Board Development, Endowment, Executive, Marketing/Development, and Friends Councils. Standing Committees shall meet at least quarterly, either in association with Director's meetings or at other times. Every director will serve on his or her Friends Council in their region, and on at least one other standing

committee. Committee members may participate in meetings electronically as necessary. The Board may elect persons to serve on the committees who are not directors of the Board of Directors in a number not to exceed a majority of that committee. The General Manager of IdahoPTV shall designate IdahoPTV employees and others, with the President's consent, to provide support and other administrative services for all committees in a manner consistent with the provisions of any operating agreement between the corporation and IdahoPTV.

**SECTION 6.2. Executive Committee.** There shall be an executive committee, composed of the officers, which shall have the powers of the board of directors between meetings. The actions of the executive committee shall be submitted to the board for ratification at its next meeting.

**Section 6.3. Advocacy.** To develop and implement strategies for supporting the mission and service of IdahoPTV before lawmakers and the general public through testimony before local, state and national legislative committees, meeting with lawmakers, developing a volunteer speaker's bureau, providing volunteer support for Idaho Public Television, and such other measures as may help to advance the Idaho Public Television mission through advocacy.

**SECTION 6.4. Board Development.** To recommend policies on director participation, giving, and involvement, to facilitate an annual self-review of performance of those policies by each director, to conduct Board planning and director training, and to present slates of officers and directors at the Annual Meeting of the Board of Directors that represent diverse people and geographic regions and meet the mission of the Corporation in the roles of advocacy, board development, endowment, and marketing/development. This committee will organize Board trainings, retreats, and strategic planning.

**SECTION 6.5. Endowment Committee.** The Endowment Committee shall be chaired by the Treasurer of the Board and will include the General Manager of IdahoPTV as a non-voting ex-officio member. The committee will implement financial and fiscal policy consistent with all applicable regulatory requirements for all funds donated to the corporation for the support of Idaho Public Television by individuals, corporations, or foundations, make such funds available to Idaho Public Television on a timely basis, and satisfy itself that contributed funds are properly disbursed. It will regularly report on the status of receipts, funds, and investments to the Board of Directors. The Endowment Committee shall have charge of funds held by the Corporation or any appurtenant Foundation.

**SECTION 6.6. Marketing/Development.** The Marketing/Development committee will include as an ex-officio, non-voting member the Marketing/Development Director of Idaho Public Television. This committee will identify and develop financial support for Idaho Public Television from individuals, corporations, and foundations through peer identification and review, cultivation, stewardship, gift solicitation, and such other

measures as may help to advance the Idaho Public Television mission through funds development.

SECTION 6.7. Friends Councils. The three Friends Councils representing The Regions of Idaho Public Television will be responsible for ascertainment of critical issues within their regions and the reporting of such issues to the full board of directors.

SECTION 6.8. Special Committees. Special committees shall be appointed by the president with the approval of the executive committee which shall designate their powers and term of each committee's appointment.

## **SECTION SEVEN VOTING STOCK HELD BY THE CORPORATION**

Unless other wise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation to vote either in person or by proxy at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting may possess and exercise all of the rights and powers incidental to the ownership of such stock with which, as the owner thereof, this corporation might have possessed and exercised if present. The board of directors may confer like powers upon any other person and may revoke any such powers as granted at its pleasure.

## **SECTION EIGHT FISCAL YEAR**

The fiscal year of the corporation shall commence on July 1 of each year and end on June 30.

## **SECTION NINE PROHIBITION AGAINST SHARING OF CORPORATE EARNINGS**

No board member, officer of, employee of, or member of a committee or person connected with the corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation; and no such person or persons shall be entitled to share in the distribution of any of the corporation assets upon the dissolution of the corporation. All directors of the corporation shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the affairs of the corporation, whether voluntary or involuntary, the assets of the corporation, after all debts have been satisfied, then remaining in the hands of the board of directors shall be distributed, transferred,

conveyed, delivered and paid over, in such amounts as set forth in SECTION VII of the Restated Articles of Incorporation.

#### **SECTION TEN INDEMNIFICATION**

No director of the Board of Directors and no officer duly appointed by the Board shall have any personal liability for acts performed in his official capacity in good faith, nor shall any such director or officer be liable for nonfeasance or misfeasance in the performance of his duties, but only in case of malfeasance. The corporation shall indemnify the directors of its Board of Directors, its officers, and agents against any and all expenses and liabilities, including attorney's fees and other costs, which they or any of them incur in connection with any suit or suits which may be brought against them or any of them involving or pertaining to any of their official acts or duties (which it be alleged that such acts are ultra vires or otherwise), provided only that in such suit or suits no personal liability is finally established against them incident to any act of malfeasance on their part. This provision shall not be deemed to prevent compromise of any such litigation when such compromise is deemed advisable.

#### **SECTION ELEVEN EMPLOYEES**

The corporation shall have no employees. At the discretion of the board, it may contract for the administrative and other services necessary to maintain its affairs from Idaho Public Television or from outside agencies, professionals, institutions or consultants.

#### **SECTION TWELVE AMENDMENTS**

Amendments to these Bylaws shall be approved by a two-thirds majority vote of the directors of the Board: 1) at any meeting, provided that notice of consideration of the proposed amendment has been given at least seven calendar days in advance of the meeting or 2) by email or written ballot.

#### **SECTION THIRTEEN DISSOLUTION**

The corporation shall not be dissolved except following the favorable vote of two-thirds of the directors having voting rights at a meeting duly called for the purpose. Upon dissolution all assets belonging to the corporation, after due provision for any liabilities then

outstanding and unpaid, shall be paid first to any successor corporation and if none to Idaho Public Television or its successor in interest, if any. If Idaho Public Television is no longer in existence and has no successor in interest, then the net assets shall be paid over to the Idaho State Board of Education to provide public television broadcasting services to the residents of Idaho.

Revision History: January 22, 2008

**The Friends of Idaho Public Television, Inc.**

**Conflicts of Interest Policy**

A. **Purpose.** The purpose of this Conflicts of Interest Policy is to protect The Friends of Idaho Public Television, Inc.'s ("Friends of IPTV") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or committee member of the Friends of IPTV. Such transactions may include services provided by the Friends of IPTV, purchase of services and/or tangibles from a vendor; and/or access to specialized or privileged information which can be used for personal gain. This policy is intended to supplement but not replace any Idaho laws governing conflicts of interest applicable to nonprofit and charitable corporations.

B. **Applicability.** This Policy applies to any transaction or arrangement between the Friends of IPTV and any "interested person".

An "interested person" is a director, officer or member of a committee with board-delegated powers who has a direct or indirect "financial interest".

A "financial interest" is:

1. An ownership or investment interest in any entity with which the Friends of IPTV has a transaction or arrangement;
2. A compensation arrangement with the Friends of IPTV or with any entity or individual with which the Friends of IPTV has a transaction or arrangement; or
3. Being an officer, director, employee or agent of any entity or individual with which the Friends of IPTV has a transaction or arrangement.

Compensation includes direct and indirect remuneration and gifts or favors which are substantial in nature.

C. **Determination of a Conflict of Interest.** With respect to any proposed transaction or arrangement between the Friends of IPTV and any entity or individual being considered by the board of directors or any committee with board-delegated powers:

1. Any interested person shall disclose any financial interest and all material facts related thereto to the board or committee as soon as the interested person becomes aware of a possible conflict of interest.
2. Upon the disclosure by an interested person of a financial interest and all material facts relating thereto and discussion with the interested person, he or she shall leave the meeting while the remaining members of the board or committee discuss the matter and determine, by majority vote without the interested person voting,

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whether or not the financial interest of the interested person constitutes a conflict of interest.

**D. Addressing a Conflict of Interest.** If a conflict of interest is determined to exist, then the board or committee shall:

1. Require the interested person to leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest; provided, however, that the interested person may make a presentation at the meeting prior to leaving;
2. Appoint, if it deems appropriate, a non-interested person or committee to investigate alternatives to the proposed transaction or arrangement; and
3. Determine, by a majority vote without the interested person voting, that the transaction or arrangement is in the Friends of IPTV's best interests and for its own benefit; is fair and reasonable to the Friends of IPTV, and, after exercising due diligence, determine that the Friends of IPTV cannot obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances.

Any interested person who violates this Conflict of Interest Policy shall be subject to appropriate discipline, including removal from office.

**E. Recording Conflicts of Interest.** The minutes of all board meetings and the meetings of all committees with board-delegated powers shall include:

1. The names of the persons who disclose financial interests, the nature of the financial interests and whether the board or committee determined that there was a conflict of interest; and
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement; the content of these discussions, including any alternatives to the proposed transaction or arrangement; and a record of the vote.

**F. Distribution of Conflict of Interest Policy.**

1. At the first board meeting following the annual board meeting, and at the first meeting of each committee with board-delegated powers following the annual board meeting, a copy of the Friends of IPTV's current Conflicts of Interest Policy shall be distributed to all directors and committee members.
2. On or before the date of the second board or committee meeting following the annual board meeting, each director and committee member shall sign and return to the secretary of the board a written statement that he or she:
  - a. Has received a copy of the Conflicts of Interest Policy;
  - b. Has read and understands the Policy;

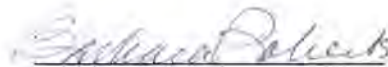
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- c. Agrees to comply with the Policy;
- d. Understands that the Policy applies to all committees and subcommittees having board-delegated powers; and
- e. Understands that the Friends of IPTV is a charitable organization and that in order to maintain its tax-exempt status, it must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes.

G. **Periodic Reviews.** At the first board meeting following the annual board meeting, and at the first meeting of each committee with board-delegated powers following the annual board meeting, and at such other times as the board or committee may deem appropriate, the board or committee shall conduct a review of the Friends of IPTV's activities to ensure that the Friends of IPTV is operating in a manner consistent with accomplishing its charitable purposes and that its operations do not result in private inurement or impermissible benefit to private interests.

Adopted by the Board of Directors of The Friends of Idaho Public Television, Inc. on February 6, 2009.



Barbara Roberts, Secretary

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