

RESOLUTION 04-03
(revised 1/20/04)

RESOLUTION OF THE CITY OF KETCHUM CITY COUNCIL APPROVING A
LEASE PURCHASE AGREEMENT TO FINANCE A 4X4 UTILITY VEHICLE AND
A 4 TON ASPHALT HAULER, AND AUTHORIZING THE MAYOR TO EXECUTE
THE AGREEMENT

WHEREAS, the City Council approved the bid award to Barry Rental for a Demo 4x4 Utility Vehicle at a cost of \$39,403.50 and the bid award to Pacific Utility Equipment for a new 4 Ton Asphalt Hauler at a cost of \$27,0000, at their December 15 meeting, and

WHEREAS, the approval was subject to the negotiation of a lease purchase agreement to finance this piece of equipment, and

WHEREAS, the City has received a proposal from US Bank for a 3 year lease purchase, at 3.03% interest, with an initial payment of \$23,010.73 due February 1, 2004, and two subsequent annual payments,

NOW THEREFORE BE IT RESOLVED, that the Ketchum City Council approves the lease purchase proposal from US Bank and that the Mayor is authorized to execute this agreement.

This Resolution will be in full force and effect upon its adoption this twentieth (20th) day of January 2004.



Attest:

A handwritten signature in blue ink, appearing to read "Sandra Cady", is written over a horizontal line.

Sandra Cady, CMC
City Treasurer/Clerk

A handwritten signature in blue ink, appearing to read "Randy Hall", is written over a horizontal line.

Randy Hall, Council President

STATE OF IDAHO
COUNTY OF BLAINE

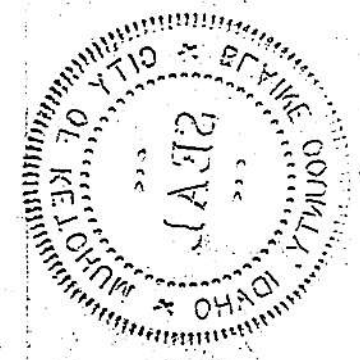
BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 20____.

Notary Public in and for the State of Idaho

My commission expires _____

[Handwritten signature]



This is not a commitment to lend. This is a preliminary expression of interest. Any commitment is subject to formal credit approval, appropriate due diligence, and acceptable documentation, all of which are at the sole discretion of U. S. Bank.

\$66,403.50
City of Ketchum, Idaho
Equipment Lease/Purchase Financing, Series 2004A
Final Term Sheet
February 6, 2004

- **Borrower:** City of Ketchum, Idaho (the "City").
- **Facility:** U. S. Bank National Association, (the "Bank") will provide Equipment Lease/Purchase financing (the "Lease") to the City in the amount not to exceed \$66,403.50.
- **Purpose:** The Lease proceeds will be used for the initial acquisition and initial permanent financing of 2 vehicles to be used for general City purposes. ~~One used demo 4-ton utility vehicle and one new 4-ton asphalt hauler~~ (the "Equipment" or "Vehicles").
- **Terms:** Equal annual principal and interest payments beginning March 15, 2004 through and including March 15, 2006. Lease duration to not exceed 2.5 years.
- **Rate:** A fixed rate of interest equal to 3.03% per annum (the "Rate"). Accrual Basis of actual/360. The Rate is not "locked" and will fluctuate with Bank's cost of capital until closing on the Lease.
- **Fee:** \$350.00 set up fee due at closing and will be invoiced to the City.
- **Prepayment:** The Lease may be prepaid at anytime without penalty.
- **Security:** The Lease will utilize a UCC lien on the financed vehicles via an Article 9 Certificate filing as well as liens on the vehicle titles if VINs exist.
- **Conditions:** All rates and terms discussed herein are subject to the Bank's formal credit approval process. Annual reports must be provided the Bank during and for each year the Lease is outstanding. The City will cause the Bank's lien information to be placed onto the vehicle titles, if applicable
- **Covenants:** Standard covenants regarding maintenance of business operations, adequate City and equipment insurance coverage, agreement to take all actions necessary to preserve tax exempt status of the Lease, and to collect fees, taxes and other revenues in an amount sufficient to meet all City obligations, including debt service on the Lease.
- **Documentation:** All documentation and opinions for this transaction will be prepared at the City's expense. The Bank will provide the form of the Lease and the form of the opinion needed of the City's attorney that the Lease is a legal, valid, binding, enforceable and properly authorized obligation of the City. A copy of the authorizing resolution or ordinance is required, 8038 filing (form provided by Bank) and proof of equipment insurance will be required to close the Lease. The City will designate the Lease as a "qualified tax-exempt obligation" under section 265(b) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions. Allow time for these documentation requirements to be satisfied following receipt of loan approval.

Under Idaho State Law oral commitments to lend are unenforceable. The above terms are a summary and not meant to be all-inclusive of what a final commitment and actual loan documents may contain.

Municipal Lease-Purchase Agreement



Name and Address of Municipality

Name

City of Ketchum, Idaho

Street Address or P.O. Box

P.O. Box 2315

City, State, Zip

Ketchum, ID 83340

Telephone/Fax Number

208.726.3841 / 208.726.8234

Contact Person / Title

Mr. Ron LeBlanc, City Administrator

U.S. Bank National Association (Lessor) hereby leases to City of Ketchum, Idaho (Lessee), the personal property (the "Equipment") described in Exhibit A, attached hereto and made a part hereof, or in any subsequent schedules which may hereinafter be made a part hereof, upon the following terms and conditions:

1. TERM AND RENT: The term of, and the rental amount ("Rental Amount") due under this Municipal Lease-Purchase Agreement ("Agreement") shall begin on the Acceptance Date as specified on the attached "Property Acceptance Certificate", Exhibit C, continue on a year-to-year basis and end on the date all payments on Exhibit B, or in any subsequent schedules which may hereafter be made a part hereof, have been made. This Agreement will be deemed automatically renewed by Lessee each year (Lessee's fiscal year) unless earlier terminated by Lessee due to nonappropriation as provided in Paragraph 22 herein.

The Rental Amount includes specified amounts of principal and interest. On any payment date and subject to provisions of Exhibit E to this Agreement, Lessee may be allowed by Lessor to prepay all or a portion of this obligation. Upon full payment by Lessee of the entire Rental Amount including interest due on this Agreement, the security interest held by Lessor and its successors or assigns shall be released. If any payment (or portion thereof) is not paid when due, it will incur a monthly late charge of 1.5% of the payment amount plus interest at the annual percentage rate stated in Exhibit B. Lessee covenants to pay all Rental Amounts when due, and to perform all other covenants contained in this Agreement.

2. OPTION TO PURCHASE: Lessee shall have, and is hereby granted, an option to purchase the Equipment at the expiration of this Agreement for the nominal price of \$1.00, provided further that Lessee's right to so purchase the Equipment shall be conditional upon a complete and full performance of Lessee's undertakings as provided in this Agreement and also conditional upon full payment by Lessee of the entire Rental Amount including interest due on this Agreement.

3. COVENANTS OF LESSEE: Lessee warrants that it is a body politic and has statutory authority to enter into this transaction and carry out its obligations. Lessee has authorized the execution of this Agreement by its appropriate officials.

4. EQUIPMENT INSPECTION AND TITLE: Lessee shall inspect the Equipment within forty-eight hours after receipt thereof. Unless Lessee within said period of time gives written notice to Lessor specifying any defect in or other proper objection to the Equipment, Lessee agrees that it shall be conclusively presumed, as between Lessor and Lessee, that Lessee has fully inspected and acknowledged that the Equipment is in good condition and repair, and that Lessee is satisfied with and has accepted the Equipment in such condition.

Title to the Equipment has been conveyed to Lessee during the lease term in return for periodic payments, subject to the terms and conditions herein.

5. SECURITY INTEREST: To secure payments and observance by Lessee of the covenants expressed or implied herein, Lessee grants a security interest in and a lien on the equipment to Lessor, its successors and assigns.

6. ALTERATIONS: Lessee is hereby given the right to make alterations, additions or improvements to the Equipment, so long as the value of the Equipment is not reduced thereby. All additions and improvements of whatsoever kind or nature made to the Equipment shall immediately become the property of Lessor and subject to the terms of this Agreement.

7. USE AND MAINTENANCE: Lessee will use the Equipment in a careful and proper manner, in compliance with all applicable laws and regulations. Equipment is to be used by Lessee exclusively and not subleased, loaned or otherwise used by entities other than Lessee. At its sole expense and cost, Lessee will maintain the Equipment in good repair, condition and working order and in compliance with manufacturer's suggested maintenance and so as to maintain manufacturer's and/or vendor's warranties.

ADDITIONAL MAINTENANCE PROVISIONS ARE CONTAINED IN THIS AGREEMENT AND ARE SET FORTH IN EXHIBIT D, IF CHECKED HERE: **8. DAMAGE OR DESTRUCTION OF EQUIPMENT:** Lessee hereby assumes and bears the entire risk of loss of and damage to the Equipment, whether or not insured from any and every cause whatsoever. No loss or damage to the Equipment or any part thereof

shall impair any obligation of Lessee under this Agreement, which shall continue in full force and effect. If the Equipment is partially lost, stolen, damaged or destroyed, Lessee will promptly repair and restore it to working order. If net insurance proceeds (including proceeds of self-insurance) are not sufficient to pay for repairs, Lessee will nevertheless complete the work and pay the costs. Lessee is not entitled to reimbursement or to any reduction of the payments or other amounts payable pursuant to this Agreement.

If the Equipment is totally lost, stolen, damaged or destroyed, Lessee shall pay to Lessor or its assignee a sum equal to the applicable remaining "Principal Balance" plus interest as stated on Exhibit B, if paid later than as regularly scheduled.

9. DISCLAIMER OF WARRANTIES: Lessee acknowledges the Equipment is being purchased in accordance with its own specifications. Lessor makes no warranty, express or implied, with respect to the merchantability, condition, quality or fitness of the Equipment.

10. INSURANCE; INDEMNIFICATION: Lessee, at its own expense, shall keep the Equipment insured for such risks and in such amounts as Lessor shall require, throughout the entire Agreement Term as to casualty, public liability and property damage. The coverage of the casualty insurance will at least equal at all times the amount necessary to pay the applicable remaining "Principal Balance" plus interest as stated on Exhibit B, if paid later than as regularly scheduled. Lessee shall deliver to Lessor or its assignee prior to inception of this Agreement, and annually thereafter if requested, a Certificate of Insurance evidencing that the Equipment is insured through an acceptable insurance carrier, with Lessor listed as loss payee.

(Check Appropriate Box)

MASTER POLICY. Lessee warrants that the Equipment has been placed under coverage of its master insurance policy.

SEPARATE POLICY. Lessee has purchased a separate insurance policy covering the Equipment.

SELF-INSURANCE. Lessee is self-insured with respect to the Equipment. Lessee states that should it cease to be self-insured, it will notify Lessor by certified mail, return receipt requested, of such change and will immediately insure the Equipment under a single or master policy.

Lessor shall not be liable for injury to any person or damage to property resulting directly from the operation or use of the Equipment. Lessee will hold Lessor and its assignee harmless from all claims, actions, proceedings, expenses, damages and liabilities, including attorneys' fees and court costs, arising in connection with the Equipment or its use.

Should Lessee fail to maintain insurance as herein provided, then Lessor shall have the right, after demand upon Lessee, and without releasing Lessee from any obligation hereunder, to effect the same, and to pay an expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so paid or expended by Lessor shall be an indebtedness of the Lessee to Lessor and bear an interest rate of **7.50%** per annum.

11. SURRENDER OF EQUIPMENT: Upon termination of this Agreement, Lessee shall (unless Lessee has acquired title thereto pursuant to either paragraph 2 or Exhibit B hereto) return the Equipment to Lessor in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof alone excepted, and have been maintained in accordance with Paragraph 7. In the event of early termination of this Agreement, Lessee will return the Equipment in a condition that permits the Lessor to be eligible for the manufacturer's or supplier's standard maintenance contract without incurring any expense to repair or rehabilitate such Equipment. Lessee will transfer ownership and title to the Equipment to the Lessor and guarantee and indemnify clear title. Lessee, at its own expense, shall deliver the Equipment to such place as specified by Lessor within the county in which the Equipment was delivered to Lessee or to which Equipment was moved with the written consent of Lessor.

12. TAX INDEMNIFICATION: Lessee hereby represents that it has taken all action necessary to cause the interest received by any holder of this Agreement to be exempt from federal income taxation under the Internal Revenue Code of 1986, as

amended. Therefore, should this transaction be deemed by any taxing authority not to be tax exempt from federal and/or state income taxation, the Lessee agrees that the Annual Percentage Rate in Exhibit B shall be adjusted to an Equivalent Taxable Annual Percentage Rate. "Equivalent Taxable Annual Percentage Rate" is defined as: The Annual Percentage Rate Lessor would have to charge to obtain the same after tax yield anticipated to be achieved as a result of the Annual Percentage Rate stated herein on Exhibit B.

QUALIFIED. The Lessee hereby designates this Agreement as a "qualified tax-exempt obligation" within the meaning of the Tax Reform Act of 1986.

If the Lessee loses its eligibility for the "Small Issuer Exemption" during the Year calendar year, the Annual Percentage Rate in Exhibit B shall be adjusted to preserve Lessor's originally anticipated Equivalent Taxable Annual Percentage Rate.

NOT QUALIFIED. The Lessee is not qualified for the "Small Issuer Exemption" under the Tax Reform Act of 1986.

13. TAXES: Unless Lessee has provided Lessor with evidence of an exemption, Lessee agrees to pay any license or registration fees, gross receipts, taxes, assessments, charges and sales, use, property, excise and other taxes imposed by any governmental agency upon the Equipment. Any fees, taxes or other lawful charges paid by Lessor or its assigns for the Lessee shall become immediately due from Lessee to Lessor or its assignee including any transfer and taxes pursuant to Paragraph 10.

14. LIENS: Lessee will not create or assume any mortgage, pledge, lien, encumbrance or claim on the Equipment, and will, at its own expense, discharge any such claim.

15. PERSONAL PROPERTY: The Equipment is, and will at all times during the Agreement Term remain, personal property, regardless of its adjacency or attachment to real property.

16. EVENTS OF DEFAULT: The default by Lessee under any term, covenant or condition contained herein which is not cured within ten days after written notice thereof from Lessor, shall, at the option of the Lessor, terminate this Agreement and Lessee's right to possession of the Equipment.

17. REMEDIES ON DEFAULT: Upon termination of this Agreement, Lessor may without notice to or demand upon Lessee, except as stipulated in paragraph 22, pursue one or more of the following remedies:

(a) Take any necessary or desirable action to collect all payments due under this Agreement, or to enforce performance of any obligation, agreement or covenant of Lessee under this Agreement, including payment of any amounts which they fail to pay (such as insurance premiums, costs or repairs, taxes). Lessor and its assigns will also be entitled to recover all costs and expenses, including attorney's fees, incurred in connection with the enforcement of any rights or remedies of Lessor or its assigns against Lessee.

(b) To sue for and recover all rents, and other payments, then accrued or thereafter accruing, with respect to any or all items of equipment.

(c) To take possession of any or all items of equipment, wherever same may be located, without any court order or other process of law. Lessee hereby waives any and all damages occasioned by such taking of possession. Any said taking of possession shall not constitute a termination of this Agreement as to any or all items of equipment unless Lessor expressly notifies Lessee in writing.

(d) To terminate this Agreement as to any or all items of equipment.

(e) To pursue any other remedy at law or in equity.

Notwithstanding any said repossession, or any other action which Lessor may take, Lessee shall be and remain liable for the full performance of all obligations on the part of Lessee to be performed under this lease.

All such remedies are cumulative, and may be exercised concurrently or separately.

18. CONCURRENT REMEDIES: No right or remedy of Lessor is exclusive of any other right or remedy. Each is cumulative of every other right or remedy given, or now hereafter existing at law, and may be enforced concurrently, separately, or in sequence.

19. ASSIGNMENT: Lessee agrees not to sell, assign, lease, sublease, pledge or allow any lien or encumbrance against any interest in this Agreement or the Equipment without Lessor's prior written consent, which will be withheld if: (1) it would eliminate or decrease Lessor's tax exempt yield or, (2) it would, in the sole judgment of the Lessor, diminish the prospects for repayment. Lessee agrees that Lessor may assign, in whole or in part, its right, title and interest in this Agreement or the Equipment to one or more third parties. Any such assignee will have the rights of Lessor under the Agreement. Any assignee of Lessor may reassign its interest in this

Agreement and/or the Equipment to any other person who, thereupon, shall be deemed to be Lessor's assignee.

20. NOTICES: All communications between Lessor and Lessee, payments, and notices provided herein to be given or made, may be given by mailing the same to:

U.S. Bank Government Banking

13th Floor (PD-WA-T13G)

1420 Fifth Avenue

Seattle, WA 98101-4087

AND TO Lessee at: City of Ketchum, Idaho

P.O. Box 2315

Ketchum, ID 83340

or to such addresses as either party may in writing hereinafter indicate. Lessee shall file such notices with public agencies as may be required to preserve tax exemption of the interest portion of the Rental Payments.

21. UNIFORM COMMERCIAL CODE: The undersigned Lessee acknowledges that this Agreement secures a purchase money security interest in such equipment as set forth and enforceable under the Uniform Commercial Code, and authorizes Lessor at its option to (i) file one or more financing statements signed only by the Lessor, or (ii) file a copy of this Agreement with the appropriate state and local authorities at any time as Lessor shall deem necessary to fully protect the security interest herein granted to it by Lessee.

Lessee hereby authorizes Lessor as secured party or its agent or assignee to sign and execute on its behalf any and all necessary UCC-1 forms to perfect the purchase money security interest herein above granted (Paragraph 4) to secured party.

22. NONAPPROPRIATION: Lessee may terminate this Agreement if the following events shall have occurred:

(a) In the event funds are not budgeted and appropriated in any fiscal year for Lease Payments due under this Agreement for the succeeding fiscal year, or for the acquisition of services, equipment or functions, which in whole or in part are essentially the same as those being leased hereunder, this Agreement shall impose no obligation on the Lessee as to such succeeding fiscal year and shall become null and void except as to the Lease Payments herein agreed upon for which funds will have been appropriated and budgeted, and no right of action or damage shall accrue to the benefit of Lessor, its successors and assigns, for any further payments;

(b) If the provisions of Section (a) are utilized by Lessee, Lessee agrees to immediately notify the Lessor or its assignee of this Agreement that funds are not budgeted and appropriated, and to peaceably surrender possession of the equipment to Lessor or its assignee.

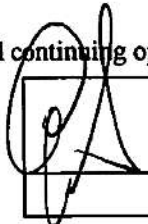
(c) Lessee made all payments due during the fiscal period immediately preceding the fiscal period for which sufficient funds were not appropriated.

Any early termination due to nonappropriation must be at the end of Lessee's then-current fiscal year.

Essential Use Statement:

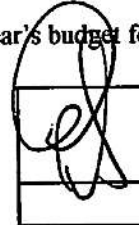
It is represented to the Lessor that the Equipment will be used by Lessee for the following purposes: to finance the acquisition of two vehicles to be utilized for general City of Ketchum, Idaho business.

and the use of the Equipment and its rental expense is essential to Lessee's proper, efficient, economic and continuing operation.


INITIAL

Appropriation Certificate:

The Lessee hereby certifies that all payments due for the fiscal year ending 2004, are within such fiscal year's budget for Lessee and within an available, unexhausted and unencumbered appropriation.


INITIAL

IN WITNESS WHEREOF, the parties hereto have executed this lease as of this 17 day of February, 2004.

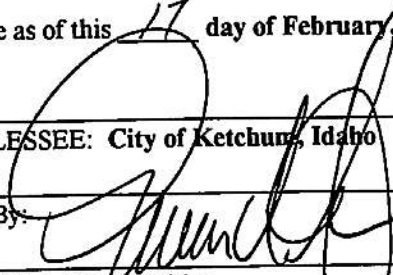
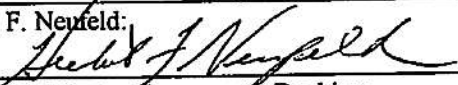
U.S. BANK NATIONAL ASSOCIATION	LESSEE: City of Ketchum, Idaho
Branch: Government Banking	By: 
By Herbert F. Neufeld: 	Printed Name/Title: EDWARD SIMON, MAYOR
Title: Vice President - Government Banking	By:
	Printed Name/Title:

Exhibit "A"

Description of Property:

Two vehicles described as:

- ***4X4 Utility Vehicle – Toolcat 5600 - Serial Number# 520511211***
- ***4-Ton Asphalt Hauler – Spaulding Model RMVT4D Hot Patcher – Serial #T4D-02-1903-213***

Both vehicles will be subject to a UCC lien with U.S. Bank national Association as Beneficiary.

Exhibit "B"

Payment and Amortization Schedule:

Equipment Cost	\$39,403.50	Toolcat
	\$27,000.00	Asphalt Hauler
Less Trade-In Allowance	\$0	
Less Down Payment	\$ 0	
Other Costs Financed	\$ 0	
Equals Amount Financed	\$66,403.50	

Lessee shall pay **annual** payments each in the amount of **\$22,991.42**. The first such payment shall be due on **3/15/2004**, and shall continue on the same day of each **year** thereafter until the end of the term of this Schedule.

THE INTEREST RATE ON THIS OBLIGATION IS 3.03%. The payments herein shall be composed of principal and interest. In the event of changes in the Annual Percentage Rate due to events as outlined in Paragraph 8 of this Agreement (Tax Indemnification), this payment and amortization schedule shall be modified to Lessor's Equivalent Taxable Annual Percentage Rate in order to preserve Lessor's anticipated after tax yield.

Amortization and Repayment Schedule:

IF CHECKED, SEE ATTACHED SUPPLEMENT TO EXHIBIT B FOR PAYMENT SCHEDULE

PAYMENT NUMBER.	DATE	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL BALANCE
1	3/15/2004	22,806.02	plus 185.40	22,991.42	43,947.48
2	3/15/2005	21,641.32	plus 1,350.10	22,991.42	22,306.16
3	3/15/2006	22,306.16	plus 685.26	22,991.42	0
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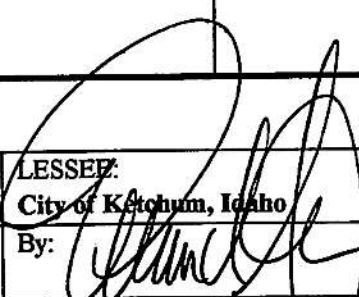
LESSEE: City of Ketchum, Idaho	LESSEE: City of Ketchum, Idaho
By:	By: 
Printed Name/Title:	Printed Name/Title: EDWARD SIMON, MAYOR

Exhibit "C"

Property Acceptance Certificate:

In accordance with the terms of the Municipal Lease Purchase Agreement (the "Agreement") between U.S. Bank National Association (Lessor) and the undersigned Municipality (Lessee), we hereby certify to and agree with the Lessor as follows:

1. The Equipment as defined in the Agreement, has been delivered and installed at the location specified in the agreement and accepted on the date indicated below.
2. Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary, and hereby acknowledges that it accepts the Equipment for its purposes.
3. No event of default, as defined in the Agreement, and no event that would cause default, has occurred and is continuing at the date hereof.

Based on the above certification, Lessee shall commence the Payments as stated in Exhibit B to the Agreement.

Dated: February 17, 2004.

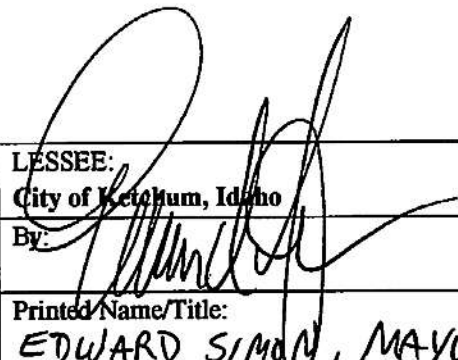
LESSEE: City of Ketchum, Idaho	LESSEE: City of Ketchum, Idaho
By:	By: 
Printed Name/Title:	Printed Name/Title: EDWARD SIMAN, MAYOR

Exhibit "D"

LEASE NUMBER

Additional Maintenance Provisions:

N/A

Lessee shall abide by the Additional Maintenance Provisions as described above as Exhibit D to the Agreement.

Dated: February 17, 2004.

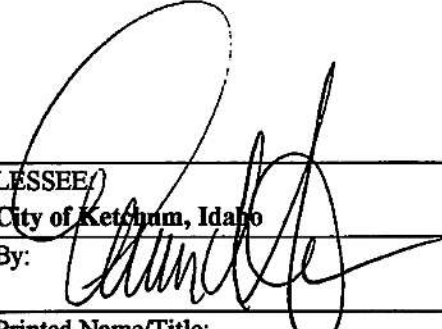
LESSEE: City of Ketchum, Idaho	LESSEE/ City of Ketchum, Idaho
By:	By: 
Printed Name/Title:	Printed Name/Title: EDWARD SIMON, MAYOR

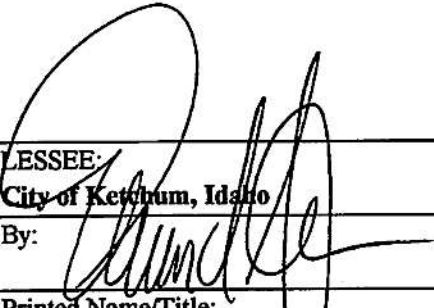
Exhibit "E"

Prepayment Provisions:

- This obligation may be prepaid on any payment date by paying the entire remaining balance (including accrued interest to the date of prepayment) plus a mandatory breakage fee of \$250 to be paid at the time of prepayment.
- This obligation may be prepaid at anytime without penalty. No breakage fee will be charged; the interest rate of the obligation includes this option to prepay without a fee.
- This obligation may be prepaid on any payment date by paying the lesser of a minimum of \$100,000 or 100% of the remaining principal balance plus the accrued interest to the date of prepayment. No breakage fee will be charged; the interest rate of the obligation includes this option to prepay without a fee.
- This obligation may be prepaid on any payment date by paying the lesser of a minimum of \$100,000 or the entire remaining principal balance plus accrued interest to the date of prepayment. A breakage fee may be charged in accordance with the Supplement to Exhibit E of this Agreement.
- This obligation may be prepaid on any payment date by paying the lesser of a minimum of \$100,000 or the entire remaining principal balance plus accrued interest to the date of prepayment. A percentage prepayment fee may be charged in accordance with the Supplement to Exhibit E of this Agreement.

Lessee acknowledges the Prepayment Provisions described above as Exhibit E, including the Supplement to Exhibit E (if applicable), to the Agreement.

Dated: February 17, 2004.

LESSEE: City of Ketchum, Idaho	LESSEE: City of Ketchum, Idaho
By:	By: 
Printed Name/Title:	Printed Name/Title: EDWARD SIMON, MAYOR

February 11, 2004

U.S. Bank National Association
Government Banking
1420 Fifth Avenue, 13th Floor
Seattle, WA 98101-4087

Re: Lease/Purchase Financing Agreement, Series 2004A

Dear Ladies and Gentlemen:

I am counsel for CITY OF KETCHUM, Idaho, ("City"). This opinion is delivered to U.S. BANK NATIONAL ASSOCIATION ("Bank") for the limited purpose of satisfying the conditions set forth in the Municipal Lease Purchase Agreement, dated February 11, 2004, between U.S. BANK NATIONAL ASSOCIATION and CITY OF KETCHUM; without my consent this opinion may not be relied upon by any person other than U.S. BANK NATIONAL ASSOCIATION.

I am familiar with the action taken by the City in connection with the Municipal Lease Purchase Agreement and the Installment Payment Schedule (Exhibit B), hereinafter collectively referred to as the "Master Agreement." In connection with this opinion, I or members of my staff have examined, or caused to be examined, the Master Agreement, the proceedings taken by the City to authorize City's execution of and performance under the Master Agreement, including without limitation the meeting minutes and other documents and matters of law as I have deemed relevant and necessary in rendering this opinion.

Based upon the foregoing and subject to the exceptions subsequently set forth, I am of the opinion that:

1. The City is duly organized and existing as a political subdivision under the Constitution and laws of the State of Idaho with full power and authority to enter into the Master Agreement.
2. The Master Agreement has been duly authorized, executed, and delivered by the the City, and constitutes the legal, valid and binding obligation of the City.
3. No authorization, approval, consent, or other order of any governmental authority, other

than the authorizations, approvals, consents, and orders that have already been obtained, is required for the valid authorization, execution, and delivery of the Master Agreement for the performance by the City or its obligations in the transactions contemplated by the Master Agreement.

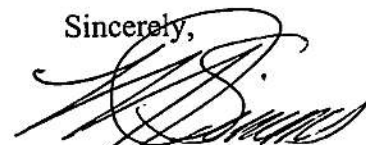
4. There are no suits or proceedings known to me pending or threatened, challenging the authority of the City to enter into, or seeking to restrain or enjoin the execution or performance by the City of, the Master Agreement, challenging the security interest of Bank or its assigns in the Equipment (as defined in the Master Agreement), nor seeking to restrain or enjoin the City from appropriating sufficient funds to pay the installment payments contemplated by the Master Agreement.

5. The execution and delivery of the Master Agreement and the compliance with the provisions thereof by the City, and the consummation by the City of the transactions contemplated thereby under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject.

6. The Equipment is personal property and, when subject to use by the City, will not be or become fixtures under the laws of the State of Idaho.

The foregoing opinions are subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws relating to or affecting the enforcement of creditors' rights generally and are limited by the fact that the remedy of specific performance and other equitable remedies are subject to judicial discretion.

Sincerely,



Margaret J. Simms
Ketchum City Attorney



ARTICLE 9 CERTIFICATE
(For Personal Property Secured Loans Excluding Personal Trusts)

Date: February 6, 2004 "Borrower" City of Ketchum, Idaho "Bank" US Bank N.A.

The undersigned pledgor of collateral to the Bank (hereafter "Pledgor") in his or her capacity as set forth below warrants and attests to Bank, its successors and assigns, the following:

1. **Legal Name.** The exact legal name of Pledgor is:
City of Ketchum, Idaho

2. **Type of Entity.** Pledgor is a (check one):
 - husband and wife borrowing relationship
 - sole proprietorship
 - general partnership
 - limited partnership
 - limited liability partnership
 - limited liability limited partnership
 - limited liability company
 - corporation
 - other (please designate) Municipality – City government

3. **Registered Organization.** If Pledgor is an entity created by and registered with a state or the United States, check one and insert information as appropriate:
 - United States
 - State of _____ (please designate)

4. **Registration Documentation.** If Pledgor is a registered organization, attached is a file-stamped photocopy of Pledgor's current organization filing including all amendments (e.g., Articles of Incorporation, Articles of Organization, Certificate of Limited Partnership). **Attaching a Certificate of Good Standing or Certificate of Status is not sufficient for this requirement.**

5. **Organization Number.** If Pledgor is an organization and has an organization identification number, please specify _____, or if no separate identification number exists for the organization, indicate that "none exists" by checking this box . **This is not the SSI or taxpayer ID number.**

6. **Employer ID #/Social Security #:** Pledgor's EIN or SS number is: TIN# 82-6001390

7. **Pledgor's Location.**
 - Registered Organization: location is state of registration. Add mailing address of chief executive office here: _____
 - Registered Organization organized under the laws of the United States: consult counsel
 - Foreign Pledgor: consult counsel
 - All other organizations, indicate address of chief executive office
City of Ketchum, Idaho
P.O. Box 2315
Ketchum, Idaho 83340

8. **Prior Names.** List all former names of Pledgor during the past five (5) years, including those names which existed prior to any acquisition, merger or consolidation with or into Pledgor, or any name of Pledgor that existed before Pledgor changed its name to its current name or changed its form of business (e.g., sole proprietor to LLC).

<u>Change of Name From</u>	<u>Change of Name To</u>	<u>Date</u>	<u>Reason (e.g., merger, acquisition, name changes, entity change)</u>
_____	_____	_____	_____
_____	_____	_____	_____

9. **Prior Jurisdictions.** (Note: This representation applies to Registered Organizations only). If on or after July 1, 2001 the Pledgor changed its registration (e.g., Articles of Incorporation, Articles of Organization, Limited Partnership Certificate) from a different state (e.g., Iowa to Wisconsin), list the prior state of registration.

<u>State</u>	<u>Date of Change</u>
_____	_____

10. **Prior Principal Locations of Pledgor.** Other than that location listed in Section 7 above, list the city, state and county of the current principal location (or residence) of Pledgor and any prior location during the last six (6) months.

<u>State</u>	<u>County</u>
_____	_____

11. **Collateral Locations.** Other than that location listed in Section 7 above, list each city, state and county in which any of the following collateral is currently located or was located during the last six (6) months: inventory, equipment.

<u>State</u>	<u>County</u>
_____	_____
_____	_____

12. **Fixtures, Timber To Be Cut, As Extracted Minerals, Farm Products.** Please list street address of collateral and attach a legal description: _____
County of _____.

There have been no changes since the last certificate dated _____.

Pledgor represents and warrants that the foregoing statements are true and correct in all respects, and that such warranties and representations are made under and in connection with certain credit facilities between the Borrower and the Bank, and any inaccuracy of such representations or warranties will constitute a default under such facilities.

City of Ketchum, Idaho

By: _____

EDWARD SIMON, MAYOR

(Print Name and Title)

By: _____

(Print Name and Title)