

## Becky Stokes

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**From:** Heringer, Eric <eheringer@snwsc.com>  
**Sent:** Thursday, November 29, 2012 2:35 PM  
**To:** Heather Dawson; Becky Stokes  
**Cc:** Keith, Michael; Stephanie J. Bonney (SJB@msbtlaw.com)  
**Subject:** Idaho Bond Bank sale

Heather and Becky –

The Bond Bank sale went very well today. I am very happy to report that the results were better than what I reviewed with City Council last week.

On the Water refinancing, the City's portion of the loan came in with a TIC of 2.19%. The final results show net cash flow savings of \$235,173 with Net PV savings totaling \$198,026 (or 9.69%). For comparison, the numbers I reviewed with the City Council last week were TIC of 2.29%, net cash flow savings of \$214,219 and Net PV savings of \$184,803 (9.04%).

On the Sewer refinancing, the City's portion of the loan came in with a TIC of 1.11%. The final results show net cash flow savings of \$423,345 with Net PV savings totaling \$387,911 (or 15.04%). For comparison, the numbers I reviewed with the City Council last week were TIC of 1.21%, net cash flow savings of \$409,988 and Net PV savings of \$377,181 (14.62%).

Please let me know if you have any questions or would like more detail on the savings. We will be working on reviewing the final documents for the December 20 closing and also be in touch to coordinate the cash contributions to the refinancing transactions.

Thank you for the opportunity to work with the City of Hailey on this bond refinancing.

-Eric

Eric Heringer  
Senior Vice President  
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**ESCROW DEPOSIT AGREEMENT**

BETWEEN

**THE CITY OF HAILEY  
BLAINE COUNTY, IDAHO**

AND

**WELLS FARGO BANK, N.A.**

DATED AS OF DECEMBER 1, 2012

EXHIBIT "D"

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EXHIBIT “D”

## ESCROW DEPOSIT AGREEMENT

**The City of Hailey  
Blaine County, Idaho  
Sewer Revenue Refunding Bond  
Series 2012**

THIS ESCROW AGREEMENT, dated as of December 1, 2012 (herein, together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between the City of Hailey, Blaine County, Idaho (herein called the "Issuer"), and Wells Fargo Bank, N.A., as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the Issuer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

### WITNESSETH:

WHEREAS, the Issuer heretofore has issued and there presently remain outstanding the Series 2001 Bonds described in Exhibit B attached hereto (the "Refunded Bonds"); and

WHEREAS, pursuant to Ordinance No. 1114 of the Issuer, adopted on November 19<sup>th</sup>, 2012 (the "Authorizing Action"), the Issuer has determined to issue its Sewer Revenue Refunding Bond, Series 2012 (the "Refunding Bond") for the purpose of providing funds to pay and redeem the outstanding Refunded Bonds in full, principal and interest, on March 1, 2013 (the "Date Fixed for Redemption"); and

WHEREAS, the Escrow Agent has reviewed the Authorizing Action and this Agreement, and is willing to serve as Escrow Agent hereunder; and

WHEREAS, \_\_\_\_\_, Certified Public Accountants, have prepared a verification report dated as of \_\_\_\_\_, 2012 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds, and the adequacy of such funds and investments to provide for the payments as set forth above; and

WHEREAS, pursuant to the Authorizing Action, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will be payable and in the amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

WHEREAS, the Issuer's Authorizing Action authorizes the Issuer to issue the Refunding Bond and to deposit the proceeds from the sale thereof, and any other available funds or

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resources, with the Escrow Agent for the discharge and final payment of the Refunded Bonds; and

WHEREAS, the Authorizing Action further authorizes the Issuer to enter into an escrow agreement with the Escrow Agent with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and the Escrow Agent may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the principal of and interest and redemption premium, if any, on the Refunded Bonds when due; and

WHEREAS, the Refunding Bond has been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of and interest and redemption premium (if any) on the Refunded Bonds when due as shown on Exhibit C attached hereto; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Bond to the purchasers thereof, certain proceeds of the Refunding Bond, together with certain other available funds of the Issuer, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Bonds to their final date of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest and redemption premium on the

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Refunded Bonds, the Issuer and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

## **Article 1. Definitions and Interpretations.**

### **Section 1.1. Definitions.**

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

“Escrow Fund” means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

“Escrowed Securities” means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other Government Obligations substituted therefor pursuant to Section 4.2 of this Agreement.

“Government Obligations” means direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, including, but not necessarily limited to, State and Local Government Series Obligations (SLGS).

“Paying Agent” means Wells Fargo Bank, N.A., as the paying agent for the Refunded Bonds.

### **Section 1.2. Other Definitions.**

The terms “Agreement,” “Issuer,” “Escrow Agent,” “Authorizing Action,” “Verification Report,” “Refunded Bonds,” and “Refunding Bond” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

### **Section 1.3. Interpretations.**

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

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## **Article 2. Deposit of Funds and Escrowed Securities.**

### **Section 2.1. Deposits in the Escrow Fund.**

Concurrently with the sale and delivery of the Refunding Bond, the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## **Article 3. Creation and Operation of Escrow Fund.**

### **Section 3.1. Escrow Fund.**

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the City of Hailey, Blaine County, Idaho, Sewer Revenue Bonds, 2001, Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit "D" attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at the time provided for in Section 3.2 hereof. When the final transfers have been made for such payments, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### **Section 3.2. Payment of Principal and Interest.**

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the interest and maturing principal on the Refunded Bonds as the same shall become due, and to pay the principal of the Refunded Bonds on the Date Fixed for Redemption, together with any redemption premium on the Refunded Bonds, in the amounts and at the times shown in Exhibit C attached hereto.

### **Section 3.3. Sufficiency of Escrow Fund.**

The Issuer represents that the receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit in the Escrow Fund will be sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest and the maturing principal on the Refunded Bonds as the same shall become due and to pay the principal of the Refunded Bonds on the Date Fixed for Redemption. If, for any reason,

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the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2. hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

#### **Section 3.4. Trust Fund.**

The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities, and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

#### **Section 3.5. Security for Cash Balances.**

Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

### **Article 4. Limitation on Investments.**

#### **Section 4.1. Investments.**

Except for the initial investment in the Escrowed Securities, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

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## **Section 4.2. Substitution of Securities.**

At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Government Obligations which do not permit the redemption thereof at the option of the obligor, and in connection therewith the issuer reserves the right to call for redemption prior to maturity any of the Refunded Bonds to the extent permitted by their authorizing order. The Issuer may, in connection with such transaction, withdraw funds or Escrowed Securities from the Escrow Fund. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a nationally recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on the Refunded Bonds on the Date Fixed for Redemption; and (b) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended or, if applicable, Section 103(c) of the Internal Revenue Code of 1954, as amended and (c) notice of such transaction is provided to the rating agencies, if any, which have rated the Refunded Bonds. This Section 4.2 shall not apply to purchases made pursuant to the securities purchase agreement.

## **Article 5. Application of Cash Balances.**

### **Section 5.1. In General.**

Except as provided in Section 3.2 and 4.2 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent as cash and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent.

## **Article 6. Redemption of Refunded Bonds.**

### **Section 6.1. Call for Redemption.**

The Issuer hereby irrevocably calls the Refunded Bonds for redemption on March 1, 2013.

### **Section 6.2. Notice of Redemption.**

The Escrow Agent agrees to give notice of the redemption of the Refunded Bonds on the dates set forth above, pursuant to the terms of the Refunded Bonds and in substantially the form attached hereto as Appendix A attached hereto. The Escrow Agent hereby acknowledges that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds.

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## **Article 7. Records and Reports.**

### **Section 7.1. Records.**

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

### **Section 7.2. Reports.**

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Bonds and Refunding Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## **Article 8. Concerning the Paying Agents and Escrow Agent**

### **Section 8.1. Representations.**

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

### **Section 8.2. Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

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The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement. It is further agreed that the Escrow Agent has no duties or obligations other than those specifically set forth in this Agreement and in the Securities Purchase Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

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### **Section 8.3. Compensation.**

The Issuer shall pay to the Escrow Agent fees for performing the services hereunder and for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement pursuant to the terms of its fee schedule. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

### **Section 8.4. Successor Escrow Agents.**

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Idaho, authorized under such laws to exercise corporate trust powers, having a principal office and place of business in the State of Idaho, and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this

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Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

## **Article 9. Miscellaneous**

### **Section 9.1. Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

### **Section 9.2. Termination of Responsibilities.**

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

### **Section 9.3. Binding Agreement.**

This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the Issuer, the Escrow Agent and their respective successors and legal representatives.

### **Section 9.4. Severability.**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

### **Section 9.5. Idaho Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Idaho.

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**Section 9.6. Time of the Essence.**

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**Section 9.7. Amendments.**

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunding Bonds or the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

EXECUTED as of the date first written above.

CITY OF HAILEY  
Blaine County, Idaho

ATTEST:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

( S E A L )

WELLS FARGO BANK, N.A.  
as Escrow Agent

\_\_\_\_\_  
Authorized Officer

EXHIBIT A  
Addresses of the Issuer and Escrow Agent

Issuer:

City of Hailey  
115 Main Street South, Suite H  
Hailey, Idaho 83333  
Attention: City Treasurer

Escrow Agent:

Wells Fargo Bank, N.A.  
Corporate Trust Department  
1300 SW 5<sup>th</sup> Avenue, 11<sup>th</sup> Floor  
Portland, OR 97201

EXHIBIT B  
Description of the Refunded Bonds

(1) City of Hailey, Blaine County, Idaho, Sewer Revenue Bonds, Series 2001, dated April 17, 2001, maturing on and after September 1, 2013.

EXHIBIT C  
Schedule of Principal and Interest Due on Refunded Bonds

<u>DATE PAYABLE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
March 1, 2013		

EXHIBIT D  
Escrow Deposit

I. Cash \$ \_\_\_\_\_

II. Other Obligations

<u>TYPE OF</u> <u>SECURITY</u> SLG	<u>MATURITY DATE</u>	<u>PAR AMOUNT</u>	<u>YIELD</u>	<u>TOTAL COST</u>
--	----------------------	-------------------	--------------	-------------------

EXHIBIT E  
Escrow Fund Cash Flow

[See Schedule B of Verification Report of \_\_\_\_\_.

APPENDIX A(1)  
Notice of Redemption  
City of Hailey  
Blaine County, Idaho  
Sewer Revenue Bonds, Series 2001

NOTICE IS HEREBY GIVEN that the City of Hailey, Blaine County, Idaho, has called for redemption on March 1, 2013, all of its then outstanding City of Hailey Sewer Revenue Bonds, Series 2001, maturing on and after September 1, 2015 (the "Bonds").

The Bonds will be redeemed at a price of one hundred one percent (100%) of their principal amount, plus interest accrued to March 1, 2013. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

Wells Fargo Bank, N.A.  
<<Paying Agent Address>>

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on March 1, 2013.

The following Bonds are being redeemed:

<u>BOND NUMBER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF MATURITY</u>	<u>CUSIP NUMBER</u>
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By Order of the City of Hailey, Blaine County, Idaho

Wells Fargo Bank, N.A., as Paying Agent

Dated: \_\_\_\_\_, \_\_\_\_\_.

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 31% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.