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August 19, 2010

Board of Commissioners
The Urban Renewal Agency
of the City of Ketchum
480 East Avenue North
Ketchum, Idaho 83340

Wedbush Morgan Securities, Inc.
1300 SW Fifth Avenue, Suite 2000
Portland, Oregon, 97201

Re: The Urban Renewal Agency of the City of Ketchum Revenue Allocation (Tax Increment) Refunding Bonds, Series 2010, in the Aggregate Principal Amount of \$6,440,000.

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by The Urban Renewal Agency of the City of Ketchum, Blaine County, Idaho, an urban renewal agency and a public body corporate and politic of the State of Idaho (the "Agency"), of its Revenue Allocation (Tax Increment) Refunding Bonds, Series 2010, in the aggregate principal amount of \$6,440,000 (the "Bonds"). The Bonds are dated as of August 19, 2010, and are issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof (provided that no single Bond shall represent more than one maturity), all as more particularly set forth in Resolution No.10-URA2, adopted by the Agency on May 3, 2010, and as amended by Resolution No.10-URA3, adopted on May 17, 2010 (the "Bond Resolution").

The Bonds are being issued for the purpose of currently refunding and retiring the outstanding promissory notes of the Agency as set forth in the Bond Resolution.

In connection therewith, we have examined the applicable law, a duly certified transcript of proceedings of the Agency, and other documents which we deem necessary to render this opinion.

We refer you to the Bond Resolution pursuant to which the Bonds are issued, for a description of the purposes for which the Bonds are issued, the security for the Bonds, the manner in which the aggregate principal of, premium, if any, and interest on the Bonds are payable, the provisions under which the Bonds may be redeemed prior to their stated maturities, and all other details of the Bonds.

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Bond Resolution.

We have relied upon the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation. Except as set forth in our supplemental opinion, we have not been engaged to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

We have examined the Constitution and laws of the State of Idaho, including the Urban Renewal Law, Chapter 20, Title 50, Idaho Code, as amended, and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (collectively, "the Act"); the Findings of Fact, Conclusions of Law, Judgment and Decree rendered on April 5, 2010, in Case No. CV-2010-121 of the District Court of the Fifth Judicial Agency of the State of Idaho, in and for the County of Blaine; the Findings of Fact, Conclusions of Law, Judgment and Decree rendered on March 14, 2008, in Case No. CV-2008-78 of the District Court of the Fifth Judicial Agency of the State of Idaho, in and for the County of Blaine; and such other laws, proceedings, prepared in part by us, relating to the issuance and sale of the Bonds, and other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of issuance and delivery of the Bonds.

Based upon our examination, it is our opinion, under existing law and as of the date hereof:

1. The Agency is a validly created and existing body corporate and politic of the State of Idaho, with full power and authority under the Act to borrow money for the purposes set forth in the Bond Resolution, to issue and sell the Bonds, to pledge the Pledged Revenues, and to enter into and perform its

obligations under the Bond Resolution and the Bond Purchase Agreement.

2. The Bonds (a) have been duly and properly authorized, executed, and delivered by the Agency, (b) constitute legal, valid, and binding special limited obligations of the Agency, (c) are enforceable in accordance with their terms, and (d) are entitled to the benefit and security of the Act and the Bond Resolution.

3. The Bond Resolution has been duly and validly authorized, executed, and delivered by the Agency, and constitutes a valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms.

4. The aggregate principal of the Bonds, premium, if any, and interest on the Bonds are special limited obligations of the Agency payable solely from Pledged Revenues and from any other legally available moneys made available to the Agency for such purpose. The Bonds are not a general obligation of the Agency. The Bonds do not constitute a pledge of or involve the faith and credit of, or constitute a liability of or obligation of the City of Ketchum or of the State of Idaho within the meaning of Article 8 of the Constitution of the State of Idaho. The issuance of the Bonds is not in violation of any constitutional or statutory provision limiting or restricting the sale or issuance of bonds, notes, or other obligations of the Agency, the City of Ketchum, or the State of Idaho.

5. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes. We are further of the opinion that the interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the Agency with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. Under the Code, the Agency is required to comply with certain requirements subsequent to the issuance of the Bonds to maintain the exclusion of interest from gross income for federal income tax purposes, including requirements relating to the application and investment of the proceeds of the Bonds and use of facilities financed with such proceeds. The Agency has covenanted to comply with these requirements, and the opinion expressed in this paragraph 5 hereof assumes such compliance.

However, we have not undertaken and do not undertake to monitor compliance by the Agency with such requirements; and if the Agency should fail to comply with such requirements, the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

6. Interest on the Bonds is excluded from gross income for purposes of income taxation by the State of Idaho, to the same extent that such interest is excluded from gross income for purposes of federal income taxation.

7. The Bonds have been designated by the Agency as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

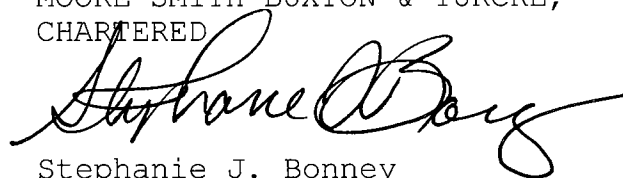
Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal or state income tax consequences.

The opinions set forth above are qualified only to the extent that certain rights and remedies of the owners of the Bonds may be limited or rendered ineffective by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

Our opinion is limited to matters of Idaho law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,

MOORE SMITH BUXTON & TURCKE,
CHARTERED



Stephanie J. Bonney