

## NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT dated June 20<sup>th</sup>, 2023, is between Kitsap Bank (the “Bank”) and Lane Fire Authority, Western Lane County, Oregon (the “Issuer”) for the sale and delivery of \$1,000,000 principal amount of Tax and Revenue Anticipation Note, Series 2023 (the “Note”).

WHEREAS, the Board of Directors of the Issuer is authorized pursuant to the Constitution and laws of the State of Oregon, specifically pursuant to ORS 287A.180, to issue obligations in anticipation of taxes and other revenues; and

WHEREAS, pursuant to the Constitution and laws of the State of Oregon and the Issuer's Resolution No. 2022-2023-07, adopted June 20<sup>th</sup>, 2023 (the “Resolution”), the Issuer is authorized to issue and deliver the Note;

NOW, THEREFORE, in consideration of the premises, the parties hereto do hereby agree as follows:

Section 1. Purchase and Purchase Price.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Issuer will cause the Note, in the principal amount of \$1,000,000 to be executed and delivered and the Bank agrees to purchase the Note for the sole purpose of holding in the Bank’s portfolio and not offering to the public, at a purchase price of \$1,000,000, on July 7<sup>th</sup>, 2023, the dated date of the Note. The Note shall mature on or before July 7<sup>th</sup>, 2024, and shall be subject to prepayment without penalty prior to the stated maturity date of the Note on any Business Day. Interest shall be payable on the Note from on or before July 7<sup>th</sup>, 2023, until maturity or prior prepayment in full at the rate of six and three-quarter percent (6.75) per annum computed on a 30-day month, 360-day year basis.

Section 2. Official Statement.

The Issuer will not prepare and deliver to the Bank, nor cause to be prepared and delivered to the Bank, an official statement or other disclosure document concerning the Note.

Section 3. Closing; Delivery and Payment

(a) At 10:00 a.m .Pacific Time, on or before July 7<sup>th</sup>, 2023, or at such other time or on such earlier or later date as the Issuer and the Bank mutually agree upon (the “Closing Date”), the Issuer will deliver or cause to be delivered to the Bank the Note, in definitive form duly executed, and other documents hereinafter mentioned; and the Bank will accept such delivery and cause to be transmitted the purchase price therefor in immediately available funds to the order of the Issuer.

(b) The Note shall be executed and delivered under and in accordance with the provisions of the Resolution. The Note shall be issued as a single note.

(c) The Note shall be delivered in definitive, typewritten form.

Section 4. Representations and Warranties of the Issuer.

The Issuer represents and warrants to the Bank that:

(1) The Issuer is a body corporate and politic duly organized and validly existing under and by virtue of the laws of the State of Oregon, and has all necessary power and authority to enter into and perform its duties under the Resolution, the Note and this Note Purchase Agreement and, upon execution of such documents by the Issuer and the other parties thereto, such documents will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

(2) The execution and delivery of the Note and this Note Purchase Agreement, the adoption of the Resolution, and compliance with the provisions hereof and thereof, will not conflict in any material respect with or constitute a material breach of any administrative regulation, court decree, resolution, charter or other agreement to which the Issuer is a party or by which it is bound.

(3) There is no action, suit, proceeding or investigation at law or in equity before or by any court or government agency or body pending or, to the best knowledge of the Issuer, threatened against the Issuer to restrain or enjoin the execution or delivery of the Note or this Note Purchase Agreement, or the collection of any revenues or resources pledged to the Note, or in any way contesting or affecting the validity of the Note, this Note Purchase Agreement, or the Resolution or contesting the powers of the Issuer to enter into or perform its obligations under any of the foregoing.

Section 5. Reporting Requirements.

The Issuer shall provide financial information and statements in the form and content acceptable to the Bank as indicated below:

(1) Audited financial statements for the Issuer, as soon as the same are available, but in no event later than 180 days following the Issuer's fiscal year end;

(2) Issuer's annual budget, promptly following approval by the Board of Directors of the Issuer;

(3) Any material audit findings with respect to the Issuer's financial statements or records, promptly upon notice of same; and

(4) Other information as the Bank may reasonably request from time to time.

Section 6. Conditions to the Obligations of the Bank.

The obligation of the Bank to accept delivery of and pay for the Note on the Closing Date shall be subject, at the option of the Bank, to the accuracy in all material respects of the representations, warranties and agreements on the part of the Issuer contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and officials of the Issuer made in the Note, this Note Purchase Agreement or other documents furnished pursuant to the provisions hereof, and to the following additional conditions:

(1) On the Closing Date, the Resolution shall have been adopted and the Note and this Note Purchase Agreement shall have been duly authorized, executed and delivered, in substantially the forms heretofore submitted to the Bank, and said documents shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank, and there shall have been taken in connection therewith and with the execution and delivery of the Note and by this Note Purchase Agreement, all such actions as Orrick Herrington and Sutcliffe LLP (“Note Counsel”), shall deem to be necessary and appropriate.

(2) Between the date hereof and the Closing Date, the marketability, at the purchase price and interest rate set forth herein, of the Note shall not have been materially adversely affected, in the reasonable judgment of the Bank (evidenced by written notice from the Bank to the Issuer terminating the obligation of the Bank to accept delivery of and pay for the Note), by reason of any of the following:

(a) legislation enacted or introduced or proposed in the Congress of the United States or the legislature of the States of Oregon and Washington or reported out of committee or pending in committee, or a decision rendered by a court of the United States or the States of Oregon and Washington or the Tax Court of the States of Oregon and Washington or of the United States or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Note, or the Note is not exempt from registration under the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States;

(c) the declaration of a general banking moratorium by federal, New York, Oregon or Washington authorities, or the general suspension of trading on any national securities exchange;

(d) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental agency, of any material restrictions not now in force, including those relating to the extension of credit by, or the change to the net capital requirements of, underwriters;

(e) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, placement or sale of obligations of the general character of the Note, or the execution, placement or sale of the Note, including any or all underlying obligations, as contemplated hereby is or would be in violation of the federal securities laws as amended and then in effect.

(3) On or prior to the Closing Date, the Bank shall have received a certificate of the Authorized Officer of the Issuer appointed pursuant to the Resolution and dated the Closing Date, to the effect that:

(a) The Resolution of the Issuer approving and authorizing the Note and this Note Purchase Agreement was duly adopted by the Issuer pursuant to the law and with all public notice required by law;

(b) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against or affecting the Issuer to restrain or enjoin the Issuer's participation in, or in any way contesting the existence of the Issuer or the powers of the Issuer with respect to the Resolution or the issuance of the Note, this Note Purchase Agreement and the consummation of such transactions;

(c) The adoption of the Resolution and the delivery of the Note and this Note Purchase Agreement and compliance by the Issuer with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or by which it is bound or any court order to consent decree to which the Issuer is subject;

(4) On or prior to the Closing Date, the Bank shall have received an unqualified approving legal opinion of Note Counsel, dated the Closing Date and addressed to the Issuer and to the Bank in form and content acceptable to the Issuer and the Bank.

(5) Such additional legal opinions, certificates, proceedings, instruments or other documents as the Bank or Note Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer shall have been delivered to the Bank.

#### Section 7. Fees, Costs and Expenses.

7.1 *Origination Fee.* The Issuer agrees to pay an origination fee of \$2,500.00 to the Bank no later than the Closing Date.

7.2 *Costs and Expenses.* All expenses and costs of the Issuer incident to the performance of its obligations in connection with the execution of the Resolution and the delivery of the Note, including fees and expenses of Note Counsel, Municipal Advisor and the Bank's legal fees, if any, shall be paid by the Issuer. All out-of-pocket expenses of the Bank other than its legal fees shall be paid by the Bank.

#### Section 8. Indemnity.

To the fullest extent permitted by law, the Issuer agrees to indemnify and hold harmless the Bank and each person, if any, who controls (within the meaning of the Securities Act of 1933, as amended) the Bank, and the officers, agents and employees of each thereof against any and all losses, claims, damages, liabilities and expenses (i) arising out of the failure of the Issuer to fulfill its obligations under the Note or this Note Purchase Agreement, (ii) any material erroneous statement or information made or omitted by the Issuer, and (iii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Issuer. This indemnity agreement is in addition to any liability that the Issuer may otherwise have. If requested by the Bank, the Issuer shall assume the effort and cost of defending the Bank or any controlling

person of the Bank against all claims or actions based upon matters for which indemnity may be sought against the Issuer. Such person shall have the right to retain separate counsel in any such action and to participate in the defense thereof in the event that in such person's judgment the counsel retained by the Issuer cannot for any reason adequately defend such person's interests provided the fees and expenses of such counsel shall be paid by such person.

Section 9. Notices: Any notices to be given the Bank under this Agreement shall be given in writing to the Bank at 619 Bay Street, Port Orchard, Washington 98366, ATTN: Chief Financial Officer. Any notices to be given the Issuer shall be given in writing to the Issuer at 88050 Territorial Highway, Veneta, Oregon 97487, ATTN: Fire Chief.

Section 10. Waiver of Jury Trial to the Extent Permitted by Law.

This Section concerns the resolution of any controversies or claims between the Issuer and the Bank, including but not limited to those that arise from:

- (1) This Note Purchase Agreement;
- (2) The Resolution, the Note, or any document, agreement or procedure related to or delivered in connection with this Note Purchase Agreement;
- (3) Any violation of this Note Purchase Agreement; or
- (4) Any claims for damages resulting from any business conducted between the Issuer and the Bank relating to this Note Purchase Agreement, including claims for injury to persons, property or business interest (torts).

The Issuer and the Bank each waive their respective rights to a trial by jury of any claim or cause of action based upon or arising out of or related to this agreement, any other document delivered in connection herewith, or the transactions contemplated hereby or in any action, proceeding or other litigation of any type brought by any of the parties against any other party or any related person, participant or assignee whether with respect to contract claims, tort claims, or otherwise. To the full extent permitted by law, the Issuer and the Bank each further agree that any such claim or cause of action shall be tried in a court without jury and waive trial by jury in any action respecting this agreement or any of the related documents without limiting the foregoing, to the extent permitted by law, the parties further agree that their respective right to a trial by jury is waived by operation of this section as to any action, counterclaim or other proceeding which seeks, in whole or in part, to challenge the validity or enforceability of this agreement or any other document delivered in connection herewith or any provision hereof or thereof. This waiver shall apply to any subsequent amendments, renewals, supplements or modifications to this agreement and any other documents delivered in connection therewith.

Section 11. No Assignment.

This Note Purchase Agreement has been made by the Issuer and the Bank and their successors and no person other than the foregoing shall acquire or have any right under or by virtue of this Note Purchase Agreement. All of the representations, warranties and agreements contained in this Note Purchase Agreement shall survive the delivery of and payment for the Note and any termination hereof.

Section 12. Applicable Law.

This Note Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of Oregon applicable to contracts made and performed in such State.

Section 13. Effectiveness.

This Note Purchase Agreement shall become effective upon the execution by the Issuer and the Bank and shall be valid and enforceable from and after the time of such execution.

Section 14. Severability.

In the event any provision of this Note Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15. Counterparts.

This Note Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 16. Events and Consequence of Default.

If the Issuer shall (1) fail to make any payment when due under this Note Purchase Agreement or the Note, or (2) violate any other covenants of this Note Purchase Agreement (each an “Event of Default”) then so long as any such Event of Default is continuing, the Bank may exercise any remedy available at law or in equity (except for acceleration), from the date of the Event of Default to the date of payment.

*[Signatures appear on the following page.]*

**Section 17. Written Agreements**

**Under Oregon law, most agreements, promises and commitments made by the Bank concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Bank to be enforceable.**

DATED this 7<sup>th</sup> day of July, 2023.

BANK:

**KITSAP BANK**

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

ISSUER:

**LANE FIRE AUTHORITY**

By: \_\_\_\_\_  
Name: Dale Borland  
Title: Fire Chief