



October 21, 2021

Dale Borland  
Fire Chief  
Lane Fire Authority  
P.O. Box 398  
Veneta, OR 97487

RE: Lane Fire Authority – Full Faith and Credit Financing Agreement, Series 2021

Dear Dale:

Banner Bank (“Bank”) is pleased to present to you and the Lane Fire Authority (“Authority” or “Borrower”) this commitment for municipal financing in the form of a tax-exempt, bank-qualified, Full Faith and Credit Financing Agreement in the amount not to exceed \$600,000 (the “Financing Agreement”). We understand the proceeds from the Financing Agreement will be used to fund the purchase of two medic units, Stryker Power Load Systems and other related equipment. These funds may also be used to pay cost of issuance.

This commitment is for the Authority to issue and the Bank to purchase the Financing Agreement through a private sale to the Bank for direct private placement into the Bank’s portfolio where it will remain for the life of the Financing Agreement.

This commitment letter constitutes a commitment on the part of the Bank to provide this financing and is for the purpose of substantially representing the Bank’s terms and conditions, based upon information provided. These terms and conditions have been approved in a formal credit underwriting and approval process with the Bank prior to the Bank offering this commitment to the Lane Fire Authority for this financing.

**Issuer/Borrower:** Lane Fire Authority.

**Form/Structure:** Full Faith and Credit Financing Agreement.

**Amount:** Not to Exceed \$600,000.00.

**Life/Term:** Approximately thirty-eight (38) months.

- Amortization:** Approximately thirty-eight (38) months.
- Maturity Date:** January 1, 2025.
- Interest Rate:** The tax-exempt, bank-qualified interest rate of 3.50% is fixed for the 38-month life of the Financing Agreement. This interest rate is based on today's market interest rates and is subject to change, at the sole discretion of the Bank, if the closing on the Financing Agreement does not occur by November 18, 2021. Interest will be calculated on basis of twelve 30-day months and a 360-day year.
- Taxable Rate:** The tax-exempt, bank qualified fixed interest rate described above is based upon the Financing Agreement qualifying for this tax-exempt status for the life of the indebtedness. Upon the occurrence of a Determination of Taxability (as defined in the Financing Agreement), the fixed interest rate described above shall be immediately converted to the equivalent taxable interest rate of 4.43% pursuant to the terms of the Financing Agreement.
- Bank Loan Fees:** The Bank has a \$750 (0.125%) bond origination fee. Borrower is responsible for Bank's out-of-pocket attorney fees in the fixed amount of \$3,500, payable at closing.
- Other Fees:** Borrower is responsible for Borrower's legal/special counsel fees.
- Draw Period:** The Financing Agreement has a draw period of 12 months. Required minimum draw at closing is 5.0% of the Financing Agreement amount (\$30,000) or \$51,000, whichever is smaller. After the initial draw at closing, Financing Agreement proceeds can be advanced only one additional time during the Draw Period (one single draw in addition to draw at closing). Borrower to make written request for that draw to the Bank (Banner Bank's Eugene CBC) at least three (3) business days prior to the day the Draw will be deposited into Borrower's depository bank account at Banner Bank. Draw Period ends 12 months after the closing date of this Financing Agreement.
- Repayment:** The Financing Agreement will be structured with annual principal payments of \$150,000 commencing January 1, 2022 plus semi-annual interest payments each January 1 and July 1 commencing January 1, 2022. All unpaid principal and accrued interest is to be paid on or before the maturity date of this loan – January 1, 2025. If Borrower does not draw down the full amount of \$600,000 before the end of draw period the final principal payment on January 1, 2025 will be less than \$150,000. All payments will be applied first

to accrued interest and then to principal on the date payments are actually received by the Bank.

**Prepayment:** Not applicable.

**Security:** For as long as the Financing Agreement is outstanding, the Borrower will irrevocably pledge that the Financing Agreement will be secured by and payable from the Borrower's general non-restricted revenues and other funds that are lawfully available for that purpose, including revenues from an ad valorem tax authorized to be levied under the Borrower's permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the Borrower in accordance with and subject to limitations and restrictions imposed under applicable law or contract that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The Borrower pledges its full faith and credit and taxing powers to the repayment of the Financing Agreement as contemplated by ORS 287A.315, or any successor statute. The full faith, credit and resources of the Borrower will also be pledged for the inclusion in its annual budget of sufficient funds to pay interest and principal payments when due, for the prompt payment of that principal and interest and for compliance with a mandamus order, if necessary.

Additionally, this Financing Agreement shall be supported by a first priority security interest in the two medic units, in the Stryker Power Load Systems and in all other equipment that the Borrower will purchase with proceeds from this Financing Agreement. Borrower will perfect the titles for the two medic units being acquired with funds from this Financing Agreement.

**Legal Opinion:** Bank shall receive a legal opinion from the Authority's general counsel, satisfactory to the Bank, (1) stating that all the terms and conditions of applicable Financing Agreement documents and the transactions described therein are in full compliance with Oregon State Law and Federal Law, including IRS Regulations, are binding upon and enforceable against the Authority and do not violate the Authority's formation or constituent documents, or any applicable law; (2) stating that the indebtedness being incurred is a legal and valid obligation of the Authority; (3) stating that the Authority's transaction with the Bank is a qualified, tax-exempt obligation pursuant to Section 265(b)(3) of the United States IRS Code ("Code") and the interest income to the Bank is excluded from federal income tax pursuant to Section 103 of the Internal Revenue Service ("IRS") Code; (4) confirming the authority of Lane Fire Authority to incur the indebtedness of the Financing Agreement; and (5) confirming that the Authority's Resolution authorizing this

indebtedness and irrevocably pledging the security for repayment of this indebtedness is valid and authorized.

**Resolution:** Bank shall receive a copy of the Resolution adopted by the Authority's board of directors that authorizes the borrowing of the money and pledges the security for repayment of this Financing Agreement.

**Financing Agreement:** Bank shall receive an original certified executed Financing Agreement and fully executed Financing Agreement Note, if any, at closing.

**Form 8038-G:** Bank shall receive a copy of the IRS Form 8083-G and affidavit of mailing to the IRS following closing.

**Reports:** Financial information of the Authority shall be provided to the Bank periodically, including the Authority's annual audited financial statements to be provided by the Authority no later than 270 days after each fiscal year end, and such other financial statements or /reports, audit reports, and other reports or budgets as the Bank may reasonably request.

**Documentation:** Financing Agreement documentation to be prepared by the Authority's general counsel and is subject to review and acceptance by the Bank and the Bank's legal counsel.

Please contact Charlie Burnham or Darwin Parker with questions.

We appreciate the opportunity to present this commitment to you and eagerly look forward to closing this transaction.

Sincerely,

*Charles E. Burnham*

Charles E. Burnham  
Vice President  
Commercial Relationship Manager

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541-334-5818 (direct)

*Darwin W. Parker*

Darwin W. Parker  
Vice President Public Finance

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Lane Fire Authority  
October 21, 2021

**ORS 41.580 (3) (a) NOTICE**

**UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY THE BANK AFTER OCTOBER 3, 1989 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.**