

## INSTALLMENT FINANCING AGREEMENT

THIS FINANCING AGREEMENT (the "Agreement") is dated as of March 1, 2011, Series 2011A and is entered into between U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association organized and existing under the laws of the United States of America, with its principal corporate trust office located in Portland, Oregon and the YAMHILL FIRE PROTECTION DISTRICT, YAMHILL COUNTY, OREGON (the "District"), a body corporate and politic existing under the laws of the State of Oregon.

### WITNESSETH:

WHEREAS, the above-named District (the "District"), is authorized under Oregon Revised Statutes ("ORS") § 271.390 to enter into binding financing agreements to finance and/or refinance certain real or personal property; and

WHEREAS, the Special Districts Association of Oregon (the "Association") has established its cooperative asset financing program (the "Asset Program") which includes the FlexLease Program (the "Program"). The Program allows members of the Association who are authorized by law (the "Participating Districts"), to participate in a pooling of the individual Participating Districts' financing agreements in order to achieve better interest rates and lower administrative and legal costs; and

WHEREAS, to accomplish the Program, the Association has entered into a Master Financing Agreement, dated as of June 10, 1998, as amended (the "Master Financing Agreement"), with Wedbush Securities Inc. (the "Underwriter") pursuant to which financing and refinancing will be made available by the Underwriter to Participating Districts under the terms set forth in the Master Financing Agreement and interests in such financings will be certificated pursuant to a Master Trust Agreement, dated as of July 1, 1998, as amended (the "Master Trust Agreement") between the Underwriter and the Trustee; and

WHEREAS, the District desires to enter into this Agreement (defined herein) to finance and/or refinance the purchase of certain real or personal property described herein (the "Project") pursuant to the Program; and

WHEREAS, the District is authorized under the Constitution and the laws of the State of Oregon to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the premises and covenants hereinafter contained, the parties hereby agree as follows:

### ARTICLE I

Section 1.1 Covenants of the District. The District represents, covenants and warrants for the benefit of Trustee, the Underwriter and any Registered Owners (as hereinafter defined) as follows:

- (a) The District is a public body corporate and politic duly organized and existing under the constitution and laws of the State of Oregon with full power and authority to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.
- (b) The District will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic. To the extent the District should merge with another public corporation or body under the laws of the State of

of the Project; provided that the District may contest in good faith the validity or application of any such law or rule in any reasonable manner that does not, in the opinion of the Trustee, adversely affect the interest or rights of the Trustee under this Agreement.

## ARTICLE X

Section 10.1 Optional Prepayment. The District shall have the option to prepay on July 1, 2012, or on any January 1 or July 1 thereafter, in whole or in part (in integral multiples of \$5,000), the unpaid principal component of Installment Payments due on or after January 1, 2013. In order to prepay the Installment Payments in whole, the District shall deposit with the Trustee the sum of (a) the interest accrued to the date of prepayment, (b) the Prepayment Price set forth below as a percentage of the principal component of the Installment Payments to be prepaid, (c) the Administrative Expense Payment accruing to the next forthcoming Payment Date on which such an Administrative Expense Payment is due, and (d) a fee to the Trustee in the amount set forth in the fee schedule described in Section 5.3 of the Master Trust Agreement. In order to prepay the Installment Payments in part, the District shall deposit with the Trustee an amount sufficient to pay a portion of the unpaid principal component of Installment Payments that is divisible by \$5,000, which shall equal (a) the interest accrued thereon to the date of prepayment, (b) the Prepayment Price set forth below as a percentage of the principal component of the Installment Payments being prepaid, and (c) a fee to the Trustee in the amount set forth in the fee schedule described in Section 5.3 of the Master Trust Agreement. If the District elects to prepay the Installment Payments in part, sums deposited with the Trustee for that purpose shall be applied to the Installment Payments in inverse order of maturity. The Prepayment Price to be paid in connection with the optional prepayment of the Installment Payments, expressed as a percentage of the principal component of Installment Payments to be prepaid, is as follows:

<u>Prepayment Date</u>	<u>Prepayment Price</u>
July 1, 2012 and January 1, 2013	103%
July 1, 2013 and January 1, 2014	102%
July 1, 2014 and January 1, 2015	101%
July 1, 2015 and each January 1 and July 1 thereafter	100%

In the event that the Certificates are to be redeemed in part, the Certificates shall be redeemed in inverse order of maturity and by lot within a maturity. For so long as the Certificates are in book-entry only form, the selection of Certificates within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect.

### Mandatory Prepayment.

Unless previously called under the provisions for Optional Prepayment, the Term Certificates maturing on January 1, 2021 and January 1, 2026 are subject to annual mandatory prepayment, by lot, by the Paying Agent on January 1 of each year in the following principal amounts, at a price of par, without premium, plus accrued interest to the date of prepayment.

<b>\$120,000 Term Certificate</b>	
<b>Due January 1, 2021</b>	
<b>Year</b>	<b>Amount</b>
2020	\$ 55,000
2021 <sup>(1)</sup>	<u>65,000</u>
	<u>\$ 120,000</u>

<b>\$220,000 Term Certificate</b>	
<b>Due January 1, 2026</b>	
<b>Year</b>	<b>Amount</b>
2022	\$ 40,000
2023	40,000
2024	45,000
2025	45,000
2026 <sup>(1)</sup>	<u>50,000</u>
	<u>\$ 220,000</u>

<sup>1</sup> Final Maturity

Section 10.2 Exercise of Option. The District's option to prepay the principal component of Installment Payments shall be exercised by (a) giving written notice to the Trustee of the exercise of such option in the form attached hereto as Schedule 4 at least forty-five (45) days but not more than sixty (60) days prior to the prepayment date, and (b) depositing with the Trustee, along with the written notice of prepayment referred to above, for deposit into the Prepayment Fund or the Administrative Expense Fund established under the Master Trust Agreement, as applicable, the amount of such prepayment. Monies deposited in the Prepayment Fund shall be held uninvested by the Trustee until required to redeem Certificates of Participation. In the event that the District gives written notice to the Trustee of its intention to exercise its option to prepay but fails to deposit with such notice, the amount required under Section 10.1 herein, the District shall be obligated to continue to pay Payments as if no such written notice were given and no prepayment shall occur. If the District exercises its option to prepay the principal component of Installment Payments in part, the amount of Installment Payments to be paid by the District over the remaining Term shall be adjusted so as to reflect the prepayment of the principal component of Installment Payments, and the Underwriter shall prepare a revised Schedule 2 to this Agreement setting forth the amounts of such adjusted Installment Payments.


## ARTICLE XI

Section 11.1 Certificates of Participation. As part of the Program, the District's right, title and interest in, to and under this Agreement are hereby assigned on the Commencement Date to U.S. Bank National Association, as Paying Agent, registrar and trustee (the "Trustee"), under the Master Trust Agreement. Pursuant to the Master Trust Agreement, Financing Agreements and General Obligation Bonds of other Participating Districts with the same Commencement Date as this Agreement shall be pooled and jointly marketed pursuant to the Program, and the Trustee shall at the Underwriter's direction execute and deliver certificates of participation representing undivided proportionate interests in the pooled Agreements and Bonds ("Certificates of Participation"). The Trustee has agreed to maintain a register of the owners of all Certificates of Participation issued under the Master Trust Agreement. The District agrees to execute all documents that may be reasonably requested by the Trustee to protect its interests in this Agreement. In the event that the Certificates of Participation of which this Agreement is a part are issued in book entry form, the District hereby appoints the Trustee its attorney-in-fact for purposes of executing, delivering and performing a letter of representations to the Depository Trust Company.

Section 11.2 Rule 15c2-12 Compliance. In the event that the aggregate principal amount of Certificates of Participation of which this Agreement is a part exceeds \$1,000,000, then the District agrees to do the following: (a) review the disclosure information relating to the District in disclosure documents


IN WITNESS WHEREOF, the Trustee and the District have caused this Financing Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

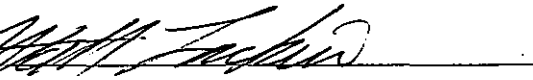
**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By:   
Authorized Officer

Address: 555 S.W. Oak Street, PD-OR-P6TD  
Portland, Oregon 97204

**YAMHILL FIRE PROTECTION DISTRICT**  
**YAMHILL COUNTY, OREGON**

By:   
Brian Jensen, Fire Chief

By:   
Walt Larkin, Secretary

Address: 275 South Olive  
Yamhill, Oregon 97148

\$190,000.00

Yamhill Fire Protection District  
SDAO FlexLease Program, Series 2011A  
Final Pricing as of March 10, 2011

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S	Fiscal Total
03/24/2011	-	-	-	-	-	-	-
07/01/2011	-	-	2,826.67	2,826.67	-	2,826.67	2,826.67
01/01/2012	10,000.00	2.600%	4,240.00	14,240.00	380.00	14,620.00	-
07/01/2012	-	-	4,140.00	4,140.00	-	4,140.00	18,760.00
01/01/2013	10,000.00	2.310%	4,140.00	14,140.00	360.00	14,500.00	-
07/01/2013	-	-	4,022.50	4,022.50	-	4,022.50	18,522.50
01/01/2014	10,000.00	2.700%	4,022.50	14,022.50	340.00	14,362.50	-
07/01/2014	-	-	3,887.50	3,887.50	-	3,887.50	18,250.00
01/01/2015	10,000.00	3.100%	3,887.50	13,887.50	320.00	14,207.50	-
07/01/2015	-	-	3,727.50	3,727.50	-	3,727.50	17,935.00
01/01/2016	10,000.00	3.400%	3,727.50	13,727.50	300.00	14,027.50	-
07/01/2016	-	-	3,557.50	3,557.50	-	3,557.50	17,585.00
01/01/2017	10,000.00	3.700%	3,557.50	13,557.50	280.00	13,837.50	-
07/01/2017	-	-	3,372.50	3,372.50	-	3,372.50	17,210.00
01/01/2018	10,000.00	4.100%	3,372.50	13,372.50	260.00	13,632.50	-
07/01/2018	-	-	3,167.50	3,167.50	-	3,167.50	16,800.00
01/01/2019	10,000.00	4.300%	3,167.50	13,167.50	240.00	13,467.50	-
07/01/2019	-	-	2,952.50	2,952.50	-	2,952.50	16,360.00
01/01/2020	15,000.00	4.710%	2,952.50	17,952.50	220.00	18,172.50	-
07/01/2020	-	-	2,756.25	2,756.25	-	2,756.25	20,768.75
01/01/2021	15,000.00	4.710%	2,756.25	17,756.25	190.00	17,786.25	-
07/01/2021	-	-	2,240.00	2,240.00	-	2,240.00	20,026.25
01/01/2022	15,000.00	5.600%	2,240.00	17,240.00	160.00	17,400.00	-
07/01/2022	-	-	1,820.00	1,820.00	-	1,820.00	19,220.00
01/01/2023	15,000.00	5.600%	1,820.00	16,820.00	130.00	16,950.00	-
07/01/2023	-	-	1,400.00	1,400.00	-	1,400.00	18,350.00
01/01/2024	15,000.00	5.600%	1,400.00	16,400.00	100.00	16,500.00	-
07/01/2024	-	-	980.00	980.00	-	980.00	17,480.00
01/01/2025	15,000.00	5.600%	980.00	15,980.00	70.00	16,050.00	-
07/01/2025	-	-	560.00	560.00	-	560.00	18,010.00
01/01/2026	20,000.00	5.600%	560.00	20,560.00	40.00	20,600.00	-
07/01/2026	-	-	-	-	-	-	20,600.00
<b>Total</b>	<b>\$190,000.00</b>	<b>-</b>	<b>\$83,914.17</b>	<b>\$273,914.17</b>	<b>\$3,390.00</b>	<b>\$277,304.17</b>	<b>-</b>

SCHEDULE 4 TO FINANCING AGREEMENT

**NOTICE OF PREPAYMENT**

**VIA REGISTERED MAIL**

U.S. Bank National Association  
Corporate Trust Services  
555 S.W. Oak Street, PD-OR-P6TD  
Portland, Oregon 97204  
Attention: SDAO FlexLease Program, Series 2011A

Re: Financing Agreement dated as of March 1, 2011, Series 2011A, between **U.S. BANK NATIONAL ASSOCIATION**, as Trustee, and **YAMHILL FIRE PROTECTION DISTRICT, YAMHILL COUNTY, OREGON** as District.

Ladies and Gentlemen:

In accordance with the above-referenced Financing Agreement (the "Agreement"), the undersigned ("the District") hereby exercises its option to prepay the principal component of Installment Payments due under the Agreement on \_\_\_\_\_ (the "Prepayment Date"). The District exercises its option as follows (check one):

\_\_\_\_\_ The District is prepaying the principal component of Installment Payments in full. Enclosed herewith is a check made payable to the Trustee in the amount of the sum of (i) the interest accrued to the date of prepayment, (ii) the Prepayment Price set forth in the Agreement as a percentage of the principal component of the Installment Payments to be prepaid, (iii) the Administrative Expense Payment accruing to the next forthcoming Payment Date on which such an Administrative Expense Payment is due, and (iv) a fee to the Trustee in the amount set forth in the fee schedule described in Section 5.3 of the Master Trust Agreement.

\_\_\_\_\_ The District is prepaying the principal component of Installment Payments in part. The amount of the principal component that the District desires to prepay is \$ \_\_\_\_\_ (amount prepaid must be at least \$5,000 and must be an integral multiple of \$5,000). Enclosed herewith is a check made payable to the Trustee in the amount of the sum of (i) the interest accrued thereon to the date of prepayment, (ii) the Prepayment Price set forth in the Agreement as a percentage of the principal component of the Installment Payments being prepaid, and (iii) a fee to the Trustee in the amount set forth in the fee schedule described in Section 5.3 of the Master Trust Agreement.

The District hereby acknowledges that the sum hereby deposited with the Trustee will be held uninvested by the Trustee until the Prepayment Date.

Date: \_\_\_\_\_, 20\_\_.

**YAMHILL FIRE PROTECTION DISTRICT**  
**YAMHILL COUNTY, OREGON,**  
as District

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