



Lincoln County Library District Board
Regular Meeting
Tuesday February 8, 2022
132 NE 15th and Online
Noon
Newport, OR 97365

Agenda		
Call Regular Meeting to Order		President
Approval of the Agenda		President
Topic	Lead	Purpose Outcome
Public Comment	President	Anyone may speak at this time
Minutes Board Meeting January 11, 2022	President	Approval
Reports		
Board Reports	Board Members	Information
Director's Report	Director	Information
Financial Report	Director	Acceptance
Old Business		
Funding Model Update	Director	Information
Building Purchase Update	Director	Information
New Business		
Good of the Order		Information
Next District Board Meeting March 8, 2022		Information
Adjourn	President	Motion



Minutes
Lincoln County Library District
Board Meeting
January 11, 2022
132 NE 15th Newport, OR and Zoom
12:00 p.m.

ATTENDANCE—BOARD

Brian Fodness
Chris Boyle
Virginia Tardaewether
Carla Clark

ATTENDANCE—STAFF

MaryKay Dahlgreen, District Director

ATTENDANCE – GUEST

David Ulbricht- Oregon Special Districts Association

CALL TO ORDER

Board President Brian Fodness called the Regular Board Meeting to order at 12:00 p.m.

CALL THE ROLL AND ESTABLISH QUORUM

Quorum was established.

APPROVAL OF AGENDA

PUBLIC COMMENT

APPROVAL OF MEETING MINUTES

Chris moved and Virginia seconded approval of the Regular Board minutes of December 14, 2021. Passed unanimously.

BOARD MEMBER REPORTS

DIRECTOR'S REPORT

See written report.

FINANCIAL REPORT

Everything is on track. First library reimbursements went out in December. Carla moved and Virginia seconded approval of the financial report. Passed unanimously.

OLD BUSINESS

Approved Funding Model Update

Trying to get meetings with city governments to talk about new formula. MaryKay is creating a fact sheet that can then be used by Board members as well. Updating the contracts that were partially reviewed last year. Talked about challenges for all libraries with changes to funding.

Strategic Plan Progress Report

See update in Board packet. MaryKay suggested a work session before March meeting to talk about strategic plan and director evaluation.

NEW BUSINESS

Potential Building Purchase

David Ulbricht from the Oregon Special Districts Association provided an overview of his experience with public financing and covered what he can do to represent LCLD in the potential purchase of the office. He talked about the materials he provided to the Board that estimate 10 year and 15 year financing in addition to the fees that would be incurred. The possibility of owner financing was raised and David noted several items to consider including terms and conditions, financing rate, amortization rate, might be better to lock in financing. Lender may not have to pay taxes on interest, we would need to confirm that. David also talked about the required engagement letter which he has sent to the District. SDAO charges for services if the financing closes, the fee is included in the financing. He also explained the other fees.

Brian and Chris both brought up concerns about set backs and are wondering if city utility easements are on the property. There is a need for an inspection. MaryKay will talk to building owner about financing and perform our due diligence concerning the property and place this on the agenda for February.

GOOD OF THE ORDER

NEXT DISTRICT BOARD MEETING

The next regular meeting will be held on February 8, 2022, at noon.

ADJOURNMENT

Meeting adjourned at 1:15 p.m.



Library Directors Report February 2022

General Updates

The Lincoln County Reads 2022 committee met several times during January and have agreed on the novel *Mexican Gothic* by Sylvia Moreno-Garcia as the 2022 Lincoln County Reads book. Each library in the county will provide monetary support and will provide programs surrounding the title. The author has been invited to provide a virtual presentation in late September or early October, during Hispanic Heritage Month September 15, 2022 – October 15, 2022.

MaryKay met with Laura Kimberly, Newport Public Library Director, and Spencer Nebel, Newport City Manager to discuss the funding model and formula that were adopted by the LCLD Board at their December 14, 2021 meeting. She also met with the Newport Library Advisory Board to share information about the funding model and formula.

The Siletz Public Library has received their 2022 Ready to Read Grant from the State Library of Oregon and have begun one of their projects Book Babies. They are assembling kits for newborns that will include a book, a rattle, early literacy information, library card application, and Dolly Parton Imagination Library registration. They anticipate providing 20 kits to 20 families of newborns in the Siletz area.

MaryKay met with Erin McCusker and Ruth Metz to debrief the funding model development process. They reviewed and revised the fact sheet about the funding model which the Board can use as a reference tool. It was agreed that we need someone to figure out how to implement full funding by the end of three years. Ruth Metz suggested JR Clanton of BerryDunn who she has worked with in the past on library financial projects. Ruth and MaryKay met with JR and he agreed to take on the task of creating a process for phasing the implementation of the new funding formula over three years.

2021 W2 forms were distributed to LCLD staff.

The 2020-2021 audit was completed and submitted to the Secretary of State Municipal Audits Division.

The District ordered covid rapid tests from the Health Department for Lincoln County libraries to distribute. The District will deliver the tests to the libraries via courier.

Upcoming

February 9,2022 SDAO Board Meeting

February 10 – 12, 2022 SDAO Annual Conference

February 18,2022 Members of the Oceanbooks Library Network the Chinook Library Network will have a combined in-service meeting virtually.

February 22, 2022 Newport City County Work Session to present updated funding model

Lincoln County Library District					
Statement of Revenues and Expenditures - Cash Basis					
January and FYTD 21/22					
	Current Period Actual	Year to Date Actual	Bennial to Date	Biennial Budget	
Revenues					
4000 Revenues					
4010 Library Services and Technology Reading Grant				\$ 15,000.00	
4020 Chinook Library Network				\$ 44,000.00	
4030 Dolly Parton Imagination Library				\$ 10,000.00	
4050 Lincoln County Law Library		\$ 12,828.90	\$ 12,828.90	\$ 26,000.00	
4060 Previously Levied Taxes	\$ 1,891.50	\$ 40,932.37	\$ 40,932.37	\$ 80,000.00	
4070 Ready to Read Grant	\$ 4,698.37	\$ 4,698.37	\$ 4,698.37	\$ 9,000.00	
4080 Siletz					
4081 Siletz-Carry-over					
4082 Siletz-City of Siletz				\$ 2,000.00	
4083 Siletz-Interest				\$ 100.00	
4084 Siletz-Miscellaneous	\$ 1,000.00	\$ 9,641.19	\$ 9,641.19	\$ 5,000.00	
4090 State Forestry		\$ 7,145.90	\$ 7,145.90	\$ 30,000.00	
4104 Property Tax Revenue 20/21		\$ 35,910.57	\$ 35,910.57		
4105 Property Tax Revenue 21/22	\$ 16,957.79	\$1,353,774.03	\$1,353,774.03	\$1,407,691.50	
4106 Property Tax Revenue 22/23				\$1,407,691.50	
4800 Interest Income	\$ 312.77	\$ 1,111.00	\$ 1,111.00	\$ 2,000.00	
4900 Miscellaneous Income	\$ 12.19	\$ 14,669.05	\$ 14,669.05	\$ 10,000.00	
Total 4000 Revenues	\$ 24,872.62	\$1,480,711.38	\$1,480,711.38	\$3,048,483.00	
Services					
Available Cash On Hand				\$ 400,000.00	
Total Revenues	\$ 24,872.62	\$1,480,711.38	\$1,480,711.38	\$3,448,483.00	
Expenditures					
5000 Personnel Services					
5100 Salaries and Wages	\$ 24,744.06	\$ 186,460.63	\$ 186,460.63	\$ 610,640.00	
5200 Payroll Taxes	\$ 2,340.74	\$ 23,855.69	\$ 23,855.69	\$ 60,000.00	
5250 Payroll Fees	\$ 223.01	\$ 1,729.33	\$ 1,729.33	\$ 4,632.00	
Total 5000 Personnel Services	\$ 27,307.81	\$ 212,045.65	\$ 212,045.65	\$ 675,272.00	
5300 Employee Benefits					
5305 Health Benefits	\$ 1,445.10	\$ 10,115.70	\$ 10,115.70	\$ 36,684.00	
5310 Retirement Benefits	\$ 989.92	\$ 6,929.44	\$ 6,929.44	\$ 23,736.00	
Total 5300 Employee Benefits	\$ 2,435.02	\$ 17,045.14	\$ 17,045.14	\$ 60,420.00	
6000 Materials and Services					
6010 Professional Services					

Lincoln County Library District						
Statement of Revenues and Expenditures - Cash Basis						
January and FYTD 21/22						
	Current Period Actual	Year to Date Actual	Bennial to Date	Biennial Budget		
6011 Accounting Services	\$ 9,550.00	\$ 17,610.67	\$ 17,610.67	\$ 30,000.00		
6012 Legal Services				\$ 2,000.00		
6013 IT Services				\$ 3,000.00		
6014 General Services		\$ 5,531.25	\$ 5,531.25			
6015 Misc. Services	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 30,000.00		
Total 6010 Professional Services	\$ 15,550.00	\$ 29,141.92	\$ 29,141.92	\$ 65,000.00		
6030 General Office Expenses						
6031 Office Supplies		\$ 262.63	\$ 262.63	\$ 5,000.00		
6032 Office Equipment				\$ 5,000.00		
6033 Online Expenses	\$ 66.00	\$ 1,745.57	\$ 1,745.57	\$ 7,000.00		
6036 ByWater Solutions				\$ 44,000.00		
6040 Copier Lease	\$ 224.00	\$ 1,565.48	\$ 1,565.48	\$ 7,000.00		
6050 Mileage				\$ 5,000.00		
6055 Orbis Cascade Alliance Courier		\$ 4,038.00	\$ 4,038.00			
6056 OCAC - LCLD				\$ 10,000.00		
6060 Postage		\$ 109.72	\$ 109.72	\$ 5,000.00		
6065 Professional Materials		\$ 221.77	\$ 221.77	\$ 3,000.00		
6070 Public Relations	\$ 100.00	\$ 700.00	\$ 700.00	\$ 5,000.00		
6075 Rent and Utilities						
6076 Electricity		\$ 465.10	\$ 465.10	\$ 4,000.00		
6077 Maintenance and Supplies	\$ 60.00	\$ 372.08	\$ 372.08	\$ 4,000.00		
6078 Gas						
6079 Rent	\$ 1,300.00	\$ 10,400.00	\$ 10,400.00	\$ 34,000.00		
6080 Telephone and Internet	\$ 134.97	\$ 937.19	\$ 937.19	\$ 4,000.00		
6081 LCLD Garbage		\$ 167.40	\$ 167.40	\$ 1,000.00		
6082 LCLD Water	\$ 68.93	\$ 423.30	\$ 423.30	\$ 4,000.00		
6100 Supplies						
6105 Vans						
6106 Fuel	\$ 232.04	\$ 1,661.38	\$ 1,661.38	\$ 6,000.00		
6107 Maintenance	\$ 78.00	\$ 78.00	\$ 78.00	\$ 4,000.00		
6108 Supplies		\$ 53.09	\$ 53.09	\$ 3,000.00		
Total 6030 General Office Expenses	\$ 2,263.94	\$ 23,200.71	\$ 23,200.71	\$ 160,000.00		
6300 Travel/Training/Membership						
6310 Membership Fees		\$ 1,264.37	\$ 1,264.37	\$ 10,000.00		
6320 Registration/Training/Travel						
6321 Registration	\$ 330.00	\$ 1,074.00	\$ 1,074.00	\$ 10,000.00		
6322 Travel/Meals/Housing		\$ 68.04	\$ 68.04	\$ 10,000.00		
Total 6300 Travel/Training/Membership	\$ 330.00	\$ 2,406.41	\$ 2,406.41	\$ 30,000.00		

Lincoln County Library District						
Statement of Revenues and Expenditures - Cash Basis						
January and FYTD 21/22						
	Current Period Actual	Year to Date Actual	Bennial to Date	Biennial Budget		
6400 Operating Fees/Insurance						
6401 Misc. Fees	\$ 250.00	\$ 798.83	\$ 798.83	\$ 1,500.00		
6410 Business Insurance	\$ 6,998.00	\$ 6,998.00	\$ 6,998.00	\$ 15,000.00		
6420 Election Fees				\$ 5,000.00		
6430 Legal Notices		\$ 540.00	\$ 540.00	\$ 3,500.00		
Total Operating Fees/Insurance	\$ 7,248.00	\$ 8,336.83	\$ 8,336.83	\$ 25,000.00		
6500 Reimbursement/Library Development				\$ 1,970,768.00		
6505 Contracted Library Services						
6510 Cataloging/Interlibrary Loan/Reference						
6511 OCLC	\$ 4,859.70	\$ 28,845.41	\$ 28,845.41	\$ 150,000.00		
Total 6510 Cataloging/Interlibrary Loan/Reference	\$ 4,859.70	\$ 28,845.41	\$ 28,845.41	\$ 150,000.00		
6520 Library Development				\$ 2,120,768.00		
6521 Support Local Libraries						
6523 Special Projects (Dolly Parton Imag. Library)						
6524 Summer Reading Programs		\$ 561.55	\$ 561.55	\$ 10,000.00		
Total 6521 Support Local Libraries		\$ 561.55	\$ 561.55	\$ 19,000.00		
6525 Online Databases						
6526 Library2Go (Overdrive)		\$ 4,997.77	\$ 4,997.77	\$ 9,000.00		
6527 Mango Languages				\$ 400.00		
6528 ProQuest (Heritage Quest)				\$ 4,000.00		
6529 Misc. Databases						
Total 6525 Online Databases	\$ -	\$ 4,997.77	\$ 4,997.77	\$ 13,400.00		
6550 Siletz						
6551 Materials, Supplies and Services	\$ 415.45	\$ 5,862.29	\$ 5,862.29	\$ 2,000.00		
6554 Siletz Electricity	\$ 175.68	\$ 1,301.38	\$ 1,301.38	\$ 4,000.00		
6555 Siletz Collection Development	\$ 203.19	\$ 2,663.73	\$ 2,663.73	\$ 8,000.00		
6556 Siletz Water/Sewer		\$ 480.00	\$ 480.00	\$ 2,400.00		
6557 Siletz Copier Lease	\$ 40.00	\$ 504.00	\$ 504.00	\$ 3,000.00		
6558 Siletz Internet and Phone		\$ 1,132.24	\$ 1,132.24	\$ 3,000.00		
6559 Siletz Gas	\$ 161.79	\$ 354.73	\$ 354.73	\$ 2,000.00		
6560 Siletz Alarm		\$ 540.34	\$ 540.34	\$ 700.00		
6561 Siletz Programming		\$ 505.50	\$ 505.50	\$ 1,820.00		
6562 Siletz Repair & Maintenance	\$ 82.50	\$ 1,446.43	\$ 1,446.43	\$ 4,000.00		
6563 Siletz Useful		\$ 2,614.00	\$ 2,614.00			
Total 6550 Siletz	\$ 1,078.61	\$ 17,404.64	\$ 17,404.64	\$ 30,920.00		
Total 6520 Library Development	\$ 1,078.61	\$ 22,963.96	\$ 22,963.96	\$ 63,320.00		
6600 Library Reimbursement						
Lincoln City	\$ 23,530.00	\$ 164,712.00	\$ 164,712.00			

Lincoln County Library District						
Statement of Revenues and Expenditures - Cash Basis						
January and FYTD 21/22						
	Current Period Actual	Year to Date Actual	Bennial to Date	Biennial Budget		
Newport	\$ 28,993.00	\$ 202,948.00	\$ 202,948.00			
Toledo	\$ 7,746.00	\$ 54,224.00	\$ 54,224.00			
Waldport	\$ 20,206.00	\$ 141,443.00	\$ 141,443.00			
Total Library Reimbursement	\$ 80,475.00	\$ 563,327.00	\$ 563,327.00			
6700 Bank Charges & Fees	\$ 26.00	\$ 210.05	\$ 210.05			
Total 6000 Materials and Services	\$ 111,831.25	\$ 678,432.29	\$ 678,432.29			
Uncategorized Expense						
7000 Capital Outlay						
7010 Office Furniture and Equipment						
7011 Van Replacement				\$ 10,000.00		
7020 Van						
Total 7000 Capital Outlay				\$ 10,000.00		
Operating Contingency						
Move to 6015- Misc Service				\$ 166,157.00		
Total Operating Contingency				\$ 15,000.00		
Unappropriated Ending Balance				\$ 151,157.00		
Total Expenditures	\$ 141,574.08	\$ -	\$ 907,523.08	\$ -	\$ 907,523.08	\$ 2,555,959.92



Fact Sheet

Lincoln County Library District Funding Model 2022-2023

Project Purpose

The District Board wanted to re-examine the basis of the revenue distribution model that has been in use for many years. The need goes beyond trying for a method or formula that satisfies District members, partners, and service providers. The ultimate project purpose was for the Board to decide on a fund use structure and methods that best align with the legislative intent and purposes of the District.

Project Objectives

1. Understand the legislative intent of the District formation and its purposes.
2. Establish the principles and values the Board wants incorporated into funding options analyses.
3. Identify the optimal funding methods and/or formulae to support the intent, principles, and values.
4. Understand how various scenarios will impact the District members, partners, and providers.
5. Ensure that future funding structure and methods most effectively enable the legislative intent and purposes of the District.

Process

August 2021: Contracted with Ruth Metz, Erin McCusker, and Summer Sears to work with the LCLD Board and Director to achieve project purpose.

September – December 2021: Consultants led four public work sessions with the LCLD Board to clarify the legislative intent of District formation in 1988,

determine the values and parameters of the Board in creating the funding model, and explore why the current funding model needed to be updated.

December 14, 2021: Board approved new funding model

Board values

1. Fiduciary responsibility for providing library services to residents of the District service area (everything in Lincoln County outside the city limits of Lincoln City, Newport, Toledo, and Yachats)
2. Service model and funding will be directed toward enabling equitable service to the residents of the District.
3. Allocation of funds will be equitable and fair (equitable for District residents and fair for member and partner libraries)
4. It is not sustainable for the Board to use District funds to restore lost municipal funding to partner libraries and therefore it cannot be a policy of the Board.
5. An understanding should be built and sustained over time between the District administration and the funding recipients about the nature and purpose of the District, Board, and funds.

Funding model parameters

1. Is consistent with the District formation legislative authority and purpose which is to provide library services to the residents of the District service area.
2. Adequately funds centralized and District administrative functions to fund objectives
3. Enables the objectives of the Board's strategic direction for library development, such as in the current and future strategic plans and initiatives of the Board.
4. Differentiates member jurisdictions from non-member jurisdictions and service providers.
5. Is directed toward bringing the full range and standard of service to residents throughout the District service area

6. Delineates the objectives of any formula or combination of formulas.
7. Member and partner recipients of District funds are contractually accountable for using the funds in the interests of the District.

Funding formula parameters

1. Funding objectives are clearly identified and then attached to a formula element that is expected to achieve the objective.
2. Formula elements can be explained to support specific funding model objectives, such as:
 - a. Provides incentives for member jurisdictions to grow local funding levels
 - b. Provides funds for partners to serve District-area residents
 - c. Provides “library as place” allotment.
3. Allocates funds to partner libraries in fair proportion
4. Is based on clear, concrete, factual, impartial, and calculable numbers from reliable sources.
5. Can be applied consistently and administered routinely and mechanically by District staff
6. Can be tuned or changed to improve the alignment of finding with the formula objectives and evolving circumstances.

Adopted Model

Fund District administration 30%
Member libraries’ local revenue incentive 1%
Member and Partner libraries’ site base allotment (library as place) 5%
Member and Partner district-area per capita allotment (based on zip code population) 64%

Effective Date

Funding effective December 2022 for the 2022-2023 fiscal year
Cities and District sign Inter-Governmental Agreements by June 30, 2022



Spencer R. Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

January 24, 2022

MaryKay Dahlgreen, Director
Lincoln County Library District
PO Box 2027
Newport, OR 978365

RE: Library District Funds

Dear MaryKay:

Thank you for meeting with Laura Kimberly, Newport Library Director, and I to discuss the proposed Lincoln County Library District (District) funding for 2022-2023. As you indicated, once fully implemented, the new formula would result in a 33% loss of District Library revenue to the City of Newport. You indicated that the formula would be phased in over a three-year period reducing the immediate impact on the City of Newport Public Library.

Based on our discussions, you indicated that the taxpayers within the incorporated cities, Lincoln City, Newport, and Toledo, do not pay taxes to the Library District. The only city with a recognized full-service Library that is also paying directly to the District Library is the City of Waldport. In reviewing the new formula, I believe it is fair to credit back the Waldport taxpayers for the contribution to the District Library, since they are being double taxed for these services because the City also operates a full-service Library.

I also understand another element is a flat distribution to each of the libraries, with a third element being the District Library population (non-incorporated city population) being served by the various city libraries. This is based on an assignment of populations of zip codes that have been assigned to each of the municipal libraries. Previously, you indicated that the formula was based on circulation, and because of having two different library systems, the City of Newport's circulation numbers may have overstated the District Library users of Newport's Municipal Library. You also indicated that there were efforts ongoing to place all of the libraries within the District on one system that would then consistently track circulation at all five libraries that are used by residents located within the Library District. While I agree with the need to revamp the formula for distribution of funds to municipal libraries, I do believe that accurate and consistent circulation numbers from all the libraries should be a factor in the allocation of these funds. This truly shows the impact of residents of the District's use of the various use of the libraries. I would ask the District Board to consider utilization of circulation once the

libraries are on the same system, and consistent when accurate circulation numbers are known for these libraries. I think that the circulation numbers clearly indicate the libraries of choice for District residents with these numbers being more accurate than arbitrarily utilizing zip codes and assigning specific zip codes to specific libraries.

Since the libraries offer far more services than the circulation of materials, the District may want to consider element four, site-based to service District residents, and utilizing the circulation once all the library circulation numbers are being tracked in a consistent manner throughout the county.

These are my preliminary thoughts after our meeting. I appreciate the opportunity to hear the District's proposed plans for adopting a new formula for distribution of critical District funds for library operations in Lincoln County municipalities.

I appreciate the fact that the City Council will be asked to provide further feedback at an upcoming meeting on this plan, as well.

Sincerely,

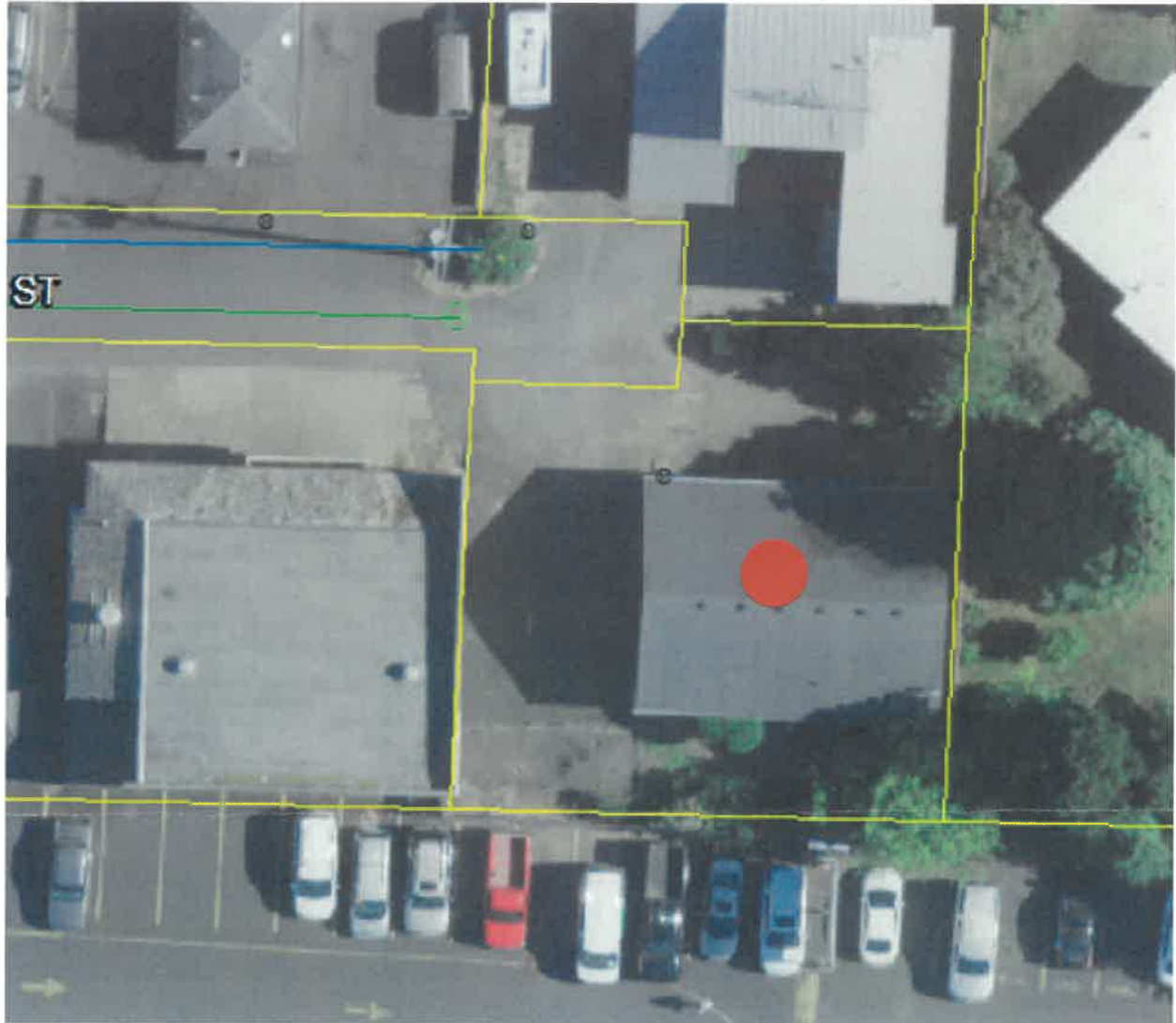
A handwritten signature in blue ink, appearing to read "S. Nebel", written in a cursive style.

Spencer R. Nebel, City Manager
City of Newport

cc: Laura Kimberly, City of Newport Library Director

132 NE 15th
Newport, OR 97365

N
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Financing Illustration

Full Faith & Credit Financing For Real Property Acquisition

SDAO ADVISORY SERVICES LLC

David Ulbricht, Director of Advisory Services
328 NE Davis Street, Suite 3
McMinnville, Oregon 97128
503.472.9965 | dulbricht@sdao.com

Special Districts Association of Oregon Advisory Services LLC ("SDAOAS") is a registered municipal advisor with the Securities and Exchange Commission pursuant to Section 15B(a)(2) of the Securities Exchange Act of 1934 (the "Act") and the Municipal Securities Rulemaking Board. SDAOAS is providing the information contained herein and/or accompanying materials (the "Materials") for discussion or general informational purposes only for a possible issuance of municipal securities the District may be considering.

See "Important Disclosures" contained herein.

**Financing Assumptions
Assessed Valuation Growth
And Tax Collection Factors**

Funding Scenarios

- 1.) **Full Faith & Credit Financing Agreement.**
- 2.) **Financing Illustrations and includes estimated costs of issuance:**
 - a. **Illustration 1 - \$400,000 Net Amount for Real Property Acquisition – 10-Year Term.**
 - b. **Illustration 2 - \$400,000 Net Amount for Real Property Acquisition – 15-Year Term.**
- 3.) **Assumed Interest Rates, as of January 11, 2022, for a Nonrated, bank-qualified bank loan plus 10-15 basis points (0.10%-0.15%).**
- 4.) **Costs of issuance are for presentation purposes only and may include Bond Counsel, Underwriting, Municipal Advisory, Oregon State Treasury Fee, Credit Rating Agency Fee, Registrar/Paying Agent, Disclosure Counsel, preparation of the Preliminary and Final Disclosure Document and Bond Delivery (Costs are included for planning purposes but not all costs may be incurred and such costs may be higher or lower than estimated); and,**

Glossary of Terms

AAA MMD – Municipal bond index representing the current market rates for the highest rated tax-exempt bonds available.

All-in Cost ("AIC") - A measurement of the total cost of a bond financing, expressed as a discount rate calculated using the present value of all debt service payments on the issue and the total proceeds of the issue. For purposes of this calculation, the amount of proceeds is adjusted by any accrued interest, original issue discount, original issue premium and costs of the financing (e.g., costs of issuance, credit enhancement fee, underwriter's spread, etc.), etc.).

Average Life - With respect to an issue of bonds, the weighted period of time required to repay half of the issue through scheduled principal payments (e.g., maturity, sinking fund redemption, etc.). The average life, also referred to as the "weighted average life" or "weighted average maturity" or "WAM," is a reflection of the rapidity with which the principal of an issue is expected to be paid. Under one commonly used calculation method, average life is equal to the total bond years divided by the total number of bonds (one bond equals \$1,000 par amount, regardless of actual denomination).

Basis Point (bps) – 1 basis point equals .01%. Example: 3.20% is 20 basis points above 3.00%

Bond Counsel - An attorney or law firm retained, typically by the issuer, to give the traditional bond counsel opinion. Such opinion customarily opines that the bonds have been validly issued and, if tax exemption is intended, that the bonds are tax-exempt bonds. The opinion also may address related matters, such as state or local tax exemption and the enforceability of certain security provisions. Typically, bond counsel may prepare, or review and advise the issuer regarding, authorizing resolutions, bond contracts, official statements, validation proceedings and litigation.

Bond Insurance - A guarantee by a bond insurer of the payment of the principal of and interest on municipal bonds as they become due should the issuer or obligated person fail to make required payments. Bond insurance typically is acquired in conjunction with a new issue of municipal securities, although insurance also is available for outstanding bonds trading in the secondary market. In the case of insurance obtained at the time of issuance, the issuer of the policy typically is provided extensive rights under the bond contract to control remedies in the event of a default.

Bond Yield or Arbitrage Yield - The semi-annual discount rate that equates the principal and interest payments to the original issue proceeds

Coupon or Interest Rate – Annualized rate of interest payment to the bondholder. Example: 4.00% coupon.

Credit Enhancement - The use of the credit of an entity other than the issuer or obligor to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, bank letters of credit and other facilities, state intercept guarantees and credit programs of federal or state governments or federal agencies, but also may refer more broadly to the use of any form of guaranty, secondary source of payment or similar additional credit-improving instruments

Credit Rating - An opinion by a rating agency of the credit-worthiness of a bond.

Disclosure Counsel - An attorney or law firm retained by the issuer to provide advice on issuer disclosure obligations and to prepare the official statement and/or continuing disclosure agreement.

Maturity – Date upon which the principal value of the bond is returned to the bondholder.

Municipal Advisor - A person or entity (with certain exceptions) that (a) provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues, or (b) solicits a municipal entity, for compensation, on behalf of an unaffiliated municipal securities dealer, municipal advisor, or investment adviser to engage such party in connection with municipal financial products, the issuance of municipal securities, or investment advisory services

Net Interest Cost ("NIC") - A method of computing the interest expense to the issuer of bonds, which may serve as the basis of award in a competitive sale of a new issue of municipal securities. NIC takes into account any premium or discount applicable to the issue, as well as the dollar amount of coupon interest payable over the life of the issue. NIC does not take into account the time value of money (as would be done in other calculation methods, such as the "true interest cost" (TIC) method). The term "net interest cost" refers to the overall rate of interest to be paid by the issuer over the life of the bonds

Optional Call – Prepayment provision after which bonds are able to be prepaid before maturity at par with no penalty.

Paying Agent - The entity responsible for transmitting payments of interest and principal from an issuer of municipal securities to the bondholders. The paying agent is usually a corporate trust department of a bank or trust company, but may be the treasurer or some other officer of the issuer or another governmental entity (e.g., a county treasurer acting for a school district or municipality within the county). The paying agent may also provide other services for the issuer such as reconciliation of the securities and interest paid, destruction of paid securities, and similar services. The trustee under a bond contract usually also acts as paying agent

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Par – Face value of the bond and principal amount to be returned to bondholder at maturity.

Premium – The amount above par that a bondholder pays to receive a coupon higher than the yield on the bonds.

Rating Agency - A company, designated by the Securities and Exchange Commission ("SEC") as being nationally recognized, that provides ratings that indicate such company's opinion of the relative credit quality of securities. (Moody's Investor Service and Standard & Poor's, for example).

Spread – The additional interest cost on top of the AAA MMD index to account for lower credit quality, smaller size, security, etc.

Term Bond – Bond sold at yield to stated maturity but with principal paid down in parts prior to final maturity called "mandatory redemptions".

True Interest Cost ("TIC") - Under this method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Interest is assumed to be compounded semi-annually. TIC computations produce a figure slightly different from the "net interest cost" (NIC) method because TIC considers the time value of money while NIC does not. Also known as "Canadian Interest Cost"

Underwriter – A municipal securities dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The underwriter may acquire the securities either by negotiation with the issuer or by award on the basis of competitive bidding.

Underwriter Spread (Discount) – With respect to a new issue of municipal securities, the difference between the price paid by the underwriter to the issuer for the new issue and the prices at which the securities are initially offered to the investing public; this is also termed the "gross spread," "gross underwriting spread" or "production." The spread is usually expressed in dollars or points per bond. Historically, the spread has consisted of four components, although one or more components may not be present in any particular offering.

Yield – Measure of annualized interest cost for the issuer and return on investment for buyer.

Debt Service Structure

Estimated Financing Scenarios

Illustration 1 **\$400,000 Net Amount – 10-Year Term.**

Illustration 2 **\$400,000 Net Amount – 15-Year Term.**

The following illustrations represent mathematical calculations of potential interest costs, assuming hypothetical interest rates and financing term. Current interest rates are based on a Nonrated, bank-qualified Oregon full faith & credit financing agreement as of January 11, 2022 plus 10-15 basis points (0.10%-0.15%). Actual interest rates, future annual taxable assessed valuation, annual property tax collections and annual property tax levies, for repayment of a full faith & credit financing agreement, may vary. If actual interest rates are higher, or lower, than assumed, the annual debt service on a full faith & credit financing agreement could be higher or lower, and any changes in the annual taxable assessed valuation growth, along with future actual ad valorem property tax collections or any delinquencies in such collections could have an impact on the tax collections that would be necessary to make the debt service payments. This illustration provides information and is not intended to be a recommendation, proposal or suggestion or otherwise considered advice.

Lincoln County Library District

Full Faith & Financing Agreement, Series 2022

Financing issued March 2022*

Illustration of Hypothetical FF&C for Real Property Purchase

(Nonrated/ BQ / Current Market Rates Plus 10-15 basis points higher (0.10%-0.15%) as of January 5, 2022)

Fiscal Year End	Illustration 1 - 10-Year Term		
	Principal	Interest	Total P&I
2022	\$ -	2,258	\$ 2,258
2023	40,000	9,030	49,030
2024	40,000	8,190	48,190
2025	40,000	7,350	47,350
2026	40,000	6,510	46,510
2027	45,000	5,670	50,670
2028	45,000	4,725	49,725
2029	45,000	3,780	48,780
2030	45,000	2,835	47,835
2031	45,000	1,890	46,890
2032	45,000	945	45,945
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
Total	\$ 430,000	\$ 53,183	\$ 483,183

Est. Annual Average	\$ 43,926
Maximum	\$ 50,670
Minimum	\$ 2,258

Fiscal Year End	Illustration 2 - 15-Year Term		
	Principal	Interest	Total P&I
2022	\$ -	2,419	\$ 2,419
2023	25,000	9,675	34,675
2024	25,000	9,113	34,113
2025	30,000	8,550	38,550
2026	30,000	7,875	37,875
2027	30,000	7,200	37,200
2028	30,000	6,525	36,525
2029	30,000	5,850	35,850
2030	30,000	5,175	35,175
2031	30,000	4,500	34,500
2032	30,000	3,825	33,825
2033	35,000	3,150	38,150
2034	35,000	2,363	37,363
2035	35,000	1,575	36,575
2036	35,000	788	35,788
Total	\$ 430,000	\$ 78,581	\$ 508,581

Est. Annual Average	\$ 33,905
Maximum	\$ 38,550
Minimum	\$ 2,419

PRELIMINARY - SUBJECT TO REVISION

SDAO

ADVISORY SERVICES, LLC

Lincoln County Library District
Illustrations of Potential Sources & Uses
and Yield Statistics

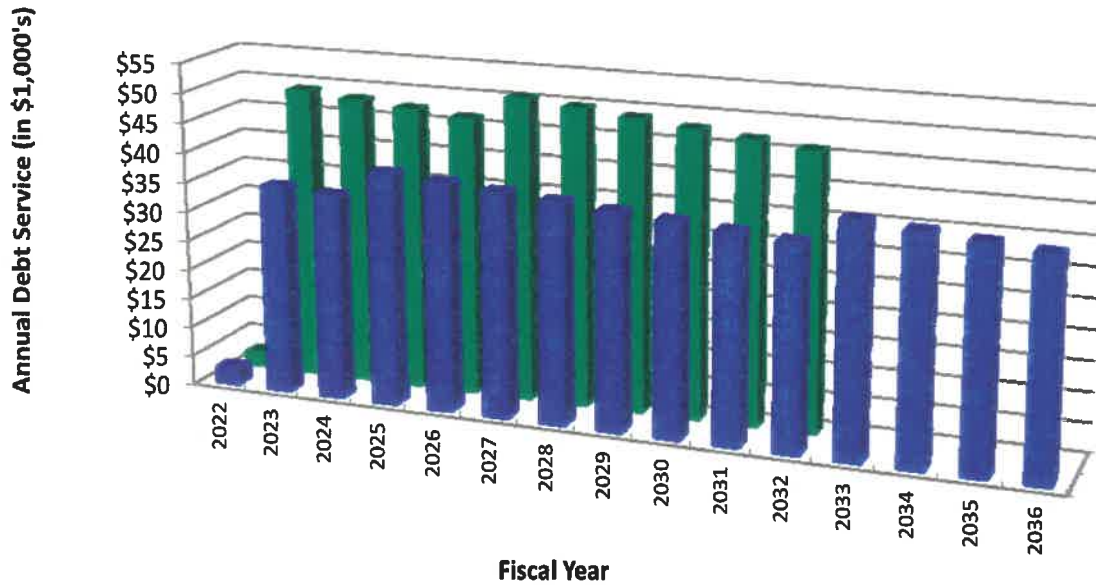
Potential Sources & Uses	Illustration 1 - 10-Year Term	Illustration 2 - 15-Year Term
<u>Potential Sources of Funds</u>		
Par Amount of Issue	\$ 430,000.00	\$ 430,000.00
District Contribution	-	-
Total Sources	\$ 430,000.00	\$ 430,000.00
<u>Potential Uses of Funds</u>		
Est. Lender Fees	\$ 1,500.00	\$ 1,500.00
Est. Bank Counsel Fee	\$ 5,000.00	\$ 5,000.00
SDAO Advisory Svcs (Muni Advisor)	5,000.00	5,000.00
Bond Counsel Fee	15,000.00	15,000.00
Disclosure Counsel Fee, if needed	0.00	0.00
Rating Fee	0.00	0.00
Miscellaneous/Contingency	2,500.00	2,500.00
Oregon State Treasury (MDAC Fee)	1,000.00	1,000.00
Deposit to Project Fund	400,000.00	400,000.00
Total Uses	\$ 430,000.00	\$ 430,000.00
Potential Yield Statistics		
Average Life (years)	5.890 Years	8.122 Years
Average Coupon	2.10%	2.25%
Bond Yield for Arbitrage Purposes	2.1003%	2.2502%
True Interest Cost	2.3812%	2.4614%
Net Interest Cost	2.3567%	2.4361%
All Inclusive Cost (AIC)	3.4484%	3.2638%
Dated Date	3/15/2022	3/15/2022
Final Maturity	6/15/2022	6/15/2036

Lincoln County Library District

Lincoln County, Oregon

Summary of Financing Illustrations

Annual Debt Service



■ Illustration 2 - 15-Year Term

■ Illustration 1 - 10-Year Term

\$430,000.00 - Lincoln County Libray District - 10-Year Term

Full Faith & Credit Financing Agreement, Series 2022

*** Illustration of Jan. 11, 2022 - BQ/NR/Bank Loan ***

Indicative rates as of Jan. 11, 2022

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/15/2022	-	-	-	-	-
06/15/2022	-	-	2,257.50	2,257.50	2,257.50
12/15/2022	-	-	4,515.00	4,515.00	-
06/15/2023	40,000.00	2.100%	4,515.00	44,515.00	49,030.00
12/15/2023	-	-	4,095.00	4,095.00	-
06/15/2024	40,000.00	2.100%	4,095.00	44,095.00	48,190.00
12/15/2024	-	-	3,675.00	3,675.00	-
06/15/2025	40,000.00	2.100%	3,675.00	43,675.00	47,350.00
12/15/2025	-	-	3,255.00	3,255.00	-
06/15/2026	40,000.00	2.100%	3,255.00	43,255.00	46,510.00
12/15/2026	-	-	2,835.00	2,835.00	-
06/15/2027	45,000.00	2.100%	2,835.00	47,835.00	50,670.00
12/15/2027	-	-	2,362.50	2,362.50	-
06/15/2028	45,000.00	2.100%	2,362.50	47,362.50	49,725.00
12/15/2028	-	-	1,890.00	1,890.00	-
06/15/2029	45,000.00	2.100%	1,890.00	46,890.00	48,780.00
12/15/2029	-	-	1,417.50	1,417.50	-
06/15/2030	45,000.00	2.100%	1,417.50	46,417.50	47,835.00
12/15/2030	-	-	945.00	945.00	-
06/15/2031	45,000.00	2.100%	945.00	45,945.00	46,890.00
12/15/2031	-	-	472.50	472.50	-
06/15/2032	45,000.00	2.100%	472.50	45,472.50	45,945.00
Total	\$430,000.00	-	\$53,182.50	\$483,182.50	-

Yield Statistics

Bond Year Dollars	\$2,532.50
Average Life	5.890 Years
Average Coupon	2.1000000%
Net Interest Cost (NIC)	2.3566634%
True Interest Cost (TIC)	2.3811810%
Bond Yield for Arbitrage Purposes	2.1002508%
All Inclusive Cost (AIC)	3.4483878%

IRS Form 8038

Net Interest Cost	2.1000000%
Weighted Average Maturity	5.890 Years

10-yr ffc upd 1.11.22 (bl) | SINGLE PURPOSE | 1/11/2022 | 9:44 AM

SDAO
Municipal Advisory Services

Page 1

\$430,000.00 - Lincoln County Library District - 15-Year Term

Full Faith & Credit Financing Agreement, Series 2022

*** Illustration of Jan. 11, 2022 - BQ/NR/Bank Loan ***

Indicative rates as of Jan. 11, 2022

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/15/2022	-	-	-	-	-
06/15/2022	-	-	2,418.75	2,418.75	2,418.75
12/15/2022	-	-	4,837.50	4,837.50	-
06/15/2023	25,000.00	2.250%	4,837.50	29,837.50	34,675.00
12/15/2023	-	-	4,556.25	4,556.25	-
06/15/2024	25,000.00	2.250%	4,556.25	29,556.25	34,112.50
12/15/2024	-	-	4,275.00	4,275.00	-
06/15/2025	30,000.00	2.250%	4,275.00	34,275.00	38,550.00
12/15/2025	-	-	3,937.50	3,937.50	-
06/15/2026	30,000.00	2.250%	3,937.50	33,937.50	37,875.00
12/15/2026	-	-	3,600.00	3,600.00	-
06/15/2027	30,000.00	2.250%	3,600.00	33,600.00	37,200.00
12/15/2027	-	-	3,262.50	3,262.50	-
06/15/2028	30,000.00	2.250%	3,262.50	33,262.50	36,525.00
12/15/2028	-	-	2,925.00	2,925.00	-
06/15/2029	30,000.00	2.250%	2,925.00	32,925.00	35,850.00
12/15/2029	-	-	2,587.50	2,587.50	-
06/15/2030	30,000.00	2.250%	2,587.50	32,587.50	35,175.00
12/15/2030	-	-	2,250.00	2,250.00	-
06/15/2031	30,000.00	2.250%	2,250.00	32,250.00	34,500.00
12/15/2031	-	-	1,912.50	1,912.50	-
06/15/2032	30,000.00	2.250%	1,912.50	31,912.50	33,825.00
12/15/2032	-	-	1,575.00	1,575.00	-
06/15/2033	35,000.00	2.250%	1,575.00	36,575.00	38,150.00
12/15/2033	-	-	1,181.25	1,181.25	-
06/15/2034	35,000.00	2.250%	1,181.25	36,181.25	37,362.50
12/15/2034	-	-	787.50	787.50	-
06/15/2035	35,000.00	2.250%	787.50	35,787.50	36,575.00
12/15/2035	-	-	393.75	393.75	-
06/15/2036	35,000.00	2.250%	393.75	35,393.75	35,787.50
Total	\$430,000.00	-	\$78,581.25	\$508,581.25	-

Yield Statistics

Bond Year Dollars	\$3,492.50
Average Life	8.122 Years
Average Coupon	2.2500000%
Net Interest Cost (NIC)	2.4361131%
True Interest Cost (TIC)	2.4613657%
Bond Yield for Arbitrage Purposes	2.2502162%
All Inclusive Cost (AIC)	3.2637794%

IRS Form 8038

Net Interest Cost	2.2500000%
Weighted Average Maturity	8.122 Years

15-yr ffc upd 1.11.22 (b) | SINGLE PURPOSE | 1/11/2022 | 10:38 AM

SDAO

Municipal Advisory Services

Page 1

Disclosure

SDAO Advisory Services LLC ("SDAOAS") is a registered municipal advisor with the Securities and Exchange Commission pursuant to Section 15B(a)(2) of the Securities Exchange Act of 1934 (the "Act") and the Municipal Securities Rulemaking Board.

SDAOAS is providing the information contained herein and/or accompanying materials (the "Materials") for discussion or general informational purposes only for a possible issuance of municipal securities the District may be considering.

Municipal Securities Rulemaking Board Rule G-17 requires a municipal advisor to deal fairly at all times with municipal issuers and with all persons and shall not engage in any deceptive, dishonest or unfair practice. As a municipal advisor, SDAOAS may provide advice concerning the structure, timing, terms, and other similar matters concerning an issuance of municipal securities the District is considering. As a municipal advisor, SDAOAS has a fiduciary duty to the District under the federal securities law and is therefore required by federal law to act in the best interests of the District without regard to its own financial or other interests.

Under MSRB Rule G-23, SDAOAS will not be able to serve as underwriter or placement agent for any notes, bonds or other securities to be issued and sold as part of the General Obligation Bond Sale.

The Materials do not include any recommendations or suggestions that the District take or refrain from taking any action with regard to an issuance of municipal securities and are not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 or Rule 15Ba1-1 thereunder. The Materials are intended to provide information of a factual or educational nature.

SDAOAS has not identified any additional potential or actual conflicts of interest that require disclosure.

Any opinions or estimates contained in the Materials represent the judgment of SDAOAS at this time and are subject to change without notice. Interested parties are advised to contact SDAOAS for more information.

If the District has any questions or concerns about the above disclosures, please contact SDAOAS.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that the Materials do not constitute tax advice and shall not be used for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

January 11, 2022

Ms. MaryKay Dahlgreen, Director
Lincoln County Library District
132 NE 15th Street
Newport, Oregon 97365

Via Email: marykay.dahlgreen@lincolnmcolibrarydist.org

**Re: Lincoln County Library District
Municipal Advisory Services Agreement**

Dear Ms. Dahlgreen:

This letter sets forth the terms of the Municipal Advisory Services Agreement (this "**Agreement**") pursuant to which Special Districts Association of Oregon Advisory Services, LLC ("**Advisor**") will serve as municipal advisor to the Lincoln County Library District (Lincoln County, Oregon) ("**Client**") on specific matters, as requested, relative to municipal finance related matters (each a "**Project Request**"). This Agreement is made and entered into between Client and the Advisor.

1. **Municipal Advisory Services.** Client hereby engages Advisor as a municipal advisor to provide certain services to Client on general matters and on an on-going basis with respect to the issuance of municipal securities, municipal financial products, direct bank loans, conduit borrowings or other financing alternatives and matters related thereto with respect to the funding the various capital needs of Client, and in such capacity Advisor agrees to provide advice as to the structure, timing, terms and other matters (the "**Municipal Advisory Services**"). Upon receipt of a Project Request for Municipal Advisory Services, Client and Advisor will determine a mutually agreed upon scope of Advisor's engagement to provide such services, in a form of Exhibit A attached hereto (each, a "**Statement of Work**"). Each Statement of Work will contain a description of the subject matter of the project, a list of Municipal Advisor Services to be provided by Advisor in connection with such project and the terms of compensation. Client agrees and acknowledges that in no event will this Agreement be construed as having authorized Advisor to commence Municipal Advisory Services absent the parties' acknowledgement of a corresponding Statement of Work.

2. **Fees and Expenses.** As compensation for Advisor's provision of Municipal Advisory Services, Advisor will receive a fee as specified in Exhibit A of this Agreement, and subject to a Conditional Payment Provision contained therein, (the "**Advisory Fee**"), to be paid by Client or on behalf of Client. Advisor will submit to Client an invoice for the Municipal Advisory Services provided. Any invoice received by Client will be due and payable within thirty (30) days of the invoice date. Any balance that remains outstanding in excess of ninety (90) days, will be subject to a financing charge to be computed at a rate of 18% per annum, or the maximum rate allowable under Oregon law.

3.) Conflicts of Interest. Client acknowledges that it has received the disclosures set forth on Exhibit B attached hereto. Client further acknowledges that it has been given the opportunity to raise questions and discuss such disclosures with Advisor and independent counsel and that it fully appreciates the nature of such disclosures and any and all conflicts noted therein. Client hereby waives all such conflicts and authorizes Advisor to provide the Municipal Advisory Services pursuant to the terms of this Agreement. From time to time, Advisor may provide additional disclosures to Client.

4.) Disclosures by Advisor. Advisor is a registered municipal advisor with the Securities and Exchange Commission pursuant to Section 15B(a)(2) of the Securities Exchange Act of 1934 (the "Act") and the Municipal Securities Rulemaking Board. Neither Advisor nor any of its employees are subject to any legal or disciplinary event.

Municipal Securities Rulemaking Board Rule G-17 requires a municipal advisor to deal fairly at all times with municipal issuers and with all persons and will not engage in any deceptive, dishonest or unfair practice. As a municipal advisor, Advisor may provide advice concerning the structure, timing, terms, and other similar matters concerning an issuance of municipal securities Client is considering. As a municipal advisor, Advisor has a fiduciary duty to Client under the federal securities law and is therefore is required by federal law to act in the best interests of Client without regard to its own financial or other interests.

Under MSRB Rule G-23, Advisor will not be able to serve as underwriter, lender or placement agent for any loans, notes, bonds or other securities to be issued and sold as part of any sale or offering of municipal securities or other indebtedness of Client.

Additional disclosures are attached herewith as Exhibit B.

5.) Term and Termination. The term of this engagement will be effective from the date of this Agreement is executed by Client and will remain in effect for a period of six-months (6-months) from the date hereof, unless terminated by either party upon written notice to the other party. Notwithstanding anything to the contrary contained herein, termination of this Agreement will automatically terminate any Statement of Work then in effect.

6.) Confidentiality and Use of Information. Client acknowledges that all opinions and advice (written or oral) given by Advisor to Client in connection with a Statement of Work are intended solely for the benefit and use of Client and are confidential, subject to applicable public records laws. Client will make available to Advisor in connection with the performance of services under this Agreement and each Statement of Work, at reasonable times as requested by Advisor, any information and material pertaining to the Project Request as may be appropriate to enable Advisor to perform its services hereunder. Client agrees that Advisor, in performing the Municipal Advisory Services contemplated by this Agreement and any Statement of Work (i) will use and rely primarily upon information supplied by Client and upon information available from

generally recognized public sources without having independently verified the same, (ii) does not assume responsibility for the accuracy and completeness of such information. Client also agrees that it will solely be responsible for the accuracy and completeness of all descriptive material prepared during this engagement concerning Client and any Project Request.

7.) Indemnification; Limitation of Liability. Client agrees that neither Advisor nor its employees, officers, agents or affiliates will have any liability to Client for the services provided hereunder except to the extent it is judicially determined that Advisor engaged in negligence or willful misconduct. In addition, to the extent permitted by applicable law, Client will indemnify, defend and hold Advisor and its employees, officers, agents and affiliates harmless from and against any losses claims, damages and liabilities that arise from or otherwise relate to an untrue statement of a material fact contained in any documents provided by Client or its authorized representatives for the use of investors, lenders or financial institutions, purchasers in connection with Client financing or an omission to state a material fact necessary by Client or its authorized representatives in order to make the statements therein not misleading.

8.) Miscellaneous. This Agreement constitutes and expresses the entire agreement of the parties with respect to the subject matter hereof, and all promises, undertakings, representations, agreements, understandings and arrangements, whether oral or written, with reference thereto are merged herein. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement may be executed in any number of counterparts via facsimile or other electronic transmission, each of which will be deemed an original, and all of which together will constitute one and the same instrument. Client acknowledges that Advisor may, at its option and expense and after announcement of the offering, place announcements and advertisements or otherwise publicize a description of the offering and Advisor's role in it on Advisor's website or other marketing material and in such financial and other newspapers and journals as it may choose, stating that Advisor has acted as a municipal advisor to Client. Client also agrees that Advisor may use Client's name and logo for these purposes.

9.) Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Oregon without regard to choice of law provisions. Any suit or legal proceeding brought pursuant to or otherwise arising out of this Agreement or the performance thereof will be brought solely in the County of Marion, Oregon.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact me at (503) 472-9965. If the foregoing is consistent with your understanding of our engagement, please sign and return a copy of this letter to me via email to dulbricht@sdao.com or hardcopy to Special Districts Association of Oregon Advisory Services LLC, PO Box 12613, Salem, Oregon 97309-0613.

Again, we thank you for the opportunity to assist you with your municipal finance related matters and the confidence you have placed in us. We look forward to building a long-term relationship with you.

Very truly yours,

SPECIAL DISTRICTS ASSOCIATION OF OREGON ADVISORY SERVICES, LLC



By: _____
David Ulbricht, Director of Advisory Services

Accepted this ____ day of _____, 20__

LINCOLN COUNTY LIBRARY DISTRICT

By: MaryKay Dahlgreen

Name: MaryKay Dahlgreen

Title: LCLD Director

EXHIBIT A

Project Request - Statement of Work No. 1

This Statement of Work No. 1, dated as of January 11, 2022, is between Special Districts Association of Oregon Advisory Services, LLC (the "**Advisor**"), and the Lincoln County Library District (the "**Client**"). This Statement of Work is incorporated into, forms a part of, and is in all respects subject to the terms of, the Municipal Advisory Services Agreement between Advisor and Client dated January 11, 2022 (the "**Agreement**"). Capitalized terms not otherwise defined herein have those meanings given in the Agreement.

Description of Project

The Client anticipates financing the acquisition of real property to mature no later than a date to be determined from the date of issuance, and to pay the costs of issuance of the financing, as further defined as follows (the "Project"):

- The purchase of real property, if any, and any related improvements thereto;
- Renovation, improvement and upgrade to existing public facilities;
- The purchase of equipment, furnishings and fixtures; and,
- Any other capital construction and improvements identified and permitted under State of Oregon law or prescribed pursuant to Oregon Revised Statutes and to pay the costs of bond issuance.

Scope of Services

The Advisor agrees to provide the following services in connection with the project ("Municipal Advisory Services"):

- a. Assist Client with indebtedness sizing requirements and, structure(s) and tax rate impacts of different funding options;
- b. Advise the Client as to the method of issuance, reasonableness of the terms, interest rates, yield, spread, and other covenants and conditions.
- c. Attend Board of Director meetings or public meetings, as requested; and,
- d. Assist the Client in developing and designing the terms and features of the plan of financing including, but not limited to, the terms of maturity, interest payment dates, dated date, principal amount, optional prepayment provisions, interest rates, draw down provisions, amortization schedules, and fees, determine if the issuance of indebtedness will be issued on a tax-exempt basis and/or taxable basis;
- e. Advise the Client as to funding strategies for indebtedness;
- f. Evaluate the merits of a negotiated or competitive financing process;

- g. Determine the principal amount of the indebtedness, whether the indebtedness will be issued pursuant to a competitive or negotiated financing process, assist in the selection of an underwriter or bank (lender).
- h. Manage the financing process, coordinating the financing timeline, information, document and process workflow with the financing team;
- i. Review financial and other information regarding the Client, the indebtedness and the Project;
- j. Review documents pertaining to the indebtedness, including, if applicable, the official statement and/or bid package for the indebtedness;
- k. Participate in working group calls and meetings and provide the Client with feedback on the process of the financing, including issues that should be addressed by the Client;
- l. Review and comment on all financing documents and authorizing resolutions;
- m. Respond to inquiries from potential purchasers or lenders and, if requested, coordinate their due diligence calls and meetings;
- n. If the indebtedness is to be rated, assist in the preparation of information and materials to be provided to credit rating agencies and in the development of strategies for meetings with the rating agencies;
- o. If the indebtedness is to be insured, assist in the preparation of information and materials to be provided to Bond insurance agencies and in the development of strategies for meetings with the rating agencies;
- p. Consult with bond counsel, underwriter, lender, underwriter's or lender's counsel and other service providers about the offering and the terms of the indebtedness;
- q. Assist with the submission of information, documents and other data about the Refunding and Refunded Bonds to the Municipal Securities Rulemaking Board ("MSRB") EMMA website;
- r. Plan and arrange for the closing and settlement of the issuance and the delivery of the indebtedness;
- s. Such other usual and customary municipal advisory services as may be requested by the Client;

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Fees

For its municipal advisory services, Advisor shall be entitled to a fee (the "Advisory Fee") to be paid by the Client as provided below. The Advisory Fee shall be earned and payable from financing proceeds or other sources, in the following time frames:

- For each series of Obligations, a fee of \$5,000 is due upon closing of the respective series of Obligations.
- For financial advisory services outside the scope of this Agreement, Advisor will provide such services on an hourly basis with a not to exceed fee. Such fee will be negotiated between Advisor and the Client, at the time such services are requested by the Client, and that are outside the scope of this Agreement.

The Client shall also be responsible for paying (or reimbursing Advisor for its payment of) all costs of issuance, including without limitation CUSIP, DTC, IPREO (electronic book-running/sales order system) (if applicable), printing and mailing/distribution charges (if applicable), fees of outside counsel (bond counsel, special counsel, bank counsel, Client counsel and disclosure/underwriter's counsel, if any), ratings agency fees and expenses (if applicable), and all other expenses incident to the performance of the Client's obligations under the proposed Obligations.

Acknowledgement of Statement of Work (Exhibit A)**Lincoln County Library District**

By: Mary Kay Dahlgreen

Name: Mary Kay Dahlgreen

Title: LCLD Director

Special Districts Association of Oregon Advisory Services, LLC

David Ulbricht

By: _____
David Ulbricht
Director of Advisory Services

EXHIBIT B

MUNICIPAL ADVISOR DISCLOSURE STATEMENT

This Disclosure Statement will serve as written documentation required by the Municipal Securities Rulemaking Board ("MSRB").

Along with certain information contained herein, additional information and resources can be accessed at www.msrb.org relating to the MSRB, municipal advisors, the issuance of municipal securities and educational resources.

Special Districts Association of Oregon Advisory Services LLC ("SDAOAS") is a registered municipal advisor with the Securities and Exchange Commission pursuant to Section 15B(a)(2) of the Securities Exchange Act of 1934 (the "Act") and the Municipal Securities Rulemaking Board. Neither SDAOAS nor any of its employees are subject to any legal or disciplinary event.

MSRB Rule G-10 "Investor and Municipal Advisory Client Education and Protection", effective October 13, 2017, requires municipal advisors to notify clients promptly, after the establishment of a municipal advisory relationship and once each calendar year thereafter (which may include electronic transmissions) about the availability of a client brochure on the MSRB's website that provides information on the process for filing a client complaint. Attached herewith is a copy of the client brochure which can also be accessed at <http://www.msrb.org/~media/files/resources/msrb-ma-clients-brochure.ashx?la=en>. The client brochure provided by the MSRB describes (1) the protections that may be provided by the Municipal Securities Rulemaking Board rules and (2) describes how to file a complaint with an appropriate regulatory authority.

MSRB Rule G-17 "Conduct of Municipal Securities and Advisory Activities" requires a municipal advisor to deal fairly at all times with municipal issuers and with all persons and will not engage in any deceptive, dishonest or unfair practice. As a municipal advisor, SDAOAS may provide advice concerning the structure, timing, terms, and other similar matters concerning an issuance of municipal securities a client may be considering. As a municipal advisor, SDAOAS has a fiduciary duty to the client under the federal securities law and is therefore is required by federal law to act in the best interests of client without regard to its own financial or other interests.

MSRB Rule G-23(d) "Activities of Financial Advisors" stipulates that a municipal advisor, such as SDAOAS, will not be able to serve as underwriter, lender or placement agent for any loans, notes, bonds or other securities to be issued and sold as part of any sale or offering of municipal securities or other indebtedness of the client.

MSRB Rule G-42 "Duties of Non-Solicitor Municipal Advisors" establishes standards of conduct for municipal advisors engaging in municipal advisory activities.

REQUIRED DISCLOSURES. MSRB Rule G-42 requires that SDAOAS make a reasonable inquiry as to the facts that are relevant to client's determination whether to proceed with a course of action or that form the basis for and advice provided by SDAOAS to a client. The rule also requires that SDAOAS undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. SDAOAS is also required under the rule to use reasonable diligence to know the essential facts about a client and the authority of each person acting on a client's behalf.

In carrying out these regulatory duties, SDAOAS will request the cooperation and assistance of the client, including providing to SDAOAS accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, the client agrees that, to the extent a client seeks to have SDAOAS provide advice with regard to any recommendation made by a third party, the client will provide to SDAOAS written direction to do so as well as any information it has received from such third party relating to its recommendation.

In addition, MSRB Rule G-42 requires that SDAOAS provide you with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history.

Disclosures of Conflicts of Interest. MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

Accordingly, SDAOAS will make the following disclosures with respect to material conflicts of interest in connection with municipal advisory services, together with explanations of how SDAOAS addresses or intends to manage or mitigate each conflict, if any. To that end, with respect to all of the conflicts disclosed herein, SDAOAS mitigates such conflicts through its adherence to its fiduciary duty to the client, which includes a duty of loyalty to the client in performing all municipal advisory activities for the client. This duty of loyalty obligates SDAOAS to deal honestly and with the utmost good faith with the client and to act in the client's best interests without regard to SDAOAS' financial or other interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed herein.

SDAOAS is a municipal advisory firm, registered with the Securities and Exchange Commission pursuant to Section 15(a)(2) of the securities and Exchange Act of 1934 (the "act") and the Municipal Securities Rulemaking Board. SDAOAS may from time to time provide advisory, consulting and other services to municipalities, other institutions, associations and individuals including certain directors, officers, officials or employees of the client, or other persons or entities that are involved with the client, for which Advisor may receive customary compensation; however, such services are not related to any client financings. Advisor may also be engaged from time to time to provide advice on investments for a client through a separate contract that sets forth the fees to be paid to SDAOAS. Additionally, clients of SDAOAS may from time to time purchase, hold and sell bonds and other securities issued by our clients.

SDAOAS serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of the client. For example, SDAOAS serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to any client under a municipal advisory agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, SDAOAS could potentially face a conflict of interest arising from these competing client interests. None of these other engagements or relationships would impair SDAOAS' ability to fulfill its regulatory duties to the client.

While we do not believe that the following creates a conflict of interest on SDAOAS' part, we note that spouses or other relatives of SDAOAS associates may serve as an officer, employee or official of a client. The client may wish to consider any impact such circumstances may have on how it conducts its activities with SDAOAS.

The MSRB requires that a municipal advisor provide written disclosure regarding actual or potential conflicts of interest presented by various forms of compensation. The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the Client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. The following discusses various forms of compensation and the timing of payments to the advisor:

- a. **Fixed Fee.** Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the Client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the adviser may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be

additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing as described below.

- b. **Hourly Fee.** Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the Client and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked.

In some cases, an hourly fee may be applied against a retainer, in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest as described below.

- c. **Contingent Fee.** Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for Client, it presents a conflict of interest because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to Client.
- d. **Retainer Fees.** Under a retainer agreement, fees are paid to a municipal advisor periodically and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis or an hourly basis. A retainer agreement does not present the conflicts associated with a contingent fee arrangement.
- e. **Transaction Fee.** Under this form of compensation, the fee is based upon a percentage of the principal amount of an issuer of securities. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise Client to increase the size of the securities issue for the purpose of increasing the advisor's compensation.

Other Material Conflicts of Interest. The MSRB requires SDAOAS, as a municipal advisor, to provide written disclosure to you about material conflicts of interest. The following represent SDAOAS' material conflicts of interest known to SDAOAS as of the date of this Annual Disclosure:

As of the date of this Agreement, Advisor is unaware of any potential or actual material conflicts of interest with Client.

How to Access Form MA and Form MA-I Filings. SDAOAS's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at <https://www.sec.gov/edgar/browse/?CIK=1646786>.

Future Supplemental Disclosures. SDAOAS has not identified any additional potential or actual conflicts of interest or legal and disciplinary events that require disclosure. If material events arise in the future, we will provide you with supplemental disclosures about them.

If there is any aspect of the foregoing disclosures that requires further clarification, please do not hesitate to contact us. In addition, please consult your own financial and/or municipal, legal, accounting, tax and other advisors as you deem appropriate.