



Virginia Small Business
Financing Authority

AGENDA

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING

May 11, 2021 - 12:00 P.M.

Richmond, Virginia 23219

**By Public Teleconference
(866) 845-1266, 65069804#**

Due to the Governor's Declared State of Emergency due to COVID-19, it is impracticable and unsafe for the Authority to assemble in a single location, so this meeting is being held electronically, pursuant to Section 4-0.01 of the 2020 Appropriations Act. The purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the Authority and the discharge of its lawful purposes, duties, and responsibilities. The public is welcome to use the number above to attend the meeting electronically. The Authority will make available a recording or transcript of the meeting on its website in accordance with the timeframes established in Sections 2.2-3707 and 2.2-3701.1 of the Code of Virginia.

I. Approval of April 13, 2021 Board of Directors Meeting Minutes

II. Public Hearing for Tax-Exempt Bond Projects

Church School in the Diocese of Virginia Inc. – Saint Catherine's Project – City of Richmond - \$25,000,000 Bond Final Resolution (Ms. Anna Mackley)

Church School in the Diocese of Virginia Inc. – Saint Catherine's Project – City of Richmond - \$13,000,000 Bond Application and Final Resolution (Ms. Anna Mackley)

III. Board Review and Ratification

IV. Public Comment Period

V. Other Business

VIII. Adjourn



MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

BOARD OF DIRECTORS MEETING

April 13, 2021, 12:00 P.M.

By Public Teleconference

(866) 845-1266, 65069804#

- I. Chairman Hopper opened the meeting at 12:05 and welcomed the Board and guests. Mr. Pisons was asked to conduct a roll call for the telephonic meeting:
 - A. Board Directors present: Vice Chairman Neil Amin, Mr. Linh Hoang, Mr. Corey Holeman, Chairman John Hopper, Mr. Ronnie Johnson, Mr. Michael Joyce, Mr. Jay Mahone, designee for Manju Ganeriwala, Ms. Jennifer Mayton, and Mr. William Smith
 - B. Board Directors absent: Ms. Susana Marino, Mr. Sanjay Puri
 - C. VSBA Staff present: Mr. Howard Pisons, Ms. Anna Mackley, Ms. Linda Tackett, Ms. Karen White, Ms. Robin Foster, and Ms. Angela Reese
 - D. Others present: Mr. Don Ferguson (Senior Assistant Attorney General), Mr. TW Bruno (McGuire Woods, Church Schools), Mr. Chip Broadway (Church Schools in the Diocese of Virginia Inc.), Ms. Lisa Medina Williams (McGuire Woods, NPPF – Beth Medresh), Mr. Issac Levina (Beth Medresh Govoha, NPPF – Beth Medresh), Mr. Doug Lamb (McGuire Woods, City Gateway), Mr. Rick Green (Capital City, City Gateway), Mr. Greg Montgomery (Clean Source Capital, City Gateway)
- II. Chairman Hopper called the meeting to order and read the Emergency Declaration allowing public board meetings and hearings to be held by toll free telephonic conferencing due to the COVID-19 state-of-emergency.
- III. Approval of Minutes

A motion was made by Mr. Johnson and seconded by Mr. Joyce to approve the February 9, 2021 Board of Directors Meeting minutes. Mr. Pisons called the roll. Voting aye: Vice Chairman Amin, Mr. Hoang, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Mr. Mahong, Ms. Mayton, and Mr. Smith. Voting nay: None.

The Public Hearing was declared open at 12:10 p.m.

IV. Tax-Exempt Bond Projects

Church School in the Diocese of Virginia Inc.

Ms. Anna Mackley presented the request for an initial inducement resolution for a \$25 million bond issuance to the Church School in the Diocese of Virginia Inc. (CSDV). The proceeds of the \$25 million bond issuance will be utilized to finance and refinance various capital projects at St. Catherine's School in the City of Richmond and in the St. Catherine's athletic fields in Goochland

County. At the main campus on Grove Avenue, the bond proceeds will finance the construction of a new theater, fine arts and performing arts center, as well as new sidewalks and parking improvements. The bond will also refinance the principal outstanding on two bonds previously issued by VSBFA in 2009 and 2019, as well as finance the cost of issuance.

Mr. TW Bruno and Mr. Chip Broadway presented an overview of the development plans and approval process. Pursuant to the presentation brief discussion and questions raised by Messrs. Smith, Hoang, Hopper, and Holeman found that:

- CSDV is committed and continues to strive for utilizing small business, diversifying selections and not utilizing the same vendors.
- CSDV has split up general contractors to address and provide maximum opportunities.
- CSDV uses a matrix to determine and utilize small business sub-contractors not focusing solely on low cost but best providers.
- CSDV has a system to campaign dollars to build our buildings and not using tuition, requests are to be 75% funded before put into action.

Chairman Hopper called for the motion to approve initial inducement resolution. Mr. Joyce motioned for approval the motion was seconded by Mr. Smith and approved by the Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Mr. Mahone, Ms. Mayton, and Mr. Smith; Voting Nay: None; Abstaining: Mr. Hoang

Green Community Program

Ms. Anna Mackley presented the request for amendment to loan agreement in connection with the issuance of its taxable qualified energy conservation bonds for the VSBFA Green Community Program – City Gateway Project. The Project Owner has previously represented that, due to unexpected developments occurring since the Original Issuance Date, including recent marketplace instability caused by the COVID-19 pandemic, updates to the Project have materialized and schedule delays have transpired.

Mr. Doug Lamb, Mr. Rick Green and Greg Montgomery presented an overview of the amendments at the trustees' request, stating that schedule changes due to COVID-19 there was a delay in building. Pursuant to the presentation brief discussion and questions raised by Mr. Hoang found that:

- Green Community Program - City Gateway Project is a small business that is working with small contractors utilizing 30-50% small minority business from ownership to contractors down to sub-contractors.

Chairman Hopper called for the motion to approve amendment to the 2017 VSBFA issued bond for the City Gateway Project. Mr. Hoang motioned for approval the motion was seconded by Mr. Holeman and approved by the Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Mr. Hoang, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Mr. Mahone, Ms. Mayton, and Mr. Smith; Voting Nay: None

NPPF Intermediate Funding I, LLC

Ms. Anna Mackley presented the request for amendment to the 2006 conduit revenue bond for the benefit of NPPF Intermediate Funding I, LLC (NPPF), a non-profit based in Atlanta, whose mission was and still is to assist other non-profits in lowering their costs of financing. The concept was for NPPF and its investment banking advisors to identify non-profit borrowers across the country who would participate in a pooled bond issue where standard documentation and standard fees would be used that would result in lower costs for those national borrowers.

Ms. Lisa Medina Williams and Mr. Issac Levine presented the amendments to the 2006 bond, stating the that it would add a second guaranty to its loan to NPPF and allow Beth Medresh to incorporate the assets, agreement to amend the documents and make the structure of all debt consistent.

Chairman Hopper called for the motion to approve the amendments to the 2006 conduit revenue bond. Mr. Holeman motioned for approval the motion was seconded by Mr. Johnson and approved by the Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Mr. Hoang, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Mr. Mahone, Ms. Mayton, and Mr. Smith; Voting Nay: None

V. Board Review and Ratification

Ms. Mackley presented multiple approvals and declines for ratification. Chairman Hopper called for a motion. Motion was made by Mr. Joyce, seconded by Mr. Hoang and approved by The Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Mr. Hoang, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Mr. Mahone, Ms. Mayton, and Mr. Smith; Voting Nay: None

VI. Public Comment Period

Chairman Hopper called for comments from the attending public. Hearing none the comment period and the Public Hearing was closed at 12:47 p.m.

VII. Other Business

A. Update on JLARC Audit Response for Risk Rating System presented by Mr. Howard Pisons. Policy has been drafted to include a risk rating system for all new loans and to include annual loan reviews. These reviews would be risk rated and brought to the Board of Directors if the loan becomes part of the watch list within the risk rating system. This periodic reporting would give insight into how VSBFA chooses to implement or make changes within its credit policies.

B. Update on JLARC Audit Response for Fund Dashboard presented by Mr. Howard Pisons. The Dashboard has been created to shows total fund allocated per program, how much we have utilized, the utilization rate, the amount of loans/enhancement programs currently active, cash on hand per program, total loans or enhancements funded since the inception of the program, along with a record of this year plus the last two (2) fiscal years of loans/enhancements closed. The next step is to set goals for the next year, two years, and five years and create a pathway for success to maximize utilization up to ninety percent (90%).

VIII. The meeting was adjourned at 1:34 pm.

501c3 TAX-EXEMPT BONDS

Guidelines for Consideration

- Positive economic development benefits to Virginia
- Public opinion regarding the project indicates support
- Meets tax-exempt issue requirements based on review and concurrence of the Attorney General's Office and Bond Counsel

VSBFA Liability Issues for Consideration

- VSBFA bears no liability on bonds - only serves as a "conduit" issuer
- All documents/resolutions are reviewed and approved by the Attorney General's Office
- Project Applicant(s) meets VSBFA criteria of a "small" business

Company Information

Borrower:	Church Schools in the Diocese of Virginia, Inc.	Date:	April 30, 2021
Address:	8227 River Road	VSBFA:	Mackley, CCO
City/County:	Henrico, Virginia 23229	Non-Profit Mission:	Non-profit private college preparatory schools
TIN:	54-0505886		
NAICS:	61110		
Borrower Contact(s):	J. Chip Broadway, Vice President & Treasurer chip.broadway@ecsdv.org (804) 495-1726	Localities:	St. Catherine's School Project - City of Richmond and Goochland County
Bond Counsel:	T.W. Bruno, Esq.	Bond Counsel Email and phone #	tbruno@mcguirewoods.com (804) 775 1853

Bond Request

Amount	Purpose of bonds and use of funds	Underwriters	Total Project Cost
\$13,000,000	To refinance various capital projects for St. Catherine's School in the City of Richmond and Goochland County which were previously financed with bonds issued by VSBFA (Church Schools in the Diocese of Virginia 2017B, 2017D, 2019B and 2019C Bonds)	PNC Bank	\$13,000,000

Terms

VSBFA	Amortization	Bond Interest Rate
Annual Fee 1/10 of 1% (Annual Fee not to exceed \$250,000 annually)	TBD	TBD

Economic Impact

Job creation/retention Year 1: 900 FT employees Year 2: 900 FT Employees Average wage of 58,000
Qualifies under 501c3 criteria

Approval Recommended:

By: Anna Mackley

Date: 4-30-2021



TAX-EXEMPT BOND PROGRAM

Church Schools in the Diocese of Virginia, Inc.

April 30, 2021

Request:

The Church Schools in the Diocese of Virginia, Inc. (CSDV) is a Virginia non-stock, non-profit corporation founded in 1919 to own and operate a system of schools. CSDV is the educational arm of the Diocese of Virginia and is overseen by an elected Board of Trustees. CSDV operates six college preparatory schools in Virginia, where they serve a total population of approximately 4,000 students. The schools are both co-educational and single-sex. Four of the six schools offer pre-kindergarten or junior kindergarten enrollment through to grade 12, while the other two CSDV schools offer grades 8-12 and 9-12. The school system employs a staff of approximately 1,900, which includes approximately 900 full-time and 1,000 part-time teachers, administrators and staff. CSDV has an annual operating budget that exceeds \$140 million.

The Board is being asked to approve a final bond resolution for a \$25 million bond issuance, originally approved at the April 2021 Board meeting, for improvements at the St. Catherine's main campus in the City of Richmond and at St. Catherine's athletic fields in Goochland County. Additionally, CSDV has requested the Board also approve an inducement resolution to permit the refunding of \$13 million in principal still outstanding on bonds previously issued by VSBFA for CSDV (Church Schools in the Diocese of Virginia Bonds 2017B, 2017D, 2019B and 2019C.)

Closing for the 2021 Series A and B bonds for CSDV is scheduled for May 12, 2021. PNC Bank will act as lender in the transaction.

The 2021A and 2021B bond issues will benefit CSDV by allowing the borrower to make substantial improvements at two locations, thereby allowing St. Catherine's to maintain their current employment and student enrollment, and to continue serving their respective communities.

VSBFA serves as a conduit issuer for these bonds, and consequently, neither VSBFA nor the Commonwealth bears any credit exposure or liability for these bonds. VSBFA will receive an annual fee for this issuance equivalent to 1/10 of 1% of the outstanding principal amount under the bonds, with a maximum annual fee of \$250,000.

Staff Recommendation:

The Virginia Attorney General's office has reviewed the bond resolutions as to form and approves. Approval is recommended.

Project Location: City of Richmond and County of Goochland

Project Cost: Approximately \$44 million

Sources of Funds: Equity of approximately \$6 million and Bonds not to exceed \$38 million (Series A and B)

Recommended: Anna B. Mackley, Chief Credit Officer and Operations Manager

**APPLICATION TO
THE VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
FOR THE ISSUANCE OF CONDUIT BONDS**

<u>Church Schools in the Diocese of Virginia, Inc.</u> NAME OF APPLICANT(S)	<u>April 27, 2021</u> DATE SUBMITTED
<u>Richmond, Virginia</u> LOCATION OF PROJECT (COUNTY OR CITY)	<u>\$13,000,000</u> MAXIMUM AMOUNT OF BONDS REQUESTED

APPLICATION

The information requested in this application is necessary to process a request for assistance. Please complete all the blanks, using "NONE" or "NOT APPLICABLE" where necessary. In all cases, if the applicant (project owner) is different from the project user, information should be provided on both entities. If more space is needed to answer any specific question, use a separate sheet of paper.

I. TYPE OF FINANCING

A. For what type of financing are you applying? Choose one.

- (1) Tax-exempt industrial development bond?
- (2) Tax-exempt 501(c)(3) bond? (*go directly to Section II*)
- (3) Taxable bond?

B. If you checked (1) or (3) above, does the applicant, including any parent or subsidiary corporation or affiliated entity, in Virginia have:

- (1) 250 or less employees? Yes No
Please state number of full time employees:
- (2) Less than \$10,000,000 in annual gross revenues over each of the last three (3) fiscal years?
Yes No
- (3) Less than \$2,000,000 in net worth? Yes No

II. PROJECT APPLICANT (proposed owner of the project)

A. Applicant's Legal Name: Church Schools in the Diocese of Virginia, Inc.
Address: 8727 River Road

City/State/Zip: Richmond, VA 23229
Federal Tax ID#: 54-0505886
NAICS: 61110
Contact Person and Title: J. Chip Broadway, Vice President & Treasurer
E-mail address: chip.broadway@ecsdv.org
Telephone Number: (804) 495-1726
Fax Number: (804) 433-4356

B. Is the proposed project owner, and/or user, a subsidiary or direct or indirect affiliate of any other organization? If so, indicate name of related organization and relationship:

CSDV is the education arm of the Episcopal Diocese of Virginia

C. History and Background of Applicant:

- Corporation Partnership Sole Proprietorship
- LLC LLP Sub-S
- Date and State of organization: Virginia (1919)
- Please provide a brief history of the organization and the goods or services it provides.

Church Schools in the Diocese of Virginia, Inc. is a Virginia nonstock, nonprofit corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Church Schools in the Diocese of Virginia, Inc. (“CSDV”) was created by the Council of The Diocese of Virginia in 1919 to “own and operate a system of schools.” It is the educational arm of The Diocese of Virginia. CSDV, overseen by an elected board of trustees, owns and operates six Episcopal college preparatory schools in five cities and towns in Virginia. Each school has an appointed board of governors to which significant authority is delegated. The president of Church Schools, the chief executive officer of the Corporation, is a trustee of Church Schools and a member of each governing board.

- Please describe your current service area and number of clients or customers, and describe how the proposed project will affect the quantity and quality of goods or services you currently provide.

The member schools of CSDV serve almost 4,000 students, employ 1,900 persons including full and part time employees, hold property and endowments approaching \$300 million, and have annual operating budgets that exceed \$140 million.

The schools are both coeducational and single-sex. Some are exclusively day schools, some predominantly boarding and some predominantly day with boarding departments.

The six (6) schools operated by CSDV include the following.

St. Stephen’s and St. Agnes School located in Alexandria enrolls approximately 1140 boys and girls in grades JK – 12.

St. Catherine’s School located in Richmond enrolls approximately 990 girls in grades JK-12.

St. Christopher’s School located in Richmond enrolls approximately 980 boys in grades JK-12.

Christchurch School located in Middlesex County enrolls over 215 boys and girls in grades 9-12.

Stuart Hall School located in Staunton enrolls over 305 boys and girls as day and boarding students in grades pre K-12.

St. Margaret’s School located in Tappahannock enrolls over 120 girls as day and boarding students in grades 8-12.

- Please attach a current listing of the organization’s board of directors and (for 501(c)(3) applicants only) verification of its 501(c)(3) status.
SEE ATTACHED

D. Officers: Please list the names of the officers of the organization, their titles and their start dates.

Name	Title	Start Date
<u>David H. Charlton</u>	<u>President</u>	<u>10/1/1988</u>
<u>Jack "Chip" Broadway, Jr.</u>	<u>Vice President</u>	<u>8/15/1999</u>
<u>Kimberly S. Henderson</u>	<u>Secretary/Assistant Treasurer</u>	<u>8/15/1991</u>

E. Facility

- Is any part of the facility to be used by another public or private entity? If yes, please explain.

NO

- Does the facility possess all of the necessary licenses and permits for operation? If no, please explain.

YES

III. PROJECT REPRESENTATIVES

Contact Person, Company Name, Complete Address, Telephone Number and email address:

A. Applicant's Attorney: McGuireWoods, LLP
800 East Canal Street
Richmond, VA 23219
(804) 775-1030
David L. Richardson, Esquire

B. Applicant’s Bond Counsel: McGuireWoods, LLP
800 East Canal Street
Richmond, VA 23219

(804) 775-1030
David L. Richardson, Esquire

C. Probable Lender/
Underwriter for this Project: PNC Bank

IV. PROJECT SUMMARY

A. Please provide a brief narrative description of the project to be financed (including square footage, type of facility, products produced, if any, etc.):

Proceeds of the Bonds will be used:

(1) to refinance the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2017B and Series 2019B, which financed and refinanced projects at St. Christopher's School, located in and around 711 St. Christopher's Road in the City of Richmond, Virginia and the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2017D and Series 2019C, which financed and refinanced projects at Stuart Hall, which projects are located in and around 235 West Frederick Street and at 107 West Beverley Street in the City of Staunton, Virginia, and at 74 Quicks Mill Road, Verona, Virginia; and

(2) to finance costs of issuance and other financing expenses related to the issuance of the bonds.

B. Location(s) of Proposed Project (if there is more than one, please attach a separate sheet)

1. Street Address: See Attached List
2. City, County or Town: See Attached List
3. Name, complete address, telephone number and email address of Economic or Industrial Development Director:

Name: See Attached List

Address: _____

Telephone: _____

Email address: _____

4. Name, complete address, and telephone number of Clerk of Local Governing Body (i.e., Council [for cities and towns] or Board of Supervisors [for counties]): (For more than one locality, please attach separate sheet.)

Name: See Attached List.

Address: _____

Telephone: _____

C. Zoning and Infrastructure:

1. Do proposed uses of project comply with all governmental zoning and subdivision regulations?
Yes No
If no, explain action to be taken to comply.

D. Source of cash for repayment of bond debt:

Operations of the Schools and potential proceeds from capital campaigns.

V. PROJECT COSTS = See attachment

A. State the costs reasonably necessary for the completion of the proposed project, together with any machinery and equipment to be acquired in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

1. <u>Description of Cost</u>	<u>Amount</u>
Land (Purchase)	\$ <u>0</u>
Buildings (Purchase)	<u>0</u>
Buildings (Construction)	<u>0</u>
Buildings (Renovations)	<u>0</u>
Equipment, machinery	<u>0</u>
Utilities, roads and appurtenant facilities	<u>0</u>
Engineering and/or Architectural fees	<u>0</u>
Legal fees	<u>0</u>
Financial charges	0
Other (Specify)	<u>13,000,000 (refinancing)</u>
TOTAL PROJECT COST	\$ <u>13,100,000</u>
Less: Equity contribution, if any	\$ <u>0</u>
Other sources of funding (specify)	\$ <u>0</u>
 TOTAL BOND FINANCING REQUESTED	 \$ 13,000,000

VI. ANTICIPATED BENEFIT TO THE COMMONWEALTH

A. Indicate facts which would support VSBFA in determining that the project would:

1. Tend to maintain, diversify or expand employment opportunities within Virginia:

This refinancing will allow St. Christopher's and Stuart Hall Schools to reduce their debt service costs, which will allow them to dedicate more revenues to their mission of educating students. This mission includes further each schools' commitment to diversity and inclusion, which efforts include including awarding scholarships to students who cannot afford tuition. St. Christopher offers more than \$3 million of scholarships annually. In addition, St. Christopher's is undertaking professional development training for faculty and staff to broaden perspectives and recruit educators from diverse backgrounds. Stuart Hall offers a personalized indexed approach to tuition setting based on a family's income and circumstances through an independent financial application service. Stuart Hall seeks out employment candidates who have demonstrated a commitment to diversity, equity, and inclusion in their teaching and learning to add to the diversity of the community, which is a strength of the school.

The various schools of CSDV enroll over 4,000 students throughout the Commonwealth and employ a total of 1,900 employees including full time and part time teachers, administrators and support staff. The new capital financing will allow CSDV to make substantial improvements to three of its schools thus allowing the Schools to maintain their current employment and operating levels and to serve their respective communities. CSDV also

serves approximately another 4,000 students during summer programs, most of whom are not students during the regular school year.

2. Aid, assist and encourage economic development in Virginia:

The quality and diversity of primary and secondary educational institutions is one of the most important factors for corporations seeking to expand or relocate facilities to a state. The CSDV Schools provide a significant enhancement to the Commonwealth's economy by providing a diverse range of superior educational opportunities to new families relocating to the Commonwealth.

B. Employment Impact:

Indicate below the number of people presently employed at the site of the project (or current employees who will be relocating to the project site) and the number that will be employed at the site at the end of the first and second years after the project has been completed (do not include construction workers).

Present employment 900 Year 1 900 Year 2 900

Average Wage \$58,000/year

C. State other potential economic, social or non-monetary benefits which will accrue to the citizens of the Commonwealth of Virginia.

This is a refunding transaction so no additional facilities/structures will be constructed. This debt service savings will allow the Borrower to save money and more efficiently operate within its communities.

VII. The following questions are for statistical purposes only and your response is purely voluntary.

Gender of majority owner(s) male female N/A

Race White Asian Black Hawaiian or Pacific Islander Native American Other

N/A

Hispanic Yes No N/A

VIII. CERTIFICATE OF APPLICATION

PLEASE NOTE: Eligibility for financial assistance from VSBFA is determined by the information presented in this Application and in the required attachments. Any changes in the status of the proposed project from the facts presented herein could disqualify the project, including, but not limited to, the commencement of construction or the acquisition of assets such as land or equipment.

Please contact VSBFA before taking any action which would change the status of the project as reported herein.

Church Schools in the Diocese of Virginia, Inc.

Name of Applicant

By: /s/ Jack H. Broadway, Jr.

Date: April 28, 2021

Title Vice President and Treasurer

**AGREEMENT TO PAY VIRGINIA SMALL BUSINESS
FINANCING AUTHORITY'S COSTS AND EXPENSES**

To induce the Virginia Small Business Financing Authority to consider this Application and to assist Applicant in the financing of the project, Applicant, by submitting this Application to the Virginia Small Business Financing Authority, agrees:

1. To pay all costs and expenses of the Virginia Small Business Financing Authority and its counsel, financial advisors and program managers in connection with the processing, authorization, issuance and sale of the bonds contemplated by this Application; either from the proceeds of the bonds which may be approved for the project by the Virginia Small Business Financing Authority, or in the event such financing is not approved or forthcoming, or if such costs are unable to be financed in the bond issue for legal or other reasons, the Applicant agrees to pay all costs from its own resources.
2. To advise the Virginia Small Business Financing Authority in writing of any material change to the information contained in this Application.
3. To provide, after successfully closing on the bond issue, one bound or electronic copy of the complete bond issue transcript to include **all executed documents and exhibits of the bond** transaction for the Virginia Small Business Financing Authority's file **within 120 days** of the closing date.
4. **If this Application is for tax-exempt industrial revenue bond financing or taxable financing, to pay to the Virginia Small Business Financing Authority on each anniversary date of the closing of the bond issue a fee equal to one-tenth of one percent (1/10 of 1%) of the then outstanding principal amount of the bonds. If this Application is for 501(c)(3) financing, to pay to the Authority on each anniversary date of the closing of the bond issue a fee equal to one-tenth of one percent (1/10 of 1%) of the then outstanding principal amount of bonds, with the annual fee paid in any given year not to exceed \$250,000. Applicant must submit a statement evidencing the principal balance due under the bond with a payment for the fees on the anniversary date of the bond issue.**

The aforementioned fees are a debt to the Commonwealth of Virginia. Failure to pay the fees when due will result in legal action and the VSBFA will exercise all rights given to it under the Set-Off Debt Collection Program as authorized under the Virginia Debt Collection Act and the account will be turned over to the Commonwealth's Office of Attorney General for collection and legal action.

The Applicant agrees that the Virginia Small Business Financing Authority shall not be liable to the Applicant for any damages, direct or consequential, resulting from the failure of the Virginia Small Business Financing Authority to issue bonds for the Applicant's project for any reason, including, but not limited to, any decision by the Virginia Small Business Financing Authority in its sole discretion to allocate its allowable volume of bonds to other applicants.

The Applicant further represents that it understands the conditions of this Application, that there is no guarantee of approval, and that all statements and information furnished with this Application or on supporting papers are true and correct to its best knowledge and belief.

IN WITNESS WHEREOF, the undersigned, being duly authorized to do so, have/has signed this Application.

Church Schools in the Diocese of Virginia, Inc.
Name of Applicant

By: /s/ Jack H. Broadway, Jr.

Date: April 28, 2021

Title Vice President and Treasurer

EXHIBIT I

**FISCAL IMPACT STATEMENT FOR PROPOSED
TAX-EXEMPT BOND FINANCING
(Not Necessary for Taxable Financings)**

TO: Virginia Small Business Financing Authority

Church Schools in the Diocese of Virginia
(Name of Applicant)

St. Catherine's New Theater and Related Improvements
(Facility)

April 30, 2021
(Date)

1. Maximum amount of financing sought. \$ _____
2. Estimated current taxable value of the facility's real property in the municipality in which it is located. \$ N/A – CSDV is property tax exempt
3. Estimated taxable value of the facility's real property once constructed or expanded. \$ N/A – CSDV is property tax exempt
4. Estimated real property tax per year using present tax rates on the facility's real property once constructed or expanded. \$N/A
5. Estimated personal property tax per year from property to be located in expanded or constructed facility using present tax rates. \$ N/A – CSDV is property tax exempt
6. Estimated merchants' capital tax per year from property to be located in, expanded or constructed facility using present tax rates. (This is a local tax. Check with the locality for information.) \$N/A
7. Estimated dollar value of goods and services that will be purchased in the Commonwealth during construction or expansion of the facility.

The borrower estimates that its six schools in twelve locations in Virginia purchase goods and services totaling \$54 million annually.
8. Estimated dollar value per year of goods and services that will be purchased in the Commonwealth for the operation of the facility.

The borrower estimates that its six schools in twelve locations in Virginia purchase goods and services totaling \$54 million annually.
9. Estimated dollar value per year of goods and services that will be produced and sold from the facility. \$N/A
10. Estimated number of employees during construction or expansion. #900
11. Estimated number of regular employees on a year-round basis during operation. #900

If any of the above answers do not apply to the project, indicate this by writing N/A (not applicable) on the appropriate line.

RESOLUTION OF THE VIRGINIA SMALL BUSINESS FINANCING AUTHORITY, AUTHORIZING THE ISSUANCE OF REVENUE AND REFUNDING BONDS IN AN AMOUNT UP TO \$25,000,000 FOR THE BENEFIT OF CHURCH SCHOOLS IN THE DIOCESE OF VIRGINIA, INC.

A. The Virginia Small Business Financing Authority (the "Authority"), a public body corporate and political subdivision of the Commonwealth of Virginia (the "Commonwealth") is empowered by the Virginia Small Business Financing Act, Article 7, Chapter 22, Title 2.2, Code of Virginia of 1950, as amended (the "Act"), to issue its revenue bonds for the purpose of lending the proceeds of the sale of such bonds to eligible businesses in order to promote and develop industrial development and to further the long-term economic development of the Commonwealth through the improvement of its tax base and the promotion of employment.

B. On April 13, 2021, the Authority adopted an inducement resolution at the request of Church Schools in the Diocese of Virginia, Inc. (the "Borrower") relating to the plan of finance described in (C) (the "Plan of Finance").

C. The Borrower is seeking:

(1) to finance and refinance various capital projects in and around St. Catherine's School, located at 6001 Grove Avenue in the City of Richmond, Virginia, and in and around the St. Catherine's School athletic fields, located at 12950 River Road in Goochland County, Virginia, including without limitation the construction and equipping of a new theater, fine and performing arts center, road, sidewalks, and parking improvements, demolition and removal of several structures;

(2) to refinance the Authority's Educational Facilities Revenue Refunding Bonds (Church Schools in the Diocese of Virginia), Series 2009D and the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2019A, which financed and refinanced projects on the St. Catherine's School campuses named above; and

(3) to finance other capital projects at each of the campuses named above and amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds (as hereinafter defined).

D. The Borrower is now requesting that the Authority authorize the issuance of one or more series of its Educational Facilities Revenue and Refunding Bonds (Church Schools in the Diocese of Virginia) (the "Bonds"), in an aggregate principal amount not to exceed \$25,000,000 to provide funds to the Borrower to finance the Plan of Finance.

E. The Authority will issue the Bonds pursuant to one or more Bond Purchase and Loan Agreements (each a "Bond Purchase and Loan Agreement"), among the Authority, the Borrower and one or more lenders selected by the Borrower (each a "Lender"), and each Lender will purchase one or more series of the Bonds pursuant to a Bond Purchase and Loan Agreement.

F. The Authority will loan the proceeds of the Bonds to the Borrower pursuant to the Bond Purchase and Loan Agreements, and the Borrower will apply the proceeds under the terms of the Bond Purchase and Loan Agreements to undertake the Plan of Finance.

G. To evidence the Borrower's obligations under the Bond Purchase and Loan Agreements, the Borrower will execute and deliver one or more promissory notes to secure the Bonds (each a "Note").

H. The Bonds are expected to be sold to the Lenders pursuant to the terms of the Bond Purchase and Loan Agreements; provided that (1) the aggregate principal amount of the Bonds shall not exceed \$25,000,000, (2) the final maturity of the Bonds is not later than forty years from the date of the Bonds, (3) the Bonds shall bear interest at a variable or fixed rate (as directed by the Borrower), (4) the interest rate on any fixed rate Bonds shall not exceed 6% per annum (exclusive of default interest and penalties) and (5) the initial rate on any variable rate Bonds shall not exceed 6% per annum (collectively, the "Bond Terms").

I. There have been presented to this meeting the preliminary forms of the following instruments, which the Authority, if a party thereto, proposes to execute to carry out the transactions described above, copies of which have been filed with the records of the Authority:

- (a) a Bond Purchase and Loan Agreement, including the form of the Bonds;
and
- (b) a Note, with the Authority's assignment thereof.

J. The Bond Purchase and Loan Agreement and the assignment of Note are referred to below as the "Authority Documents."

NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA SMALL BUSINESS FINANCING AUTHORITY:

1. It is hereby found and determined that the Plan of Finance will be in the public interest and will promote the commerce, safety, health, welfare, convenience or prosperity of the Commonwealth, the County of Goochland, Virginia, the City of Richmond, Virginia, Virginia and their citizens and in particular will promote industry, develop trade and increase employment opportunities for the benefit of the citizens of the Commonwealth.

2. The issuance of the Bonds, in one or more series, for the purpose of undertaking the Plan of Finance is hereby approved. The Bonds shall be in substantially the form attached to the Bond Purchase and Loan Agreement.

3. The Bonds and the Authority Documents are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions or omissions (including, without limitation, changes of the dates thereof) consistent with the Bond Terms as may be approved by the Chairman of the Authority, whose approval will be evidenced conclusively by the execution and delivery of the Bonds.

4. The Chairman is hereby authorized and directed to execute and deliver the Bonds to or for the account of the Lender and the Authority Documents to the other parties thereto upon approval of their final form, terms and conditions consistent with the Bond Terms. The Chairman is hereby authorized to approve the number of series, interest rates, maturities, redemption provisions, put provisions and other terms of the Bonds, consistent with the Bond Terms, with the

inclusion of such terms in the Bond Purchase and Loan Agreements being conclusive evidence of such approval. The sale of the Bonds to the Lender pursuant to the Bond Purchase and Loan Agreements is hereby approved and authorized provided such sale shall be consistent with the Bond Terms.

5. The Chairman is hereby authorized to execute on behalf of the Authority the Bonds and the Authority Documents to which the Authority is a party, and the Secretary of the Authority is hereby authorized to affix the seal of the Authority to the Bonds and, if required, the Authority Documents and to attest such seal. The signatures of the officers and the seal of the Authority may be by facsimile. Each officer of the Authority is hereby authorized to execute and deliver on behalf of the Authority such instruments, documents or certificates and to do and perform such things and acts, as he or she deems necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bonds, the Authority Documents or such instruments, documents or certificates (including the execution and delivery of amendments to existing documents related to other bonds of the Authority issued for the benefit of the Borrower), and all of the foregoing, previously done or performed by such officers of the Authority, are in all respects approved, ratified and confirmed.

6. All costs and expenses in connection with the undertaking of the Plan of Finance, including the fees and expenses of Bond Counsel, Authority Counsel, and counsel to the Lenders shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the Bonds. If for any reason no bond is issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

7. The authorizations granted in this Resolution to the Chairman and the Secretary may be carried out by the Vice Chairman or Interim, Acting, Deputy or Assistant Secretary, as appropriate, in the unavailability of the primary officer. Any authorization of an officer under this Resolution entitles such officer to exercise his or her discretion in taking action on behalf of the Authority, unless expressly provided otherwise. For any authorization in this Resolution that authorizes more than officer to act, it shall be sufficient that any of the officers authorized act to bind the Authority.

8. This resolution shall be effective immediately.

CERTIFICATE

The undersigned Secretary of the Virginia Small Business Financing Authority (the "Authority"), hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority at a meeting duly called and held on May 11, 2021, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended but is in full force and effect on the date hereof.

WITNESS the following signature and seal of the Authority as of May 11, 2021.

[SEAL]

Secretary,
Virginia Small Business Financing Authority

RESOLUTION OF THE VIRGINIA SMALL BUSINESS FINANCING AUTHORITY, PROVIDING INITIAL APPROVAL OF THE ISSUANCE OF UP TO \$13,000,000 OF REVENUE AND REFUNDING BONDS FOR THE BENEFIT OF CHURCH SCHOOLS IN THE DIOCESE OF VIRGINIA, INC.

A. The Virginia Small Business Financing Authority (the "Authority"), a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") is empowered by the Virginia Small Business Financing Act, Article 7, Chapter 22, Title 2.2, Code of Virginia of 1950, as amended (the "Act"), to issue its revenue and refunding bonds for the purpose of lending the proceeds of the sale of such bonds to eligible businesses in order to promote and develop industrial development and to further the long-term economic development of the Commonwealth through the improvement of its tax base and the promotion of employment.

B. The Authority has received a request from Church Schools in the Diocese of Virginia, Inc., a nonstock Virginia corporation (the "Borrower"), to issue its revenue and refunding bonds (the "Bonds"), in one or more series from time to time, to provide funds to the Borrower:

(1) to refinance the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2017B and Series 2019B, which financed and refinanced projects at St. Christopher's School, located in and around 711 St. Christopher's Road in the City of Richmond, Virginia. The maximum principal amount of Bonds expected to be issued for this component of the refinancing is \$7,750,000;

(2) to refinance the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2017D and Series 2019C, which financed and refinanced projects at Stuart Hall, which projects are located in and around 235 West Frederick Street and at 107 West Beverley Street in the City of Staunton, Virginia, and at 74 Quicks Mill Road, Verona, Virginia. The maximum principal amount of Bonds expected to be issued for this component of the refinancing is \$5,250,000; and

(3) to finance other capital projects at each of the campuses named above and amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds (collectively (1) through (3), the "Plan of Finance").

C. Preliminary plans for the Plan of Finance have been described to the Authority and a public hearing after public notice has been held as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 2.2-2292 of the Act.

D. The Borrower has represented that the estimated cost of undertaking the Plan of Finance will require an issue of revenue and refunding bonds, in one or more series from time to time, in the aggregate principal amount not to exceed \$13,000,000.

E. (1) Each member of the Board of Directors of the Authority (the "Board") has, before entering upon his duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended and (2) at the time of their appointments and at all times thereafter, including the date hereof, all of the members of the Board have satisfied the residency requirements of the Act.

F. No member of the Board has any personal interest or business interest in the Borrower, the Bonds, or any of the transactions contemplated therein or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended in connection with this resolution or any other official action of the Authority in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA SMALL BUSINESS FINANCING AUTHORITY:

1. It is hereby found and determined that the Plan of Finance will be in the public interest and will promote the commerce, safety, health, welfare, convenience or prosperity of the Commonwealth, the City of Richmond, Virginia, the City of Staunton, Virginia and their citizens and in particular will promote industry, develop trade and increase employment opportunities for the benefit of the citizens of the Commonwealth.

2. The Authority hereby agrees to assist the Borrower in undertaking the Plan of Finance by issuing its revenue and refunding bonds, in one or more series from time to time, in an aggregate principal amount not to exceed \$13,000,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The Bonds will be issued pursuant to documents satisfactory to the Authority. The Bonds may be issued in one or more series from time to time.

3. It having been represented to the Authority that it is necessary to proceed immediately with the Plan of Finance, and the planning therefor, the Authority agrees that the Borrower may proceed with the Plan of Finance, enter into contracts for land, construction, materials and equipment for the Plan of Finance, and take such other steps as it may deem appropriate in connection with the Plan of Finance, provided, however, that nothing in this resolution shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Plan of Finance. The Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all expenditures and costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act and applicable federal laws.

4. The Authority hereby finds and determines that the Borrower is an "eligible business" within the meaning of the Act.

5. At the request of the Borrower, the Authority approves McGuireWoods LLP, Richmond, Virginia, as Bond Counsel in connection with the issuance of the Bonds.

6. The Borrower agrees to indemnify and save harmless the Authority, its officers, directors, counsel, advisors, employees, attorneys and agents for and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Borrower, the issuance or non-issuance of the Bonds.

7. The Authority hereby approves the Plan of Finance and recommends that the Governor of the Commonwealth of Virginia approve the Plan of Finance and the issuance of the Bonds pursuant to Section 2.2-2292 of the Act and Section 147(f) of the Code, respectively.

8. The Authority shall not be liable and hereby disclaims all liability to the Borrower for any damages, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason. The Borrower agrees to (i) indemnify and hold the Authority harmless for any damages, direct or consequential, suffered by it as a result of any action or inaction of the Authority with respect to the issuance of the Bonds, (ii) provide for such indemnification in all documents to which the Borrower and the Authority are parties and (iii) provide in such documents that it will forbear to bring any action for such damages as aforesaid. Nothing contained in this Section 8 shall operate as or be deemed to be a condition precedent to or a limitation on the approval of the issuance of the Bonds and the Plan of Finance for purposes of Section 147(f) of the Code.

9. All costs and expenses in connection with the undertaking of the Plan of Finance, including the fees and expenses of Bond Counsel and Authority Counsel, shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the Bonds. If for any reason such bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

10. This resolution shall be effective immediately.

11. The authorizations granted in this resolution shall continue in full force and effect for a period of two years after adoption, unless specifically extended by the Authority.

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CERTIFICATE

The undersigned Secretary of the Virginia Small Business Financing Authority (the "Authority"), hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority at a meeting duly called and held on May 11, 2021, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended but is in full force and effect on the date hereof.

WITNESS the following signature and seal of the Authority as of May 11, 2021.

Secretary,
Virginia Small Business Financing Authority

BOND PURCHASE AND LOAN AGREEMENT

between

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY,

PNC BANK, NATIONAL ASSOCIATION,

and

CHURCH SCHOOLS IN THE DIOCESE OF VIRGINIA

**Relating to
Educational Facilities Revenue and Refunding Bond
(Church Schools in the Diocese of Virginia),
Series 2021A**

Dated as of May 1, 2021

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THIS BOND PURCHASE AND LOAN AGREEMENT is dated as of May 1, 2021, and is between the **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY**, a political subdivision of the Commonwealth of Virginia (as more particularly defined below, the "Authority"), **PNC BANK, NATIONAL ASSOCIATION**, (as more particularly defined below, the "Bondholder"), and **CHURCH SCHOOLS IN THE DIOCESE OF VIRGINIA**, a Virginia nonstock corporation (as more particularly defined below, the "Borrower");

WITNESSETH:

WHEREAS, the Authority intends to issue and sell the Bond, as hereinafter defined, to the Bondholder to provide for the financing and refinancing of the Project, as hereinafter defined, for the benefit of the Borrower; the Authority intends to loan the proceeds from the sale of the Bond to the Borrower under this Agreement; and the Borrower intends to issue and deliver to the Authority the Note, as hereinafter defined, in order to evidence the Borrower's obligation to repay such loan;

WHEREAS, the Authority intends for the Bond to be secured by the assignment to the Bondholder of the Note; and

WHEREAS, the Authority, the Bondholder and the Borrower desire to set forth the terms and conditions for such financing;

NOW, THEREFORE, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION**

Section 1.1 Definitions. Terms defined in the Bond shall have the same meaning in this Agreement. In addition to other terms defined elsewhere in this Agreement, the following terms shall have the following meanings in this Agreement unless the context otherwise requires:

"Act" means the Virginia Small Business Financing Act (Sections 2.2-2279 *et seq.*, Code of Virginia of 1950), as amended and in effect from time to time.

"Agreement" means this Bond Purchase and Loan Agreement, including any amendments hereto.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to Borrower from time to time concerning or relating to bribery or corruption.

"Authority" means the Virginia Small Business Financing Authority, and its successors and assigns.

"Authorized Representative" means either the President or any Vice President of the Borrower and any other officer of the Borrower designated as an "Authorized Representative" in a certificate signed by the President or a Vice President.

"Authorizing Resolution" means the resolution of the Authority adopted on May 11, 2021, approving, among other things, the issuance of the Bond on the Closing Date.

"Balloon Indebtedness" means Long-Term Indebtedness, 25% or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment before such twelve-month period.

"Bond" means the Educational Facilities Revenue and Refunding Bond (Church Schools in the Diocese of Virginia), Series 2021A in an initial principal amount of \$ _____, issued by the Authority under this Agreement, as substantially in the form attached as Exhibit A, as altered, amended, modified or supplemented from time to time,.

"Bond Counsel" means McGuireWoods LLP, or other nationally recognized law firm satisfactory to the Bondholder.

"Bond Year" means (a) the period beginning on the date of issue of the Bond and ending at the close of business on the next following Rebate Computation Day, and (b) each one-year period thereafter which ends at the close of business on a Rebate Computation Day.

"Bondholder" means PNC Bank, National Association, as holder of the Bond, or any subsequent holder of the Bond.

"Borrower" means Church Schools in the Diocese of Virginia, a Virginia nonstock corporation, and its successors and assigns.

"Borrower Foundation" and "Borrower Foundations" means, at any given time, each of the Foundations from which the Borrower has received a guaranty for Long-Term Indebtedness incurred for the benefit of the particular School supported by such Foundation.

"Business Day" means any day other than a Saturday or Sunday or day on which banking institutions within the Commonwealth of Virginia are authorized or required by law to remain closed.

"Change in Law" means the adoption of or change after the date of this Agreement in any Law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any Governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives; provided, however, in respect of any Law (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by the Bondholder with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Closing Date" means the date of the Bond.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

"Computation Date" means (a) the last day of the fifth and each succeeding fifth Bond Year so long as such day occurs before the day the Bond is paid in full, and (b) the day the Bond is paid in full.

"Control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "Controlling", "Controlled by", and "under common Control with" have meanings correlative thereto.

"Costs of the Project" means:

(a) the cost of acquiring land and interests in land that are or will become part of the Project;

(b) the cost of labor, materials, machinery and equipment as payable to contractors, builders and materialmen in connection with the completion of construction, renovation and equipping of the Project;

(c) governmental charges levied or assessed during construction on the Project, or on any property acquired therefor, and premiums on insurance in connection with the Project during completion of construction;

(d) expenses of administration, supervision and inspection properly chargeable to the Project, and all other items of expense, including those of the Authority or the Borrower, not elsewhere specified in this section incident to the completion of construction and placing in operation of the Project;

(e) any other cost (except costs of issuance related to the Bond within the contemplation of Section 147(g) of the Code) relating to the Project set forth or permitted under the Act;

(f) interest on the Bond related to the Project during construction of the Project and for up to one year thereafter; and

(g) reimbursement to the Borrower for any of the above-described costs paid by it, whether before or after the Closing Date.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Borrower files any statement, supplemental statement or other tax schedule, return or document that discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Authority or the Borrower shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Borrower, or upon any review or audit of the Borrower or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iii) on the date when the Borrower shall receive notice from a Bondholder or any former Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on the Bond due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Borrower has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from a Bondholder or any former Bondholder, the Authority shall promptly reimburse, but solely from payments made by the Borrower, such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of the Borrower or any affiliates thereof, including but not limited to the Borrower Foundations and the Schools directly or indirectly resulting from or based upon (a) any actual or alleged violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any actual or alleged exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement under which liability is assumed or imposed for any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time, and any successor statute thereto and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any person that for purposes of Title I or Title IV of ERISA or Section 412 of the Code would be deemed at any relevant time to be a "single employer" or otherwise aggregated with the Borrower under Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

"ERISA Group" means the Borrower and all members of a controlled group of corporations and all trades or business (whether or not incorporated) under common control, which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

"Event of Default" means any of the events set forth in Section 8.1.

"Event of Taxability" means a (i) Change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Borrower, or the failure to take any action by the Borrower, or the making by the Borrower of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bond) that has the effect of causing interest paid or payable on the Bond to become includable, in whole or in part, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural Law, in either case, that has the effect of causing interest paid or payable on the Bond to become includable, in whole or in part, in the gross income of such Bondholder or such former Bondholder for federal income tax purposes with respect to the Bond.

"Excess Interest Amount" shall have the meaning given to it in Section 5.5(k).

"Excluded Property" means the buildings and property described in Exhibit C. "Excluded Property" shall not include buildings or improvements on the Borrower's educational campuses other than as set forth in the preceding sentence and in Exhibit C.

"Excluded Taxes" means, with respect to a Bondholder, Taxes imposed on or measured by its overall net income (however denominated), franchise Taxes and branch profit Taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which it is incorporated or is organized or in which its principal executive office is located.

"Financing Instruments" means this Agreement, the Bond and the Note.

"Fiscal Year" means the period adopted by the Borrower as its annual accounting period, which as of the date hereof is July 1 through June 30, and such other 12-month period that Borrower adopts as its annual accounting period.

"501(c)(3) Organization" means an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) of the Code.

"Foundations" means, together, The St. Stephen's and St. Agnes School Foundation, Christchurch School Foundation, The St. Margaret's School Foundation, The St. Catherine's School Foundation, St. Christopher's School Foundation and The Stuart Hall School Foundation, all 501(c)(3) organizations organized to support their respective educational institutions that are so named as Schools of the Borrower, and any other foundations or entities created in the future to support any of the Borrower's educational institutions, and their successors or assigns.

"Freedom Act" means the USA FREEDOM Act (Pub. L. 114-23; signed into law on June 2, 2015), as amended and in effect from time to time, and any successor act.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Borrower.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposits in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity agreements and other similar agreements or arrangements designed to protect against fluctuations in interest rates, currency values or commodity values.

"Indebtedness" means, as to any Person, all items which in accordance with Generally Accepted Accounting Principles would be shown on the balance sheet of such Person as a liability and in any event shall include (without duplication) (a) all indebtedness for borrowed money or for notes, debentures, or other debt securities, (b) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money, (c) liabilities for all or any part of the deferred purchase price of property or services, (d) liabilities secured by any Lien on any property or asset owned or held by such Person regardless of whether the indebtedness secured thereby shall have been assumed by or is a primary liability of such Person, (e) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (f) all Guarantees of such Person of the type of Indebtedness described in clauses (a) through (e) above, but shall not include obligations under Hedging Agreements.

"Insurance Proceeds" means funds received by the Borrower or the Borrower Foundations from any insurance provider for any general liability, casualty loss or expense reimbursement event associated with the ownership and operation of its Schools and educational facilities.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Liens" means any mortgage, lien, pledge, adverse claim, charge, security interest or other encumbrance in or on, or any interest or title of any vendor, lessor, lender to, or other secured party under any conditional sale or other title retention agreement for any property or asset.

"Long-Term Indebtedness" means any Indebtedness of the Borrower for an original term or renewable at the option of the Borrower for a period from the date originally incurred, longer than one year; and installment sale or conditional sale contracts having an original term in excess of one year.

"Material Adverse Effect" means, for any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (a) the business, results of operations, financial condition, assets, liabilities or prospects of the Borrower, (b) the ability of the Borrower to perform any of its obligations under this Agreement, (c) the rights and remedies of the Bondholder under this Agreement or (d) the legality, validity or enforceability of this Agreement.

"Maximum Interest Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"Moody's" means (a) Moody's Investors Service, Inc., and its successors and assigns, or (b) if Moody's Investors Service, Inc. and its successors and assigns shall no longer perform the

functions of a securities rating agency, any other nationally recognized securities rating agency selected by the Bondholder.

"Net Assets" means the following items all as shown on the Borrower's most recent audited financial statements: the sum of Borrower's unencumbered total net assets which are unrestricted and unrestricted board-designated, plus its temporarily restricted unencumbered net equity interest in the Foundations.

"Net Assets Ratio" means for any Fiscal Year the ratio of (A) Net Assets to (B) Operating Expenses.

"Net Proceeds" means net proceeds as defined in Section 150(a)(3) of the Code.

"Note" means the promissory note issued by the Borrower under this Agreement in a principal amount equal to the principal amount of the Bond, substantially in the form attached as Exhibit B, as altered, amended, modified or supplemented from time to time,.

"Operating Expenses" means the following items all as shown on the Borrower's most recent audited financial statements: the Borrower's total expenses and other deductions in the General Operating Fund, excluding transfers and pension-related changes; which items shall exclude to the extent included in such items, depreciation, amortization and all other non-cash items. Operating Expenses shall also include to the extent not included in such items, total current interest expense and the applicable current portion of principal amounts due on the Borrower's Long-Term Indebtedness for such Fiscal Year; provided principal for certain Indebtedness will be calculated as follows:

(a) the principal amount of any Long-Term Indebtedness that consists of loans or lines of credit for pre-construction or construction expenses which also constitutes Balloon Indebtedness shall not be included; and

(b) the principal of any other Long-Term Indebtedness which consists of Balloon Indebtedness or Put Indebtedness not described in (a) above shall be assumed to be paid as follows: (i) as set forth in any amortization schedule related to such Indebtedness agreed to by the Borrower (regardless of any rights the applicable bondholders may have to require optional or mandatory prepayment of such Indebtedness), or (ii) if no such amortization schedule exists, the principal actually due in such Fiscal Year, except in any Fiscal Year in which more than 25% of the principal amount of such Long-Term Indebtedness is due or could be required to be paid in advance of its maturity, in which case the principal amount shall be the principal that would be assigned to that Fiscal Year if debt service on such Indebtedness had been amortized on a level basis for 25 years from the date of the incurrence of the Indebtedness and assuming, if the interest rate thereon is not fixed, that the current interest rate is fixed at the prevailing rate for the term of such amortization.

"Payment of the Bond" means payment in full of all Bond and the making in full of all other Required Payments due and payable at the time of such payment.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Permitted Liens" means:

(a) Liens for taxes, assessments or other governmental charges or levies not yet due or payable or which are currently being contested in good faith by appropriate proceedings and for which the Borrower or the Borrower Foundations shall have established and be maintaining on their books such reserves, if any, deemed appropriate and adequate in accordance with sound accounting practice;

(b) materialmen's, mechanics', carriers', workmen's, repairmen's or other like Liens arising in the ordinary course of business and which are not delinquent or which are currently being contested in good faith and for which the Borrower or the Borrower Foundations shall have established and are maintaining on their books such reserves, if any, deemed by them appropriate and adequate in accordance with sound accounting practice, or deposits to obtain the release of such Liens;

(c) landlord's Liens (imposed by law) under leases permitted hereunder and to which the Borrower or any of the Borrower Foundations is a party;

(d) zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not materially impair the use of such property in the operation of the business of the Borrower or the Borrower Foundations or the value of such property for the purpose of such business;

(e) Liens on property acquired by the Borrower or the Borrower Foundations, which Liens secure (i) Indebtedness issued, incurred or assumed by the Borrower or the Borrower Foundations in connection with the financing of the applicable property (including but not limited to the interests of lessors under leases) or (ii) existing Indebtedness that will remain outstanding after the acquisition but will not be assumed by the Borrower or the Borrower Foundations, if in either case the aggregate principal amount of such Indebtedness does not exceed the fair market value of the property subject to such Liens;

(f) Liens existing on the date of issuance of the Bond previously disclosed to the Bondholder, provided that no such Lien may be increased, extended, renewed or modified to apply to any property of the Borrower or the Borrower Foundations not subject to such Lien on the date of issuance of the Bond or to secure Indebtedness of the Borrower or the Borrower Foundations not outstanding on such date, unless such Lien as extended, renewed or modified otherwise qualifies as a Permitted Lien;

(g) Liens on or in property given, granted, bequeathed or devised by its owner to the Borrower or any of the Borrower Foundations after the date of issuance of the Bond, which Liens are existing at the time of such gift, grant, bequest or devise, provided that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness that is not assumed by the Borrower or the Borrower Foundations and such Liens attach solely to the property (including income therefrom) that is the subject of such gift, grant, bequest or devise;

(h) Liens on or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Borrower or

any of the Borrower Foundations shall at any time in good faith be prosecuting an appeal or proceedings for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence;

(i) Liens in favor of the issuer or holder(s) of, or the trustee for, any bonds, notes or other indebtedness issued for the benefit of the Borrower or any of the Borrower Foundations on any undisbursed proceeds of such issue of Indebtedness and on any debt service or other reserve funds established related thereto; and

(j) Other Liens securing Indebtedness of the Borrower and the Borrower Foundations incurred after the issuance of the Bond, provided that the aggregate principal amount at any time of Indebtedness of the Borrower and the Borrower Foundations collectively secured by such Liens does not exceed \$500,000.

"Person" means an individual, corporation, partnership, joint venture, limited liability company, trust, foundation, unincorporated organization or any other governmental entity, or a foreign state or any agency or political subdivision thereof.

"Plan" means an employee pension benefit plan that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by Borrower for employees of the Borrower, or (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which Borrower is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Plan of Finance" means:

(1) the financing and refinancing of various capital projects in and around St. Catherine's School, located at 6001 Grove Avenue in the City of Richmond, Virginia, and in and around the St. Catherine's School athletic fields, located at 12950 River Road in Goochland County, Virginia, including without limitation the construction and equipping of a new theater, fine and performing arts center, road, sidewalks, and parking improvements, demolition and removal of several structures;

(2) the refinancing of the Authority's Educational Facilities Revenue Refunding Bonds (Church Schools in the Diocese of Virginia), Series 2009D and the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2019A, which financed and refinanced projects on the St. Catherine's School campuses named above; and

(3) the financing of other capital projects at each of the schools named above and amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bond.

"Project" means the projects financed or refinanced as part of the Plan of Finance.

"Put Indebtedness" means Indebtedness that is (i) payable or required to be purchased by or on behalf of the underlying obligor, at the option of the owner or the holder thereof, before its stated maturity date or (ii) payable to, or required to be purchased from the owner or holder by or on behalf of the underlying obligor before its stated maturity date.

"Qualified Buyer" means any "qualified institutional buyer," as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, that is also a financial institution.

"Ratings Event" means either (i) the occurrence of an event whereby the Borrower is unable to maintain or secure credit ratings on its long-term unsecured unenhanced unsubordinated Indebtedness in the future from a nationally recognized credit rating agency because nationally recognized credit rating agencies (whether or not they exist now) no longer rate obligations of independent primary and secondary schools, or (ii) the Borrower stops seeking a credit rating on its long-term unsecured unenhanced unsubordinated Indebtedness in accordance with Section 6.18(b).

"Ratings Event Outside the Borrower's Control" means the Borrower is unable to maintain or secure credit ratings on its long-term unsecured unenhanced unsubordinated Indebtedness in the future from a nationally recognized credit rating agency because nationally recognized credit rating agencies no longer rate obligations of independent primary and secondary schools.

"Rebate Amount" means the rebate amount (as defined in Section 1.148-1 of the Treasury Regulations) for the Bond.

"Rebate Amount Payable" means, for any Computation Date, the amount (if any) payable to the United States pursuant to Section 148(f) of the Code for the Rebate Amount as of such Computation Date, including any amount payable for income attributable to the Rebate Amount.

"Rebate Computation Day" means the day in each calendar year that corresponds to the date on which the final payment of principal of the Bond is scheduled to be made, which day is hereby selected by the Authority as the last day of each Bond Year.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System.

"Release" means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Required Payment" means any payment of money required under the terms of the Financing Instruments to be made by the Borrower for its own account or for the account of the Authority.

"Requirements of Law" for any Person means the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Restricted Gift" means a gift, devise or bequest collected by the Borrower or the Borrower Foundations that is conditioned upon its use by the Borrower or the Borrower Foundations for (a) the renovation, construction, equipping or installation of the facilities financed or refinanced with the proceeds of the Bond or payment of the price thereof, or (b) the payment or prepayment, in whole or in part, of the Bond.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules and, in each case, any amendments to such regulations.

"Sanctioned Country" means, at any time, any country or territory that is itself the subject or target of any comprehensive Sanctions.

"Sanctioned Person" means, at any time, (a) any Person or group listed in any Sanctions related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person 50% or more owned, directly or indirectly, by any of the above.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Schools" means the educational facilities owned by the Borrower and on whose behalf the financing of the Project has been undertaken, and includes St. Christopher's, Christchurch, St. Catherine's, St. Margaret's, St. Stephens and St. Agnes and Stuart Hall.

"Service" means the Internal Revenue Service.

"Taxable Date" means the date on which interest on the Bond is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

"Taxable Period" has the meaning assigned to it in Section 5.5(f).

"Taxable Rate" means, for each day, a rate of interest per annum equal to the product of (i) the interest rate on the Bond for such day and (ii) the applicable Taxable Rate Factor.

"Taxable Rate Factor" means 1.54.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

"Trade or Business" means a trade or business as such term is used in Section 141(b)(6) of the Code.

"Unrelated Trade or Business" means a Trade or Business of a 501(c)(3) Organization that is an unrelated trade or business (determined by applying Section 513(a) of the Code) of such 501(c)(3) Organization.

"Virginia Code" means the Code of Virginia of 1950, as amended.

Section 1.2 Rules of Construction. The following rules shall apply to the construction of the Financing Instruments unless the context otherwise requires:

(a) Words importing the singular number shall include the plural number and vice versa, and any gender shall connote any other gender.

(b) All references in a Financing Instrument to particular articles or sections are references to articles or sections of such Financing Instrument unless otherwise indicated.

(c) The headings and Table of Contents in any Financing Instrument are solely for convenience of reference and shall not constitute a part of such Financing Instrument, nor shall they affect its meaning, construction or effect.

(d) Words importing the prepayment or calling for prepayment of the Bond shall not be deemed to refer to or connote the payment of the Bond at its stated maturity.

(e) All accounting terms used in any Financing Instrument which are not expressly defined therein shall have the meanings respectively given to them in accordance with Generally Accepted Accounting Principles. All financial computations made under any Financing Instrument shall be made in accordance with Generally Accepted Accounting Principles consistently applied, and all balance sheets and other financial statements shall be prepared in accordance with Generally Accepted Accounting Principles consistently applied.

ARTICLE II REPRESENTATIONS AND FINDINGS

Section 2.1 Representations and Findings by Authority. The Authority makes the following representations and findings as the basis for its undertakings hereunder:

(a) The Authority is duly organized and existing under the Act, is a political subdivision of the Commonwealth of Virginia vested with the rights and powers conferred upon it under the Act, has the power to execute and deliver the Financing Instruments to which it is a party, to perform its obligations thereunder, to issue the Bond to assist the Borrower in undertaking the Plan of Finance, to loan the proceeds from the sale of the Bond to the Borrower (which constitutes an "eligible business" under the Act) under this Agreement, the Plan of Finance constitutes an authorized undertaking under the Act and such loan being in furtherance of the purposes for which the Authority was organized, and to carry out its other obligations under such Financing Instruments. By proper corporate action the Authority has duly authorized the execution and delivery of such Financing Instruments, the performance of its obligations thereunder and the issuance of the Bond and, simultaneously with the execution and delivery of this Agreement, has issued and sold the Bond. No proceedings to dissolve the Authority have been instituted.

(b) The execution and delivery of, and compliance by the Authority with the terms and conditions of, the Financing Instruments to which the Authority is a party will not conflict with, or constitute or result in a default under or violation of, (i) the Act or any existing law, rule or regulation applicable to it, (ii) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Authority or any of its assets is subject, or (iii) the by-laws or any other rules or procedures of the Authority.

(c) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (i) the issuance and delivery of the Bond by the Authority, (ii) the execution or delivery of, or compliance by the Authority with the terms and conditions of, the other Financing Instruments to which it is a party, or (iii) the assignment by the Authority of the Note.

(d) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Authority, threatened against the Authority regarding (i) the organization or existence of the Authority, (ii) its authority to execute or deliver the Financing Instruments to which it is a party, (iii) the validity or enforceability of any such Financing Instruments or the transactions contemplated thereby, (iv) the title of any officer of the Authority who executed such Financing Instruments, or (v) any authority or proceedings related to the execution and delivery of such Financing Instruments on behalf of the Authority, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(e) The Authority has found that the Plan of Finance will serve the purposes of the Act. The Authority has determined that the issuance and sale of the Bond and the loan of the proceeds to the Borrower in accordance with the terms of the Agreement will be in furtherance of the purposes for which the Authority was organized by assisting the Borrower in paying costs of

a project for an eligible not-for-profit borrower in order to expand and improve the Borrower's facilities in a cost-efficient manner, thereby improving its educational programs and increasing employment and promoting the welfare, convenience and prosperity of the Commonwealth of Virginia.

(f) None of the directors of the Authority has a personal interest (as defined in Section 2.2-3101 of the Virginia Code) in any Financing Instrument or in any transaction contemplated thereby or is an officer or employee of the Borrower, the Borrower Foundations or the Bondholder.

(g) In connection with the authorization, issuance and sale of the Bond, the Authority has complied with all provisions of the Constitution and laws of the Commonwealth of Virginia, including the Act.

(h) The Authority is not in default under any of the provisions of the laws of the Commonwealth of Virginia, where any such default would affect the issuance, validity or enforceability of the Bond or the transactions contemplated by this Agreement.

It is specifically understood and agreed that the Authority makes no representation, covenant or agreement as to the financial position or business condition of the Borrower and does not represent or warrant as to any statements, materials, representations or certifications furnished by the Borrower in connection with the sale of the Bond, or as to the correctness, completeness or accuracy thereof.

Section 2.2 Representations by Borrower. The Borrower makes the following representations as the basis for its undertakings hereunder:

(a) The Borrower is a nonstock corporation duly organized under the laws of the Commonwealth of Virginia and is in good standing in the Commonwealth of Virginia, has the power and authority to own its properties and to enter into the Financing Instruments to which it is a party and the transactions contemplated thereby and to perform its obligations thereunder, and by proper action has duly authorized the execution and delivery of such Financing Instruments.

(b) The loan to the Borrower of the proceeds from the sale of the Bond by the Authority will constitute an inducement to the Borrower to locate, maintain and improve the Project and its educational facilities in the Commonwealth of Virginia, which provides opportunities for the use of such educational facilities by the inhabitants of the Commonwealth of Virginia and promote their welfare, and which will promote industry, develop trade and increase employment opportunities for the benefit of the citizens of the Commonwealth of Virginia.

(c) The Borrower intends to operate the Project, and cause the facilities to be operated, as part of institutions of secondary education until the Payment of the Bond. The primary purpose of the Project is not to provide religious training or theological education.

(d) No litigation at law or in equity or any proceeding before any Governmental Authority involving the Borrower is pending or, to the knowledge of the Borrower, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a Material Adverse Effect.

(e) The execution and delivery of, and compliance by the Borrower with the terms and conditions of, the Financing Instruments to which it is a party will not conflict with, or constitute or result in a default under or violation of, (i) the Borrower's articles of incorporation or bylaws, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its property is bound, or (iii) any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or Governmental Authority having jurisdiction over the Borrower or its property. This Agreement has been duly executed and delivered by the Borrower, and constitutes, and each other Financing Instrument constitutes, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(f) The Borrower has obtained all consents, approvals, authorizations and orders of any Governmental Authority that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bond or the execution and delivery of the Financing Instruments to which the Borrower is a party, or that are required to date for the performance by the Borrower of its obligations under the Financing Instruments. The Borrower has no reason to believe that any such consents, approvals, authorizations or orders which may be required in the future cannot be obtained as and when needed.

(g) The Project is located entirely at the locations referred to in the Authorizing Resolution and in the notice of the public hearing held by the Authority regarding the Bond.

(h) The Borrower is a 501(c)(3) Organization that is not a private foundation (within the meaning of Section 509(a) of the Code). The Borrower has conducted its operations and filed all required reports and documents with the Service so as to maintain its status as such a 501(c)(3) Organization, the determination letter from the Service to the effect that the Borrower is a 501(c)(3) Organization has not been modified, limited or revoked and the Borrower has received no notice from the Service inquiring about, threatening or proposing to audit its status as a 501(c)(3) Organization. The Borrower is in compliance with all terms, conditions and limitations, if any, contained in such letter or any other notification from the Service. In particular, (i) the Borrower is organized and operated exclusively for educational or charitable purposes, (ii) no part of the net earnings of the Borrower has inured to the benefit of any private shareholder or individual, (iii) no substantial part of the activities of the Borrower has consisted of carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise permitted by Section 501(h) of the Code), and (iv) the Borrower has not participated or intervened (through the publishing or distribution of statements or otherwise) in any political campaign on behalf of or in opposition to any candidate for public office. The Borrower is not organized or operated exclusively for religious purposes.

(i) The Borrower has not collected, and does not expect to collect, Restricted Gifts, that exceed, in the aggregate, the difference between the anticipated aggregate cost of the acquisition, renovation, construction, equipping and installation of the Project and the costs of issuance.

(j) The Borrower normally receives at least 75% of its support (as such term is used for purposes of Section 509 of the Code) in the form of gross receipts from the performance of services and the furnishing of facilities by the Borrower in an activity which is not an Unrelated Trade or Business (not including such receipts from any person or any bureau or similar agency of a governmental unit, as described in Section 170(c)(1) of the Code, in any taxable year to the extent such receipts exceed the greater of \$5,000 or 1% of the Borrower's support in such taxable year) from persons other than disqualified persons (as defined in Section 4946 of the Code) for the Borrower.

(k) All financial statements and other information delivered to the Bondholder by the Borrower in connection with the Bondholder's purchase of the Bond are accurate and are sufficiently complete to accurately reflect the Borrower's financial condition. There has been no material adverse change in the business or financial condition of the Borrower from that reflected in such financial statements and other information, except as may have been otherwise disclosed to the Bondholder in writing.

(l) The Borrower consists of private, accredited and nonprofit institutions of secondary education, located in the Commonwealth of Virginia, whose primary purposes are to provide secondary education and not to provide religious training or theological education. Each component of the Project, the acquisition, renovation or construction of which is financed or refinanced in whole or in part with the proceeds of the Bond is usual and customary to secondary education campuses and the financing of the needs of such facilities.

(m) The information contained in the certifications of the Borrower delivered at the time of the execution and delivery of this Agreement for compliance with the requirements of Section 145 of the Code, including the information in IRS Form 8038 filed by the Authority for the Bond, is true and correct in all respects.

(n) No notice of taking by eminent domain or condemnation proceedings of any part of the Project has been received, and the Borrower has no knowledge that any such proceeding is contemplated.

(o) No part of the Project has been damaged as a result of any fire, explosion, accident, flood or other casualty which is not now fully restored.

(p) The Borrower has taken no action, and has not omitted to take any action, which action or omission to take action would in any way affect or impair the excludability of interest on the Bond from the gross income of the holders thereof for federal income tax purposes.

(q) All properties and assets of the Borrower are owned by the Borrower free and clear of all Liens except Permitted Liens. The Borrower is not obligated under any Guarantee.

(r) The Borrower represents that no Financing Instrument nor any information (financial or otherwise) furnished by or on behalf of the Borrower in connection with the negotiation or the sale of the Bond contains any untrue statement of a material fact or omits (when considered together with all information furnished) a material fact necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading. There is no fact that the Borrower has not disclosed in writing to the Bondholder that materially affects adversely the Borrower or, that so far as the Borrower can now foresee, based on facts known to it, will have a Material Adverse Effect.

(s) To the best of its knowledge, the Borrower (i) has not failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has not become subject to any Environmental Liability, (iii) has not received notice of any claim for any Environmental Liability, and (iv) knows of no basis for any Environmental Liability.

(t) The Borrower is not (a) an "investment company" or "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) otherwise subject to any other regulatory framework limiting its ability to incur debt or having any approval or consent from, or registration with any Governmental Authority in connection therewith.

(u) The Borrower has timely filed or caused to be filed all Federal and state income tax returns and all other material tax returns that are required to be filed by it, and has paid all Taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other Taxes imposed on it or any of its property by any Governmental Authority, except (a) to the extent the failure to do so would not have a Material Adverse Effect or (b) where the same are currently being contested in good faith by appropriate proceedings and for which the Borrower has set aside on its books adequate reserves in accordance with GAAP. As of the Closing Date, the charges, accruals and reserves on the books of the Borrower in respect of such Taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

(v) None of the proceeds of the Bond will be used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock."

(w) Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan, or made any amendment to any Plan that has resulted or is reasonably expected to result in the imposition of a Lien or the posting of a bond or other security

under ERISA or the Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

(x) There are no strikes, lockouts or other material labor disputes or grievances against the Borrower or, to the Borrower's knowledge, threatened against or affecting the Borrower, and no significant unfair labor practice, charges or grievances are pending against the Borrower or, to the Borrower's knowledge, threatened against it before any Governmental Authority. All payments due from the Borrower under the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Borrower, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(y) The Borrower does not "control" the Bondholder, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940.

(z) The Borrower is in compliance with (a) all Requirements of Law and all judgments, decrees and orders of any Governmental Authority, and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(aa) As of the date of execution and delivery of this Agreement, there exists no Event of Default on the part of the Borrower or any condition or event which would constitute, or with the passage of time or the giving of notice, or both, would constitute an Event of Default on the part of the Borrower hereunder.

(bb) To the knowledge of the Borrower, the Borrower and its officers and employees and, its directors, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. The Borrower is not a Sanctioned Person. Neither the Bond, the use of the proceeds of the Bond or the other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE III ISSUANCE OF THE BOND

Section 3.1 Sale and Purchase of the Bond. (a) The Authority shall issue and sell the Bond to the Bondholder and secure the Bond by assigning the Note to the Bondholder, upon the terms and conditions set forth herein.

(b) The Bondholder represents that it is purchasing the Bond for its own account as evidence of a loan and has no present intention of reselling or disposing of the Bond or engaging in any "distribution" thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations of the Securities and Exchange Commission thereunder). The Bondholder is a Qualified Buyer. The Bondholder has not offered, offered to sell, offered for sale or sold the Bond by means of any form of general solicitation or general advertising. The Bondholder represents that it is familiar with the operations and financial condition of the Borrower based upon information furnished to the Bondholder by the Borrower and has made such inquiries as it deems appropriate in connection with the purchase of the Bond. In determining to

purchase the Bond, the Bondholder has not relied upon any information (including financial information) relating to the Borrower provided by the Authority, nor has it relied upon the omission of the Authority to provide any such information. The Bondholder releases the Authority of any liability for failure to provide such information.

(c) The Bondholder shall not assign or offer the Bond, or any participation therein, for sale in any state of the United States without first (a) either (i) taking all necessary action to qualify the Bond for offer and sale under the Federal securities laws of the United States and the "Blue Sky" laws of any state, or (ii) determining that no such action is necessary because of a registration exemption or exemptions, and (b) providing to the purchaser of the Bond, or any participant therein, all material information in the Bondholder's possession regarding the Borrower to assist the purchaser in its evaluation of the risks and merits of the investment represented by the purchase of or participation in the Bond.

(d) The Bondholder understands that the scope of engagement of McGuireWoods LLP as bond counsel regarding the Bond has been limited to matters set forth in its bond counsel opinion based on its review of such proceedings and documents as they deem necessary to approve the validity of the Bond and the excludability of the interest thereon for federal and state income tax purposes, and that McGuireWoods LLP has not made any assurances or opinion as to the accuracy or completeness of any information that may have been furnished to the Bondholder or relied upon by the Bondholder in acquiring the Bond.

Section 3.2 Conditions Precedent to Delivery of the Bond. The Bondholder shall be required to accept delivery of the Bond only upon delivery to it, in form and substance satisfactory to it, of the following:

(a) Executed copies of the Financing Instruments, with the Note having been assigned to the Bondholder.

(b) Evidence of the due authorization, execution and delivery of the Financing Instruments by the parties thereto.

(c) The written opinion(s) of McGuireWoods LLP that the Bond has been validly issued by the Authority and, subject to customary exceptions, that interest thereon is excludable from gross income for federal income tax purposes and exempt from income taxation by the Commonwealth of Virginia.

(d) The written opinion(s) of McGuireWoods LLP, as counsel for the Borrower, relating to the organization and existence of the Borrower, its status as a 501(c)(3) Organization, the power of the Borrower to enter into the Financing Instruments to which it is a party, the enforceability of such Financing Instruments, the absence of material pending or threatened litigation, no conflict with organizational documents, laws, instruments or decrees and such other matters as the Bondholder may reasonably request.

(e) The written opinion of the Office of the Virginia Attorney General, as counsel to the Authority, relating to the organization of the Authority, the due approval, validity and enforceability of the Bond, and such other matters as the Bondholder may reasonably request.

(f) Authorizing resolutions and Acknowledgement of the Borrower Foundations.

(g) Copy of the Borrower's audited financial statements for the Fiscal Year ending June 30, 2020.

(h) Such other documentation, certificates and opinions as may be reasonably required by the Bondholder.

ARTICLE IV DISPOSITION OF PROCEEDS

Section 4.1 Disposition of Proceeds. On the Closing Date, the Authority hereby directs the Bondholder:

(a) to transfer \$_____ of the proceeds of the Bond to the Borrower to be used by the Borrower to finance and refinance certain Costs of the Project;

(b) to transfer \$_____ of the proceeds of the Bond to PNC Bank, National Association to redeem the outstanding principal amount of the Authority's Educational Facilities Revenue Refunding Bonds (Church Schools in the Diocese of Virginia), Series 2009D;

(c) to transfer \$_____ of the proceeds of the Bond to STI Institutional Government, Inc. to redeem the outstanding principal amount of the Authority's Educational Facilities Revenue Bonds (Church Schools in the Diocese of Virginia), Series 2019A; and

(d) to transfer \$_____ of the proceeds of the Bond to the Borrower to be used by the Borrower to pay the costs of issuance relating to the Bond.

ARTICLE V PAYMENTS

Section 5.1 Amounts Payable. (a) The Borrower shall make all payments required under the Note and, for the account of the Authority, shall make all payments required under the Bond, as and when the same become due (whether at maturity, by acceleration or otherwise), in the manner set forth in the Bond and shall make all other Required Payments in the manner set forth in the applicable Financing Instruments. Payments to the Bondholder shall be made in lawful money of the United States of America at the address of the Bondholder set forth in Section 10.8 or at such other place as the Bondholder may direct in writing. Any amount at any time paid to the Bondholder as a payment of principal of or interest on the Bond shall be credited against the Borrower's obligations hereunder and under the Note (but subject to collection of any instrument, draft, check or order for payment received by the Bondholder).

(b) The Borrower shall pay to the Authority (i) its reasonable expenses, including the reasonable fees of its counsel, directly related to the Bond, (ii) a reasonable share of the cost of any audit of the funds of the Authority directly related to the Bond, and (iii) on each anniversary date of the issuance of the Bond until Payment of the Bond, an annual fee equal to the lesser of 0.001 times the outstanding principal amount of the Bond or \$125,000, subject to and in

accordance with applicable law and the requirements of the Authority (provided, however, that such amounts, together with any other amounts paid to the Authority, shall not equal or exceed an amount which would cause the "yield" on the Bond or Note, this Agreement or any other "acquired purpose obligation" to be "materially higher" than the "yield" on the Bond, as such terms are defined in the Code). The obligations of the Borrower under clauses (i) and (ii) of this subsection shall survive Payment of the Bond.

(c) The Borrower shall pay (i) the reasonable fees and expenses of the Bondholder, Bond Counsel and counsel to the Bondholder and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the Bond and the costs of producing and evaluating the Financing Instruments, and (ii) all taxes of any kind whatsoever lawfully assessed, levied or imposed for the transactions contemplated by this Agreement.

Section 5.2 Default in Payments. The outstanding principal balance of the Bond shall bear interest at the interest rate set forth in the Bond, which rate shall be subject to adjustment from time to time as set forth in the Bond. Payments of principal and interest shall be due and payable as set forth in the Bond. The Bond shall be subject to mandatory prepayment and optional prepayment as provided herein and in the Bond. Upon an Event of Default the interest rate on the Bond shall immediately and automatically be changed to the Default Rate (as defined in the Bond). If an Event of Taxability occurs, the interest rate on the Bond shall be changed to the Taxable Rate effective retroactively to the date on which such Event of Taxability occurred.

Section 5.3 Unconditional Obligations. The obligations of the Borrower to make Required Payments and to perform and observe all other covenants, conditions and agreements hereunder shall be general obligations of the Borrower and shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim the Borrower might otherwise have against the Authority or the Bondholder. Nothing in this section shall be construed as a waiver by the Borrower of any rights or claims it may have against the Authority or the Bondholder under this Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Authority or the Bondholder separately. The Borrower shall not suspend or discontinue any such payment hereunder or fail to observe and perform any of its other covenants, conditions and agreements under the Financing Instruments for any cause, including without limitation any acts or circumstances that may constitute failure of consideration, failure of title to any part or all of the Project, or commercial frustration of purpose, or any damage to or destruction of all or any part of the Project, or any change in the tax or other laws of the United States of America, Commonwealth of Virginia or any political subdivision of either, or any failure of the Authority or the Bondholder to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation contained in or arising out of or in connection with any Financing Instrument.

Section 5.4 Payments Assigned. The Borrower consents to the assignment of the Note and of certain rights of the Authority under this Agreement to the Bondholder and agrees to pay to the Bondholder all amounts payable by the Borrower under the Note and this Agreement, except for any amounts payable directly to the Authority under the provisions of Sections 5.1(b), 6.6 and 8.4.

Section 5.5 Increased Payments. (a) If, on or after the date of issuance of the Bond, there occurs any Change in Law which:

(i) subjects the Bondholder or the parent or holding company, if any, of any of the foregoing to any Taxes (other than Excluded Taxes), or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to the Bondholder hereunder or with respect to the Bond, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bondholder, or

(iii) imposes any other condition the result of which is to increase the cost to the Bondholder or the parent or holding company, if any, of any of the foregoing, with respect to this Agreement, the Bond or its making, maintenance or funding of the Bond or any security therefor, or reduces any amount receivable by the Bondholder with respect to this Agreement, the Bond, or the making, maintenance or funding of any loan, or requires the Bondholder to make any payment calculated by reference to any amount received with respect to this Agreement, the Bond, or the making, maintenance or funding of any loan, by an amount deemed material by the Bondholder as the case may be, and the result of any of the foregoing is to increase the cost to such Bondholder or the parent or holding company, if any, with respect to this Agreement, the Bond, or the making, maintenance or funding of the purchase of the Bond or of participating the same or to reduce the amount received by the Bondholder, as the case may be, in connection with the same, then, within 30 days of demand by the Bondholder, as the case may be, the Borrower shall pay the Bondholder such additional amount or amounts as will compensate the Bondholder or the parent or holding company, if any, of any of the foregoing, for such increased cost or reduction in amount received.

(b) If the Bondholder determines the amount of capital or liquidity required or expected to be maintained by the Bondholder or any parent, holding company or entity controlling the Bondholder is increased as a result of (i) a Change in Law or (ii) any change on or after the date of issuance of the Bond in the Risk-Based Capital Guidelines, then, within 30 days of demand by the Bondholder, the Borrower shall, to the extent permitted by law, pay the Bondholder the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity that the Bondholder determines is attributable to this Agreement or the Bond, as the case may be, hereunder (after taking into account the Bondholder's policies as to capital adequacy and liquidity).

(c) In connection with any costs imposed upon the Borrower by Bondholder, or any parent, holding company or entity controlling any of the foregoing, pursuant to this Section 5.5, the Bondholder shall (i) promptly notify the Borrower of such costs and (ii) provide the Borrower with a certificate as to such increased cost, increased capital, increased liquidity or reduction in return incurred by Bondholder as a result of any event mentioned in paragraph (a) or (b) of this Section 5.5 setting forth, in reasonable detail, the basis for such calculation and the amount of such calculation submitted by Bondholder to the Borrower, which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bondholder may make such reasonable

estimates, assumptions, allocations and the like that the Bondholder in good faith determines to be appropriate.

(d) Failure or delay on the part of any Bondholder to demand compensation under this Section 5.5 shall not constitute a waiver of such Bondholders right to demand such compensation; provided however, the requirement that the Borrower pay the Bondholder under Sections 5.5(a), 5.5(b) or 5.5(c) shall only apply prospectively and shall be subject to the following limitations: (i) payment of additional amounts shall begin no sooner than 30 days after notice from the Bondholder to Borrower, (ii) payment of additional amounts shall be calculated prospectively only, beginning as of the effective date of the change described above, and (iii) the Bondholder is applying requirements similar to those in the applicable Section to other similarly situated customers of the Bondholder. For purposes of this section, "similarly situated customers of the Bondholder" means not for profit customers who have gross revenues of \$100,000,000 or greater.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of this Agreement and the Payment of the Bond and the obligations of the Borrower thereunder and hereunder.

(f) In the event a Determination of Taxability occurs, to the extent not payable to the Bondholder under the terms of this Agreement and the Bond, the Borrower hereby agrees to pay to the Bondholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bondholder on the Bond during the period for which interest on the Bond is included in the gross income of the Bondholder if the Bond had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (B) the amount of interest actually paid to the Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by the Bondholder as a result of interest on the Bond becoming included in the gross income of the Bondholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Bondholder in connection therewith;

(g) Subject to the provisions of paragraph (h) below, the Bondholder shall afford the Borrower at the Borrower's sole cost and expense, to contest (i) the validity of any amendment to the Code that causes the interest on the Bond to be included in the gross income of the Bondholder or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Bond, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); provided that, in no event shall a Bondholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person other than the portions evidencing the taxes paid on the interest on the Bond and any interest, penalties or charges owed by the Bondholder as a result of interest on the Bond becoming included in the gross income of the Bondholder; and

(h) As a condition precedent to the exercise by the Borrower of its right to contest set forth in paragraph (g) above, the Borrower shall, on demand, immediately reimburse the Bondholder for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Bondholder in its sole discretion) that may be incurred by the Bondholder in connection with any such contest, and shall, on demand, immediately reimburse the

Bondholder for any payments, including any taxes, interest, penalties or other charges payable by the Bondholder for failure to include such interest on the Bond in its gross income.

(i) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of this Agreement and the Payment of the Bond and the obligations of the Borrower thereunder and hereunder.

(j) The Borrower shall not be required to compensate the Bondholder under Section 5.5(f) or Section 5.5(h) for any costs or losses incurred more than six months prior to the date that the Bondholder notifies the Borrower of the Change in Law giving rise to such costs or losses and of the Bondholder's intention to claim compensation under either of those Sections; provided, however, that if the change giving rise to such increased costs or reductions is retroactive, or constitutes an Event of Taxability, then such six-month period shall be extended to include the period of such retroactive effect.

(k) If the amount of interest payable for any period in accordance with the terms hereof or the Bond exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate. Any interest that would have been due and payable for any period but for the operation of the immediately preceding sentence shall accrue and be payable as provided in this sentence and shall, less interest actually paid to each Bondholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount. Notwithstanding the foregoing, on the date on which no principal amount with respect to the Bond remains unpaid, the Borrower shall pay to each Bondholder a fee equal to any accrued and unpaid Excess Interest Amount.

ARTICLE VI SPECIAL COVENANTS

Section 6.1 Maintenance and Modifications by Borrower. The Borrower shall, at its own expense, keep the Project in as reasonably safe condition as its operations shall permit and keep the Project in good repair and operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs, renewals and replacements. The Borrower may, at its own expense, make any additions, modifications or improvements to the Project that it deems desirable.

Section 6.2 Taxes, Charges and Liens. The Borrower (a) shall pay, as the same become due, all taxes and governmental charges of any kind whatsoever lawfully assessed, levied or imposed for payments under this Agreement, the Project or any machinery, equipment or other property installed or brought by the Borrower thereon, and (b) shall pay as the same become due all utility and other charges incurred in the operation, maintenance, use and occupancy of the Project and all assessments and charges lawfully made by a Governmental Authority for public improvements to the Project. The Borrower may, however, contest in good faith by appropriate proceedings any such tax, assessment or charge after giving the Bondholder ten (10) days' advance notice of such contest and having established and be maintaining on its books such reserve therefor,

if any, deemed appropriate and adequate by Bondholder, in which event the Borrower may permit such tax, charge or assessment to remain unpaid, or such lien to remain unsatisfied and undischarged, during the period of such contest and any appeal therefrom.

Section 6.3 Insurance. The Borrower shall continuously maintain or cause to be maintained insurance against such risks as are customarily insured against by similarly situated educational institutions in the Commonwealth of Virginia at coverage levels comparable to its current policies, paying as the same become due all premiums in respect thereto, including without limitation to the extent available:

- (a) public liability insurance against liability for bodily injury, including death resulting therefrom, and for damage to the Borrower's property, including expense reimbursement coverage for costs associated with the loss of use thereof;
- (b) workers' compensation insurance for the Borrower's employees; and
- (c) coverage for claims associated with allegations of sexual misconduct by teachers and other employees of the Borrower.

The Borrower has previously furnished to the Bondholder a copy of such certificate(s) of insurance coverage, and shall furnish to the Bondholder, from time to time, evidence of any renewal or replacement of such policy (or policies).

Section 6.4 Cure by Authority or Bondholder. If the Borrower shall fail to make any payment or perform any act required of it hereunder, the Authority or the Bondholder, without prior notice to or demand upon the Borrower and without releasing any obligation or waiving any default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority or the Bondholder and all costs, fees and expenses so incurred, including reasonable counsel fees, shall be immediately due and payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the Taxable Rate, to the extent permitted by law.

Section 6.5 Undertaking and Use of Project. The Borrower shall obtain all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all lawful requirements of any Governmental Authority regarding the use or condition of the Project, whether now existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other changes to the Project and irrespective of the cost of making the same. Upon written request by the Bondholder, the Borrower shall provide Bondholder with copies of any notices or demand letters from a Governmental Authority associated with any inquiries, demands or requirements regarding the use or condition of the Project. Upon request by the Bondholder, the Borrower shall furnish to the Bondholder evidence of the Borrower's compliance with the requirements of matters disclosed in accordance with the preceding sentence. The Borrower shall use the portion of the Project the acquisition, renovation or construction of which is financed or refinanced, in whole or in part, from the proceeds of the Bond for the purposes contemplated by the Authorizing Resolution until Payment of the Bond; provided that the Borrower may change the use of the Project, or cause such use to be changed, if the Borrower shall have first delivered to the Bondholder an opinion of Bond Counsel that such

change in use will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

Section 6.6 Indemnification. (a) The Borrower shall (i) protect, indemnify and save harmless the Authority and the Bondholder and any person who "controls" (within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20(a) of the Securities Exchange Act of 1934, as amended) the Bondholder (collectively, the "Indemnified Parties") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, attorneys' fees and expenses and settlement amounts) imposed upon or incurred by or asserted against any Indemnified Party on account of or related to (A) any failure of the Borrower to comply with any of the terms, warranties, covenants or representations in the Financing Instruments, or (B) any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof; and (ii) at all times protect, indemnify and save harmless the Indemnified Parties from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation, attorneys' fees and expenses and settlement amounts) imposed upon or incurred by or asserted against the Indemnified Parties on account of or related to (A) the initial sale, issuance or offering for sale of the Bond or (B) any action related to the acts, representations, covenants, obligations or other matters contemplated by, required by or related to the Financing Instruments; provided that such indemnity shall be effective only to the extent of any loss that may be sustained by an Indemnified Party in excess of the proceeds received by it from any insurance carried for such loss and provided further that benefits of this section shall not inure to any person other than the Indemnified Parties. Nothing contained herein shall require the Borrower to indemnify the Authority for any claim or liability resulting from its negligence or its willful, wrongful acts or any other Indemnified Party for any claim or liability resulting from its or his gross negligence or willful, wrongful acts.

(b) The Borrower shall also indemnify and hold harmless the Indemnified Parties against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in information submitted by the Borrower to the Authority or to the Bondholder for the initial issuance and purchase of the Bond or caused by any omission or alleged omission of any material fact necessary to be stated therein in order to make such statements to the Authority and the Bondholder not misleading or incomplete.

(c) If any action is brought against any Indemnified Party in respect of which indemnity may be sought from the Borrower under subsection (a) or (b) above, such Indemnified Party shall promptly notify the Borrower in writing, and the Borrower shall assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Each Indemnified Party has the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel will be at the expense of such Indemnified Party unless the employment of such counsel is based on such Indemnified Party's reasonable determination, after written notice to the Borrower, that counsel employed by the Borrower cannot adequately represent the interests of the Indemnified Party, or has been specifically authorized by the Borrower. The Borrower will not be liable for any settlement of any such action made without its consent, but if such action is settled with the consent of the Borrower or if there be a final judgment for the plaintiff in such action, the

Borrower shall indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

(d) The obligations of the Borrower under this section shall survive Payment of the Bond. All references in this section to any Indemnified Party shall include its members, directors, officers, employees and agents.

Section 6.7 Tax Exemption for the Bond. (a) Neither the Authority nor the Borrower shall cause any proceeds of the Bond to be expended except under this Agreement. The Borrower shall not (i) permit the proceeds of the Bond on an aggregate basis to be expended in any way that would result in (A) more than 5% of the Net Proceeds of the Bond being used (directly or indirectly) in one or more Trades or Businesses of one or more persons other than 501(c)(3) Organizations or in one or more Unrelated Trades or Businesses, (B) more than 5% of the proceeds of the Bond being used (directly or indirectly) to make or finance loans to one or more persons other than 501(c)(3) Organizations or to one or more 501(c)(3) Organizations for one or more Unrelated Trades or Businesses, or (C) issuance costs of the Bond in excess of 2% of the proceeds (as such term is used for purposes of Section 147(g) of the Code) of the Bond (and any other Bonds that are part of the same "issue" for purposes of the Code) being financed from the proceeds from the sale of the Bond, or (ii) take or omit to take any other action for the use of such proceeds if the taking of or omission to take such action would result in interest on the Bond being includable, in whole or in part, in the gross income of the owner of the Bond for federal income tax purposes under Section 103 of the Code. The Borrower shall not take or omit to take any other action if the taking of or omission to take such action would cause such interest to be so includable. All property which is provided by the Net Proceeds of the Bond shall be owned by the Borrower at all times. The Borrower shall not permit or cause the Project or any part thereof to be leased to or managed by any person in violation of this subsection.

(b) (i) The Borrower shall not (A) take or omit to take any action, or make or approve any investment or use of any proceeds of the Bond or any other moneys or the taking or omission of any other action, which would cause the Bond to be an arbitrage Bond within the meaning of Section 148 of the Code, or (B) approve the use of any proceeds from the sale of the Bond otherwise than in accordance with the Authority's "non-arbitrage" certificate given at the issuance of the Bond barring any unforeseen circumstances, in which event the Borrower shall use such proceeds with due diligence and shall comply with such certificate to the extent feasible. Without limiting the generality of the foregoing, the Borrower shall at its sole expense take all action required under Section 148 of the Code and regulations thereunder to prevent loss of the exclusion from gross income for federal income tax purposes of interest on the Bond under such section.

(ii) Not later than 50 days after each Computation Date, the Borrower shall (A) pay to the United States on behalf of the Authority the Rebate Amount Payable for such Computation Date, and (B) furnish to the Bondholder a certificate of the Borrower that such payment was made, setting forth the amount and date of such payment. Such certificate shall be accompanied by a certificate prepared or approved by independent certified public accountants or by some other person, satisfactory to the Bondholder, experienced in the event of amounts to be rebated under Section 148(f) of the Code, setting forth the Rebate Amount and Rebate Amount Payable for such Computation Date and the computation thereof.

(iii) Any payment to the United States under this subsection shall be made in accordance with regulations under Section 148(f) of the Code, shall be made to such address as may be specified in such regulations or otherwise specified by the United States Treasury Department, and shall be accompanied by such forms, statements or other items as may be specified in such regulations or otherwise specified by the United States Treasury Department.

(iv) If the regulations under Section 148(f) of the Code as in effect at the date of issue of the Bond should hereafter be modified or replaced, the Borrower shall pay to the United States in a timely manner all amounts to be rebated pursuant to Section 148(f) of the Code in accordance with the regulations in effect from time to time and otherwise comply with such regulations in such manner as may be necessary to prevent the Bond from being an arbitrage Bond (to the extent such regulations are applicable to the Bond). For any such payment to the United States, the Borrower shall immediately furnish to the Bondholder the certificates provided for in paragraph (ii).

(v) For a period of six years following the final Computation Date or such longer period as may be specified in regulations under Section 148(f) of the Code, the Borrower, on behalf of the Authority, shall maintain (A) an executed counterpart of each election made by the Authority for amounts to be rebated to the United States under Section 148(f) of the Code for the Bond and (B) records of all elections made for such amounts.

(vi) The provisions of this subsection shall survive the Payment of the Bond.

(vii) The provisions of paragraphs (ii) through (v), inclusive, shall be inapplicable (A) for any portion (including all) of the Bond which is not subject to the requirements of Section 148(f)(2) of the Code by reason of subparagraph (A), (B) or (C) of Section 148(f)(4) of the Code or Treasury Regulations Section 1.148-7, and (B) at any time as of and prior to which no nonpurpose investments (as defined in Section 148(f)(6) of the Code) shall have been acquired with gross proceeds (as defined in Section 148(f)(6) of the Code) of the Bond.

(c) The Borrower shall not permit any payment out of the proceeds of the Bond if, as a result of such payment the average maturity of the Bond would exceed 120% of the average reasonably expected economic life of the facilities financed or refinanced from the Net Proceeds of the Bond, as determined in accordance with Section 147(b) of the Code.

(d) No proceeds of the Bond shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No proceeds of the Bond shall be used directly or indirectly to provide residential rental property for family units unless the first use of such property is pursuant to the financing provided by the Bond, within the meaning of Section 145(d) of the Code. If the first use of any portion of such property is pursuant to taxable financing (as defined in Section 145(d)(3)(C) of the Code), (i) the Borrower represents that (A) there was a reasonable expectation (at the time such taxable financing was provided) that such taxable financing would be replaced by the financing provided by the Bond, and (B) the Bond is being issued to replace such taxable financing within a reasonable period after such taxable financing was provided, and (ii) the first use of such portion shall be deemed to be pursuant to the

financing provided by the Bond if the Borrower shall cause the proceeds from the sale of the Bond to be used to replace such taxable financing on, or as soon as practicable after, the Closing Date.

(e) No portion of the Project shall be leased to the United States or any agency or instrumentality thereof, nor shall the Borrower take, or permit any lessee or user of the Project to take, any action that would cause the Bond to be deemed to be federally guaranteed (as defined in Section 149(b)(2) of the Code).

(f) The Borrower shall (i) take all such actions as may be necessary to cause the Borrower to continue to be a 501(c)(3) Organization which is not a private foundation (within the meaning of Section 509(a) of the Code), and (ii) shall not take any action which might cause it to cease to be such a 501(c)(3) Organization. The Borrower shall file in a timely manner all reports and other documents which are required to be filed with any Governmental Authority (A) by such a 501(c)(3) Organization or (B) in order to remain such a 501(c)(3) Organization.

(g) The Borrower and the Authority (at the request and expense of the Borrower) shall file any reports or statements and take such other action as may be required from time to time to cause the Bond to be and remain qualified 501(c)(3) Bonds within the meaning of Section 145 of the Code.

(h) If the Borrower shall collect a Restricted Gift, the Borrower shall, as soon as practicable and no later than 13 months after its receipt of such Restricted Gift, apply such Restricted Gift to the payment of the cost of the Project or to pay debt service on or prepayment of the Bond. To the extent that a Restricted Gift cannot be so applied, the Borrower shall invest such Restricted Gift as provided in the Authority's "non-arbitrage" certificate given at the issuance of the Bond.

(i) The Borrower shall not permit any portion of the Project the acquisition, renovation or construction of which is financed or refinanced, in whole or in part, with the proceeds from the sale of the Bond to be used in a Trade or Business of any person which is not a 501(c)(3) Organization or in any Unrelated Trade or Business of the Borrower or any other person.

(j) Any provision of this section shall be of no further effect if and to the extent that such provision is, in the opinion of Bond Counsel, expressed in an opinion of such Bond Counsel, satisfactory to the Bondholder, delivered to the Bondholder and the Borrower, not necessary to cause the interest on the Bond to be excludable from gross income for federal income tax purposes.

Section 6.8 References to the Bond Ineffective after the Bond Paid. Upon Payment of the Bond, all references in this Agreement to the Bond shall be ineffective, and the Authority and the Bondholder shall thereafter have no rights hereunder, except as explicitly provided herein.

Section 6.9 Financial Records and Statements. (a) The Borrower shall maintain proper books of record and account, in which full and correct entries shall be made, in accordance with Generally Accepted Accounting Principles, and shall within 150 days after the end of each Fiscal Year furnish the Bondholder copies of the audited consolidated financial statements of the Borrower and the Foundations as of the end of such Fiscal Year. The audited consolidated financial statements shall include a balance sheet, a profit and loss statement, and a statement of cash flows

of the Borrower, the Foundations, and the Schools, on a consolidated basis. All financial statements referred to in the preceding sentence shall be accompanied by (i) an unqualified opinion, or other opinion satisfactory to the Bondholder, with respect thereto rendered by independent certified public accountants acceptable to the Bondholder and (ii) any management letter provided to the Borrower by such accountants. The Borrower shall furnish the Bondholder such additional unaudited financial statements of the Borrower as the Bondholder may reasonably request.

(b) The Borrower shall furnish to the Bondholder no later than 150 days after the end of each Fiscal Year, a certificate signed by an Authorized Representative in substantially the form of Exhibit D and containing calculations of compliance with the Net Assets Ratio covenant, a certification that no Event of Default has occurred in the applicable Fiscal Year and that no Event of Default currently exists and a certification of the enrollment statistics for each School.

(c) The Borrower shall furnish the Bondholder with the annual budgets for each School within 30 days after the end of the Fiscal Year of each School.

(d) The Borrower shall provide the Bondholder with such additional financial information and operating data as the Bondholder may reasonably request from time to time.

(e) The Borrower shall furnish to the Bondholder the revised budget report and interim financial report as provided to the Finance Committee of the Board of Trustees of the Borrower no later than December 31 of year Fiscal Year.

(f) Each year, the Borrower may request an extension of the 150-day period described in (a) and (b) above for one additional 30-day period by providing the Bondholder with written notice prior to the expiration of such 150-day period which states the reason for the extension and the expected date of delivery of the respective financial statements.

Section 6.10 Proof of Payment of Taxes and Other Charges. The Borrower shall upon request furnish the Authority or the Bondholder proof of payment of any taxes, governmental charges, utility charges, insurance premiums or other charges required to be paid by the Borrower under this Agreement.

Section 6.11 Inspection and Right of Access. The Bondholder, the Authority and their duly authorized agents shall have the right at all reasonable times and upon reasonable notice to enter upon and inspect any part of the Project and to examine, inspect and make copies of the books, records and accounts of the Borrower insofar as such books, records and accounts relate to the Project.

Section 6.12 Maintenance of Existence and Accreditation. The Borrower shall maintain its corporate existence and its qualification to do business in the Commonwealth of Virginia and comply with all fictitious name requirements associated with the conduct of business using the names of its Schools. The Borrower shall not dissolve or otherwise dispose of all or substantially all of its business and assets, or consolidate with or merge into another entity or permit one or more other entities to merge into it. The Borrower shall continue to operate private, nonprofit institutions of secondary education. The Borrower shall maintain accreditation of its

Schools; provided that a temporary lapse in accreditation caused by a failure of the applicable accrediting body to timely survey the Borrower or to timely process the results of such a survey shall not be deemed to be a violation of the requirement that the Borrower maintain such accreditations.

Section 6.13 Net Assets Ratio. (a) Except as provided subsection (b), the Borrower shall maintain its assets so that as of the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, the Borrower's Net Assets Ratio shall be equal to at least 1.00 to 1.00.

(b) (i) For as long as Section 6.18(a) applies, if a Ratings Event Outside the Borrower's Control occurs on or before the end of the second fiscal quarter of the Borrower, then as of the end of the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs, the Borrower shall maintain its assets so that as of the end of the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs and as of the end of each subsequent Fiscal Year for so long as the Ratings Event Outside the Borrower's Control has occurred and is continuing, the Borrower's Net Assets Ratio shall be equal to at least 1.05 to 1.00.

(ii) For as long as Section 6.18(a) applies, if a Ratings Event Outside the Borrower's Control occurs after the end of the second fiscal quarter of the Borrower, then as of the end of the first full Fiscal Year after the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs, the Borrower shall maintain its assets so that as of the end of the first full Fiscal Year after the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs and as of the end of each subsequent Fiscal Year for so long as the Ratings Event Outside the Borrower's Control has occurred and is continuing, the Borrower's Net Assets Ratio shall be equal to at least 1.05 to 1.00.

(c) (i) If Section 6.18(b) applies and if a Ratings Event occurs on or before the end of the second fiscal quarter of the Borrower, then as of the end of the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs, the Borrower shall maintain its assets so that as of the end of the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs and as of the end of each subsequent Fiscal Year for so long as the Ratings Event Outside the Borrower's Control has occurred and is continuing, the Borrower's Net Assets Ratio shall be equal to at least 1.05 to 1.00.

(ii) If Section 6.18(b) applies and if a Ratings Event occurs after the end of the second fiscal quarter of the Borrower, then as of the end of the first full Fiscal Year after the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs, the Borrower shall maintain its assets so that as of the end of the first full Fiscal Year after the Fiscal Year in which the Ratings Event Outside the Borrower's Control occurs and as of the end of each subsequent Fiscal Year for so long as the Ratings Event Outside the Borrower's Control has occurred and is continuing, the Borrower's Net Assets Ratio shall be equal to at least 1.05 to 1.00.

(d) The Borrower may maintain its assets without restriction so long as Net Assets are replenished to the required level by the next June 30. Failure of the Borrower to be in compliance with subsection (a) or subsection (b) (as applicable) on any June 30 shall not constitute an Event of Default under this Agreement if the Net Assets Ratio equals or exceeds the required ratio as of the 12-month period ending on September 30 of the same year as evidenced by

unaudited, external accountant-prepared financial statements satisfying the requirements of the first sentence of Section 6.9 hereof to be delivered to Bondholder no later than November 30 of the same year.

Section 6.14 Additional Long-Term Indebtedness. The Borrower may create, assume, incur or suffer to exist any Indebtedness, without regard to amount, provided that prior to the incurrence of any Long-Term Indebtedness, the Borrower delivers to the Bondholder a certificate of an Authorized Representative certifying that, as of the date of the incurrence of the proposed Long-Term Indebtedness, the ratio of the Borrower's unrestricted (including Board-designated) and temporarily restricted cash, cash equivalents and marketable investments (including its temporarily-restricted unencumbered net equity interest in the Foundations) to the outstanding principal amount of the Borrower's Long-Term Indebtedness, taking into account the proposed Long-Term Indebtedness, will not be less than 1.0 to 1.0.

Section 6.15 Negative Pledge and Limitation on Transfers of Property. The Borrower shall not without the written consent of the Bondholder (i) pledge, grant, assign, or undertake or not take any action, or permit such, that would result in the creation of a lien, other than Permitted Liens, on the property of the Borrower or the Borrower Foundations, except Excluded Property, or (ii) sell, assign, transfer, lease, encumber or otherwise dispose of, or permit such, any property of the Borrower or the Borrower Foundations, except Excluded Property, whether in a single transaction or series of transactions where such actions described in (i) and (ii) could reasonably be expected to have a Material Adverse Effect on the Borrower's operations or finances. The foregoing provisions however shall not prevent the Borrower or the Borrower Foundations from (x) transferring or selling assets to a Foundation or a faculty member of one of the Borrower's schools under a faculty housing program which has been approved by the respective school's board of governors, where the transferred property is subject to a right of reversion or right of first refusal for the benefit of the Borrower or such Foundation, or such other arrangement whereby the Borrower or the Foundation have the right to receive such property again, or permitting a Lien or mortgage to be created on such property which is subject to the legal rights of the Borrower or the Foundation; (y) transferring or selling assets to a limited liability company or other entity created by the Borrower for the purposes of improving its property and securing historic and other tax credits; and (z) for any Hedging Agreement in existence on the date hereof, the terms of which currently require the temporary posting of collateral to secure the Borrower's obligations thereunder, transferring, pledging or assigning its property and assets as may be required to honor funding obligations under any such Hedging Agreement.

Section 6.16 Cross-Default Covenant. The Borrower shall not fail to pay when due any principal of or interest on any of the other Indebtedness of the Borrower (including without limitation any other bonds or notes issued by the Authority for the benefit of the Borrower), having an outstanding principal amount greater than \$1,000,000 (exclusive of any debt owing to the Bondholder) which failure shall continue beyond the grace period, if any, applicable thereto, and, further, shall not allow a default to occur under any agreement or instrument evidencing or under which the Borrower has outstanding at the time any Indebtedness, having an outstanding principal amount greater than \$1,000,000 (exclusive of any debt owing to the Bondholder) and such default shall continue beyond the grace period, if any, applicable thereto: if the effect of such failure or default is to accelerate, or cause the sending of notice of acceleration of, the maturity of such indebtedness, or a portion thereof, except in any such case where:

- (a) any such payment or default is being disputed diligently by appropriate action in good faith on the basis of legal advice and no final court order has been made against the Borrower to make payment or such payment is not made when due by reason only of administrative error and, in either case, the Borrower demonstrates to the reasonable satisfaction of the Bondholder that it has sufficient funds to effect such payment at any time; or
- (b) such payment was not effected due to technical problems and the prospective recipient of such funds has taken no steps and waived its rights to demand or enforce payment thereof following receipt of the Borrower's explanation for the delay.

Any breach of this cross-default covenant set forth in this Section 6.16 shall constitute an Event of Default under Section 8.1 hereof.

Section 6.17 Amendment to Material Documents or Borrowing Policy.

(a) The Borrower will not amend, modify or waive any of its rights in a manner materially adverse to the Bondholder under its articles of incorporation, bylaws or other organizational documents.

(b) The Borrower will maintain a borrowing policy and a guaranty agreement from each of the Borrower Foundations for all Indebtedness benefiting the Schools supported by such Borrower Foundations. The Borrower may amend such borrowing policy and any such guaranty agreements at any time and from time to time, except that, without the prior written consent of the Bondholder, the Borrower shall not amend, waive or modify the borrowing policy or modify any such guaranty agreements in any way that would (i) alter the unconditional nature or inclusive scope of such guaranty agreement or (ii) cause the Borrower to be in default of its Net Assets Ratio set forth in Section 6.13 as of the end of the current Fiscal Year. In addition, the Borrower shall not agree to sell, assign or transfer any such guaranty agreement, or any portion thereof, including but not limited to any rights, title, interest, remedies, powers and duties thereunder without the express written consent of the Bondholder. The Borrower will promptly provide the Bondholder with copies of any amendments to such borrowing policy or any such Borrower Foundation guaranty agreement without regard to the need for Bondholder consent.

Section 6.18 Ratings. (a) Except as provided in Section 6.18(b), unless a Ratings Event Outside the Borrower's Control has occurred, the Borrower will maintain a public credit rating of not less than Baa3 from Moody's, or not less than any "investment grade" level rating from another national rating service. The Borrower shall give prompt notice to the Bondholder of any notice received from Moody's, or other national rating service providing a rating, that its private credit rating or any rating on its long-term unsecured unenhanced unsubordinated Indebtedness will be withdrawn, suspended or reduced. The Borrower shall use its best efforts to have Moody's provide an updated written affirmation of its credit rating within every 36 month period commencing on the date of issuance of the Bond. The Bondholder shall have the discretion to request that the Borrower engage Moody's or another national rating service to receive such rating or provide an updated written affirmation of its credit rating at any time, if at the sole discretion of the Bondholder a material deterioration has occurred in the financial performance of the Borrower.

All expenses or fees related to the actions described in this Section 6.19 shall be paid by the Borrower.

(b) The Borrower shall comply with the covenant in Section 6.18(a) for as long as the Borrower has provided another creditor the same covenant. If the Borrower provides the Bondholder with written evidence that the covenant in Section 6.18(a) no longer applies to the Borrower, the Borrower shall not be required to comply with the covenant in Section 6.18(a) and instead will comply with the covenant set forth below.

(i) Subject to subsection (ii) below and unless a Ratings Event has occurred, the Borrower will maintain a private or public credit rating or receive a rating on its long-term unsecured unenhanced unsubordinated Indebtedness of not less than Baa3 from Moody's, or not less than any "investment grade" level rating from another national rating service. The Borrower shall give prompt notice to the Bondholder of any notice received from Moody's, or other national rating service providing a rating, that its credit rating or any rating on its long-term unsecured unenhanced unsubordinated Indebtedness will be withdrawn, suspended or reduced. The Borrower shall use its best efforts to have Moody's provide an updated written affirmation of its credit rating within every 36-month period commencing on the date of issuance of the Bonds. The Bondholder shall have the discretion to request that the Borrower engage Moody's or another national rating service to receive such rating or provide an updated written affirmation of its credit rating at any time, if at the sole discretion of the Bondholder a material deterioration has occurred in the financial performance of the Borrower. All expenses or fees related to the actions described in this Section 6.18 shall be paid by the Borrower.

(ii) Notwithstanding subpart (i) above, the Borrower, in its sole discretion, may elect to stop maintaining a private credit rating, if the Borrower determines that maintaining a private credit rating is no longer in the best in interest of the Borrower, which determination shall be evidenced by a resolution of the Borrower's Board of Trustees, and the Borrower provides the Bondholder with at least six months prior written notice of its election.

Section 6.19 Other Information. The Borrower will provide the Bondholder other information respecting the business, properties or the condition or operations, financial or otherwise, of the Borrower, its schools, the Borrower Foundations or the Project as the Bondholder may from time to time reasonably request.

Section 6.20 Fiscal Year Changes. The Borrower shall not change its Fiscal Year without giving the Bondholder at least 60 days prior written notice.

Section 6.21 Reporting Requirements. So long as PNC Bank, National Association is the sole holder of the Bond, the Borrower shall provide the Bondholder with notice of the following events:

- (a) An Event of Default (or any circumstance which, with notice or the passage of time or both, would constitute an Event of Default).
- (b) Change in executive management of the Borrower.
- (c) Loss of accreditation or accreditation probation.

(d) Commencement of any investigation, action, suit, or proceeding by any arbitrator or Governmental Authority regarding compliance with, or a potential violation of, laws, rules, regulations and requirements that could reasonably be expected to have a material adverse impact on the assets, operations or financial conditions of the Borrower.

(e) Commencement of any suit or proceeding or any other event that could reasonably be expected to have a material adverse impact on the assets, operations or financial conditions of the Borrower.

(f) The occurrence of any Event of Default or any event or condition that with notice or lapse of time or both would constitute an Event of Default.

Section 6.22 Fundamental Changes. The Borrower shall not merge, dissolve, liquidate, consolidate with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person (referred to herein as a "Fundamental Change"); provided, however, the Borrower may merge, dissolve, liquidate, consolidate with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person if (i) after giving effect to any such merger, dissolution, liquidation, consolidation or sale no Default or Event of Default shall have occurred and (ii) after giving effect to such merger, dissolution, liquidation, consolidation or sale the Borrower would be in compliance with Section 6.13.

Section 6.23 No Loans. The Borrower shall not make any loans or other disposition of cash or cash equivalents to any Person in excess of \$1,000,000.

Section 6.24 No Amendments to Financing Instruments. The Borrower shall not enter into or consent to any amendment, supplement or modification to, or termination or waiver of, nor will accept the benefit of any waiver of, any provision of any of the Financing Instruments without the prior written consent of the Bondholder.

ARTICLE VII

DAMAGE, DESTRUCTION, CONDEMNATION AND LOSS OF TITLE

Section 7.1 Parties to Give Notice. In case of any material damage to or destruction of any part of the Project, the Borrower shall give prompt notice thereof to the Authority and the Bondholder. In case of a taking of any part of the Project or any right therein under the exercise of the power of eminent domain or any loss thereof because of failure of title thereto or the commencement of any proceedings or negotiations which might result in such a taking or loss, the Borrower shall give prompt notice to the Authority and the Bondholder. Each such notice shall describe generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 7.2 Damage, Destruction, Condemnation and Loss of Title. (a) If before Payment of the Bond any part of the Project is damaged or destroyed by fire, hurricane, flood, earthquake or other casualty, condemned or lost because of failure of title, the Borrower shall cause the Insurance Proceeds received by it on account of any expense reimbursement event associated with such damage, destruction or condemnation to be applied (i) to the prepayment of the Bond

and/or (ii) to payment of the cost of the replacement, repair, rebuilding or restoration, either on completion thereof or as the work progresses, of the component of the Project subject to such loss to substantially the same condition as prior to such damage, destruction, condemnation or loss of title, with such alterations and additions as the Borrower may determine and as will not impair the capacity or character of the educational facility for the purpose for which it was being used or intended to be used, or (iii) with the approval of the Bondholder, any remaining Insurance Proceeds may be applied to the construction, renovation and equipping of a new facility comparable in capacity and purposes to the impacted educational facility on a site chosen by the Borrower and approved by the Bondholder. In the event of any such damage, destruction or loss of title, the Bondholder may (but shall be under no obligation to) make proof of loss to any insurance company if not promptly made by the Borrower.

(b) The Bondholder may require, as conditions to application of such Insurance Proceeds to the replacement, repair, rebuilding or restoration, that (a) the Borrower shall supply to the Bondholder a certificate from an architect or engineer selected by the Borrower and acceptable to the Bondholder stating the estimated cost of such work and (b) such estimated cost shall not exceed the sum of such Insurance Proceeds and other funds provided or to be provided by the Borrower to the Bondholder for such purpose.

(c) The Insurance Proceeds and any funds provided by the Borrower shall be delivered to and held by the Bondholder in a special escrow account and disbursed from time to time as provided herein. The reasonable expenses or charges of such architect or engineer and the costs of replacement, repair, rebuilding or restoration of the impacted educational facility shall be paid out of the escrowed funds held by the Bondholder. The Bondholder may withhold from each amount disbursed 10% thereof until all of such work is completed and proof has been furnished to the Bondholder that no lien or liability has attached or will attach to the Project in connection with such work and that the Project is otherwise free and clear of security interests of every kind except any encumbrances permitted or otherwise approved by the Bondholder. The Bondholder may as a condition precedent to any disbursement require the Borrower to submit for approval by the Bondholder complete and detailed plans and specifications for such work, together with evidence that such work may be accomplished at a cost not greater than the escrowed funds available, or that the necessary funds are otherwise available to the Borrower.

(d) If Insurance Proceeds applied to replacement, repair, rebuilding or restoration shall not be sufficient to pay in full such cost, the Borrower shall pay or make arrangements reasonably satisfactory to the Bondholder to pay that portion of the cost in excess of such Insurance Proceeds. The Borrower will not by reason of the payment of such excess cost be entitled to any interest other than its interest under this Agreement or to any reimbursement from the Authority or the Bondholder or to any abatement or diminution of the payment required hereunder or under the Note.

(e) Any balance of such escrowed funds remaining after payment of the cost of replacement, repair, rebuilding or restoration shall be paid to the Bondholder as a prepayment of the Bond, provided that after Payment of the Bond all such escrowed funds shall be paid to the Borrower.

(f) The Authority and the Borrower hereby irrevocably assign, transfer and set over to the Bondholder all of their rights to any Insurance Proceeds from the taking of all or any part of the Project by the exercise of the power of eminent domain or the loss thereof because of failure of title. Nothing in this section shall be construed to limit the remedies of the Bondholder hereunder in the event that any damage or loss of title to or destruction or condemnation of the Project shall constitute an Event of Default hereunder.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Event of Default. Each of the following shall be an Event of Default:

(a) Failure of the Borrower to make any payment of principal of or interest on the Note when due and the continuation of such failure for five Business Days after the date when due.

(b) Failure on the part of the Borrower to perform or observe any term, covenant or agreement contained or referred to in Sections 6.3, 6.9, 6.13 or 6.18.

(c) Failure on the part of the Borrower to perform or observe any term, covenant or agreement contained or referred to in Sections 6.14 or 6.15 hereof and any such failure remains unremedied for 30 days after the earlier of its discovery by an Authorized Representative of the Borrower or written notice thereof is provided to an Authorized Representative of the Borrower by the Bondholder.

(d) Failure of the Borrower to observe or perform any of its other covenants, conditions or agreements hereunder for a period of 30 days after notice (unless the Borrower and the Bondholder shall agree in writing to an extension of such time prior to its expiration) specifying such failure and requesting that it be remedied, given by the Bondholder to the Borrower, or in the case of any such default that can be cured but cannot with due diligence be cured within such 30-day period, failure of the Borrower to proceed promptly to cure the same and thereafter prosecute the curing of the same with due diligence; provided, however, such cure period shall not exceed 60 days from the date of the Bondholder's notice.

(e) (i) Failure of the Borrower to pay generally its debts as they become due subject to the provisions of Section 6.16, (ii) commencement by the Borrower of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, (iii) consent by the Borrower to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Borrower or any substantial part of the property of the Borrower, or to the taking possession by any such official of any substantial part of the property of the Borrower, or (iv) making by the Borrower of any assignment for the benefit of creditors generally.

(f) The entry of any decree or order for (i) relief by a court having jurisdiction over the Borrower or the property of the Borrower in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or (ii) appointment of a receiver, liquidator, assignee,

trustee, custodian, sequestrator or similar official for the Borrower or any substantial part of the property of the Borrower.

(g) Failure of the Borrower within 90 days after the commencement of any proceeding against the Borrower under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law, to have such proceedings dismissed or stayed.

(h) Any warranty, representation or other statement by or on behalf of the Borrower or the Authority contained in any Financing Instrument or any financial statement or other information furnished in connection with the issuance or sale of the Bond was false or misleading in any material respect at the time it was made or delivered.

(i) Any breach of Section 6.16 of this Agreement, or any other event or condition shall occur which results in the acceleration of the maturity of any Indebtedness of the Borrower or results in the sending of notice, by the holder of such Indebtedness or any person acting on such holder's behalf, of acceleration of the maturity thereof.

Section 8.2 Remedies on Default. Upon the occurrence and continuation of an Event of Default, the Bondholder may:

(a) Declare all payments hereunder and under the Bond and the Note to be immediately due and payable, whereupon the same shall become immediately due and payable; provided that all such payments shall automatically be immediately due and payable, without the necessity of any action by the Bondholder, upon the occurrence of an Event of Default described in subsection (c), (d) or (e) of Section 8.1.

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or under the Bond or the Note or to enforce observance or performance of any covenant, condition or agreement of the Borrower under the Financing Instruments.

Any balance of the moneys collected under action taken under this section remaining after payment of all costs and expenses of collection and amounts due hereunder shall be paid to the Bondholder and applied toward the making of Required Payments then due and payable, provided that after Payment of the Bond and payment of all other sums required by applicable law any such balance shall be paid to the Borrower.

Section 8.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, and any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 8.4 Counsel Fees and Other Expenses. The Borrower shall on demand pay to the Authority and the Bondholder the reasonable counsel fees and other reasonable expenses incurred by either of them in the collection of payments hereunder or the enforcement of any other obligation of the Borrower hereunder or actions undertaken at the request of, or for the benefit of,

the Borrower. Further, the Borrower's obligation to pay the expenses of the Authority, the Bondholder, or any other expenses because of the occurrence of an Event of Default shall survive Payment of the Bond.

Section 8.5 No Additional Waiver Implied by One Waiver. If any party or its assignee waives a default by any other party under any covenant, condition or agreement herein, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX PREPAYMENT

Section 9.1 Option to Prepay. The Bond may be prepaid at the option of the Authority (at the direction of the Borrower) according to its terms. Whenever the Borrower shall direct the Authority to make a prepayment of the Bond, the Borrower shall prepay its obligations under this Agreement and the Note by making such prepayment of such Bond for the account of the Authority. Prepayment of the Bond shall be deemed prepayment of the Borrower's obligations hereunder and under the Note in the same amount. Prepayment of the Bond in full shall discharge the Borrower from its obligations under this Agreement and the Note (other than obligations which survive Payment of the Bond), but only if such prepayment shall constitute Payment of the Bond. Notwithstanding any suggestion herein to the contrary, any prepayment of all or a portion of the Bond shall be subject to the Option to Prepay provisions set forth in the Bond. Any partial principal prepayments may be applied to the next upcoming annual principal payment as set forth in Schedule I to the Bond upon a written request from the Borrower. If the partial prepayments made during the year are less than the next regularly scheduled annual payment, the difference will be due on the annual payment date. If the partial prepayments made during the year are greater than the next regularly scheduled annual payment, then no payment will be due on the next regularly scheduled annual payment date. Any excess principal remaining will be applied towards the principal payments, as set forth in Schedule I to the Bond, in the order determined by the Borrower.

Section 9.2 Mandatory Prepayment. If at any time the Bond is required to be prepaid in whole or in part at the option of the Bondholder or under this Agreement, the Borrower shall prepay the Bond and the Note, and its obligations hereunder, in the same manner as though it had elected to make such prepayment under Section 9.1, subject to the Option to Prepay provisions set forth in the Bond. If Bond Counsel shall determine that the face amount of the Bond is such that the Bond may be deemed to be an "arbitrage bond" within the meaning of Section 148 of the Code, the Borrower shall prepay the Bond and the Note in such amount as Bond Counsel shall deem necessary to avoid the Bond being deemed to be an "arbitrage bond." Such prepayment shall be made in the same manner as though the Borrower had elected to make such prepayment under Section 9.1. Any prepayment provided for in this section shall not be subject to the requirements that prepayments be made in multiples of \$5,000 and that advance notice be given.

**ARTICLE X
MISCELLANEOUS**

Section 10.1 Term of Agreement. This Agreement shall be effective upon execution and delivery hereof. Subject to earlier satisfaction upon prepayment of all of the Borrower's obligations hereunder under Article IX and the making in full of all other Required Payments due and payable at the date of such prepayment and subject to any provisions hereof which survive Payment of the Bond, the Borrower's obligations hereunder shall expire on the date provided in the Bond for the final payment of principal thereon, or if all Required Payments have not been made on such date, when all Required Payments shall have been made.

Section 10.2 Successors and Assigns. (a) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. No assignment by the Borrower shall relieve the Borrower of its obligations hereunder.

(b) Without limiting the foregoing, the Bondholder shall not transfer all or any portion of the Bond to any Person except to (i) a Person Controlled by the Bondholder, (ii) a trust or other custodial arrangement established by the Bondholder or a Person Controlled by the Bondholder of the Bondholder, the owners of any beneficial interest in which are limited to Qualified Buyers or (iii) one or more Qualified Buyers. The Bondholder shall provide the Borrower with prior written notice no later than 15 days prior to any transfer. From and after the date of such sale or transfer, unless all of the Bond is transferred, PNC Bank, National Association shall be treated as the Bondholder of the Bond, as if no such transfer or sale had occurred; provided, however, that (A) no such sale or transfer shall in any way affect the obligations of the Bondholder under this Agreement, (B) the Borrower shall be required to deal only with PNC Bank, National Association for any matters under this Agreement and (C) only PNC Bank, National Association shall be entitled to enforce the provisions of this Agreement.

(c) The Bondholder shall not grant participations in all or a portion of the Bond or this Agreement except to one or more other banking institutions and (i) no such participation by any such participant shall in any way affect the obligations of the Bondholder hereunder and (ii) the Borrower shall be required to deal only with the Bondholder, for any matters under this Agreement and the Bond and no such participant shall be entitled to enforce any provision hereunder against the Borrower. No participant shall be entitled to receive any greater payment under this Agreement or the Bond than the Bondholder would have been entitled to receive for the participation sold to such participant. The Bondholder shall provide the Borrower with prior written notice no later than 15 days prior to any participation.

Section 10.3 Limitation of Authority's Liability. No covenant, agreement or obligation contained in any Financing Instrument shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Authority in his or her individual capacity, and neither the directors of the Authority nor any officer thereof executing any Financing Instrument shall be liable personally on such Financing Instrument or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, agent or attorney of the Authority shall incur any personal liability for any other action taken by him under the Financing Instruments or the Act or any of the transactions contemplated thereby, provided he acts in good faith.

The obligations of the Authority under the Financing Instruments to which it is a party are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the repayment of the loan of the proceeds of the Bond made to the Borrower under this Agreement, which revenues and receipts have been pledged and assigned to such purposes. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority, shall be obligated to pay the obligations under the Financing Instruments to which the Authority is a party or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Authority, is pledged to the payment of such obligations.

Section 10.4 Reports. In order that the Authority may comply with the provisions of the Virginia Code regarding the filing of annual reports with the Secretary of the Commonwealth of Virginia, the Bondholder shall furnish to the Authority no later than April 1 of each year a statement setting forth (a) the outstanding principal balance on the Bond as of the date of such statement, and (b) whether payments due under the Bond are current. In order that the Authority may comply with the provisions of the Virginia Code requiring an annual audit of the Authority's records, the Bondholder shall furnish to the Authority on request, at the expense of the Borrower, such additional information for the Bond as the Authority or its auditors may reasonably request.

Section 10.5 Severability. If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 10.6 Applicable Law; Entire Understanding. This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. The Financing Instruments express the entire understanding and all agreements between the parties and may not be modified except in a writing signed by the parties. No Financing Instrument may be modified before Payment of the Bond without the consent of the Bondholder and the Borrower. The Bondholder and the Borrower may, without the consent of the Authority, amend any of the provisions of Article VI, other than those contained in Sections 6.4, 6.5, 6.6, 6.9, 6.11 and 6.12.

Section 10.7 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

Section 10.8 Notices. Except as may otherwise be provided herein, all demands, notices, approvals, consents, requests and other communications hereunder and under the other Financing Instruments shall be in writing and shall be delivered or given by personal delivery, first class mail, postage prepaid, or overnight courier addressed as follows:

(a) If to the Borrower, at:

Episcopal Church Schools in
the Diocese of Virginia
8727 River Road
Richmond, Virginia 23229
Attn: President

(b) If to the Authority, at:

Virginia Small Business Financing Authority
101 N. 14th Street, 11th Floor
Richmond, Virginia 23219
Attn: Executive Director

(c) If to the Bondholder, at:

PNC Bank, National Association

Attn: _____

All such demands, notices, approvals, consents, requests and other communications shall be deemed to have been given on (i) the date received if personally delivered, (ii) two Business Days after deposited in the mail if delivered by mail, or (iii) the date sent if sent by overnight courier. The Borrower, the Authority and the Bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests and other communications shall be sent or persons to whose attention the same shall be directed.

Section 10.9 Other Agreements. To the extent that the execution and delivery of any Financing Instrument by the Borrower, or the performance of its obligations thereunder, would constitute a violation of or default under any other agreement to which the Bondholder and the Borrower are parties, such other agreement is hereby amended to permit such execution and delivery or such performance, as the case may be, and any default under such agreement resulting from such execution and delivery or such performance is hereby waived.

Section 10.10 No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereunder (including in connection with any amendment, waiver or other modification hereof or of any other Financing Instruments), the Borrower and the Authority each acknowledge and agree, that: (a) (i) each of the Borrower and the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (ii) the Borrower and the Authority are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby and by the other Financing Instruments, (iii) the Bondholder is not acting as a municipal advisor or financial advisor to the Borrower or the Authority and (iv) the Bondholder has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act to the Borrower or the Authority for the transactions contemplated hereby and the discussions, undertaking and procedures leading thereto (irrespective of whether the Bondholder has provided other services or is currently providing other services to the Borrower or Authority on other matters); (b) (i) the Bondholder is and has been acting solely as a principal in an arm's length commercial financing arrangement and has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Borrower or Authority, or any other Person and (ii) the Bondholder has no obligation to the Borrower or Authority, for the transactions contemplated hereby except those obligations expressly set forth herein and in the other Financing Instruments; (c) notwithstanding anything herein to the contrary, it is the intention of the Borrower, the

Authority and the Bondholder that the Financing Instruments represent a commercial loan transaction not involving the issuance and sale of a municipal security, and that any bond, note or other debt instrument that may be delivered to the Bondholder is delivered solely to evidence the repayment obligations of the Borrower and the Authority under the Financing Instruments; and (d) the Bondholder may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and Authority, and the Bondholder has no obligation to disclose any of such interests to the Borrower or Authority. To the fullest extent permitted by law, the Borrower and Authority hereby waive and release any claims that either may have against the Bondholder for any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby. If the Borrower or Authority would like a municipal advisor in this transaction that has legal fiduciary duties to the Borrower or Authority, the Borrower or Authority are free to engage a municipal advisor to serve in that capacity. The Financing Instruments are entered into under and in reliance upon the bank exemption and/or the institutional buyer exemption provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq., to the extent that such rules apply to the transactions contemplated hereunder.

Section 10.11 Freedom Act Notice. The Bondholder hereby gives the Borrower notice that under the requirements of the Freedom Act, the Bondholder is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Bondholder to identify the Borrower in accordance with the Freedom Act.

Section 10.12 Standard of Conduct, Liability of Bondholder.

(a) Except as otherwise expressly provided herein, nothing contained in this Agreement or any other Financing Instrument shall limit the right of the Bondholder to exercise its business judgment or to act, in the context of the granting or withholding of any consent under this Agreement or any other Financing Instrument, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Bondholder's exercise of its business judgment or action is made or undertaken in good faith. The Borrower and the Bondholder intend by the foregoing to set forth and affirm their entire understanding for the standard under which the Bondholder's duties and obligations are to be judged and the parameters within which the Bondholder's discretion may be exercised hereunder and under the other Financing Instruments except where another standard is expressly set forth. As used herein, "good faith" means honesty in fact in the conduct and transaction concerned.

(b) The Borrower hereby unconditionally and irrevocably releases and discharges the Bondholder and its officers, directors, employees and agents from any liability or responsibility for any of the following: (i) any use that may be made of the Bond proceeds or for any acts or omissions of the Authority, or any other Person in connection with the Note, the Bond or the use of its proceeds; (ii) any of the acts, omissions, agreements, circumstances or conditions covered by the indemnification provided in Section 6.6 hereof; and (iii) any other circumstances whatsoever in connection with the exercise by the Bondholder of any of its rights under this Agreement or any of the other Financing Instruments; provided that, the Borrower shall have a claim against the Bondholder, and the Bondholder shall be liable to the Borrower, to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any

consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Borrower and not required to be mitigated by the Borrower under applicable law, which direct, actual damages are determined by a final and nonappealable judgment of a court of competent jurisdiction to have been directly caused by the Bondholder's fraud, willful misconduct or gross negligence in connection with the administration of this Agreement.

Section 10.13 Consent to Jurisdiction; Waiver of Jury Trial.

(a) EACH OF THE AUTHORITY, THE BONDHOLDER AND THE BORROWER HEREBY IRREVOCABLY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF VIRGINIA OR THE UNITED STATES DISTRICT COURT FOR THE COMMONWEALTH OF VIRGINIA IN ANY AND ALL ACTION AND PROCEEDINGS WHETHER ARISING HEREUNDER OR UNDER ANY OTHER FINANCING INSTRUMENT. THE BORROWER WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. THE BORROWER IRREVOCABLY AGREES TO SERVICE OF PROCESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED TO THE ADDRESS FOR THE BORROWER SET FORTH HEREIN.

(b) EACH OF THE BONDHOLDER AND THE BORROWER HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION, PROCEEDING OR COUNTERCLAIM ARISING WITH RESPECT TO RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO OR UNDER THE BOND DOCUMENTS OR WITH RESPECT TO ANY CLAIMS ARISING OUT OF ANY DISCUSSIONS, NEGOTIATIONS OR COMMUNICATIONS INVOLVING OR RELATED TO ANY PROPOSED RENEWAL, EXTENSION, AMENDMENT, MODIFICATION, RESTRUCTURE, FORBEARANCE, WORKOUT, OR ENFORCEMENT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THE OTHER FINANCING INSTRUMENTS.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Authority, the Bondholder and the Borrower have caused this Agreement to be executed in their respective names, all as of the date first above written.

**VIRGINIA SMALL BUSINESS FINANCING
AUTHORITY**

By: _____
Name: John M. Hopper
Title: Chair

**PNC BANK, NATIONAL ASSOCIATION, as
Bondholder**

By: _____
Name: _____
Title: _____

**CHURCH SCHOOLS IN THE DIOCESE OF
VIRGINIA**

By: _____
Name: Jack H. Broadway Jr.
Title: Vice President and Treasurer

FORM OF SERIES 2021A BOND

R-1

\$ _____
May 13, 2021

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

**Educational Facilities Revenue and Refunding Bond
(Church Schools in the Diocese of Virginia), Series 2021A**

The Virginia Small Business Financing Authority, a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received, hereby promises to pay, solely from the sources and as hereinafter provided, to the order of PNC Bank, National Association (together with any successor registered holder of this Bond, the "Bondholder"), at its office in _____, _____, or at such other place as the holder of this Bond may in writing designate, in lawful money of the United States of America, the principal amount of \$ _____, together with interest on the outstanding and unpaid principal amount at the Interest Rate (as defined below) and as described in the Agreement (as defined below), with such Interest Rate payable commencing on _____ 1, 2021, and on the first day of each month thereafter. This Bond is issued under a Bond Purchase and Loan Agreement dated as of May 1, 2021 (as altered, amended, modified or supplemented from time to time, the "Agreement") between the Authority, the Bondholder and Church Schools in the Diocese of Virginia, a Virginia nonstock corporation (the "Borrower").

Reference is made to the Agreement for terms and conditions related to this Bond, including definitions of all undefined capitalized terms used herein.

The principal balance of this Bond shall be equal to the amount advanced by the Bondholder to the Borrower, less the aggregate amount of the payments and any prepayments of principal which may have been made on this Bond. No notation is required to be made on this Bond of the payment or prepayment of principal. HENCE, FOLLOWING THE ISSUANCE DATE HEREOF, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

Accrued interest on this Bond shall be paid monthly in arrears commencing _____ 1, 2021, and shall continue on the first day of each calendar month thereafter until the entire unpaid principal balance of this Bond is paid. The principal amount of this Bond shall be payable annually as set forth in Schedule I attached hereto. Any remaining unpaid principal balance of the Bond and all accrued unpaid interest shall be due and payable on _____ 1, 20____. If any payment

hereunder shall be due on a date which is not a Business Day, such payment shall be made on the next succeeding Business Day.

Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Yield Protection Provisions:

(a) If, on or after the date of issuance of the Bond, there occurs any Change in Law which:

(i) subjects the Bondholder or the parent or holding company, if any, of any of the foregoing to any Taxes (other than Excluded Taxes), or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to the Bondholder hereunder or with respect to the Bond, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bondholder, or

(iii) imposes any other condition the result of which is to increase the cost to the Bondholder or the parent or holding company, if any, of any of the foregoing, with respect to the Agreement, the Bond or its making, maintenance or funding of the Bond or any security therefor, or reduces any amount receivable by the Bondholder with respect to the Agreement, the Bond, or the making, maintenance or funding of any loan, or requires the Bondholder to make any payment calculated by reference to any amount received with respect to the Agreement, the Bond, or the making, maintenance or funding of any loan, by an amount deemed material by the Bondholder as the case may be, and the result of any of the foregoing is to increase the cost to such Bondholder or the parent or holding company, if any, with respect to the Agreement, the Bond, or the making, maintenance or funding of the purchase of the Bond or of participating the same or to reduce the amount received by the Bondholder, as the case may be, in connection with the same, then, within 30 days of demand by the Bondholder, as the case may be, the Borrower shall pay the Bondholder such additional amount or amounts as will compensate the Bondholder or the parent or holding company, if any, of any of the foregoing, for such increased cost or reduction in amount received.

(b) If the Bondholder determines the amount of capital or liquidity required or expected to be maintained by the Bondholder or any parent, holding company or entity controlling the Bondholder is increased as a result of (i) a Change in Law or (ii) any change on or after the date of issuance of the Bond in the Risk-Based Capital Guidelines, then, within 30 days of demand by the Bondholder, the Borrower shall, to the extent permitted by law, pay the Bondholder the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity that the Bondholder determines is attributable to the Agreement or the Bond, as the case may be, hereunder (after taking into account the Bondholder's policies as to capital adequacy and liquidity).

(c) In connection with any costs imposed upon the Borrower by Bondholder, or any parent, holding company or entity controlling any of the foregoing, pursuant to this Section, the Bondholder shall (i) promptly notify the Borrower of such costs and (ii) provide the Borrower with

a certificate as to such increased cost, increased capital, increased liquidity or reduction in return incurred by Bondholder as a result of any event mentioned in paragraph (a) or (b) of this Section setting forth, in reasonable detail, the basis for such calculation and the amount of such calculation submitted by Bondholder to the Borrower, which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bondholder may make such reasonable estimates, assumptions, allocations and the like that the Bondholder in good faith determines to be appropriate.

(d) Failure or delay on the part of any Bondholder to demand compensation under these Yield Protection Provisions shall not constitute a waiver of such Bondholders right to demand such compensation; provided however, the requirement that the Borrower pay the Bondholder under Sections (a), (b) or (c) shall only apply prospectively and shall be subject to the following limitations: (i) payment of additional amounts shall begin no sooner than 30 days after notice from the Bondholder to Borrower, (ii) payment of additional amounts shall be calculated prospectively only, beginning as of the effective date of the change described above, and (iii) the Bondholder is applying requirements similar to those in the applicable Section to other similarly situated customers of the Bondholder. For purposes of this section, "similarly situated customers of the Bondholder" means not for profit customers who have gross revenues of \$100,000,000 or greater.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of the Agreement and the Payment of the Bond and the obligations of the Borrower thereunder and hereunder.

(f) In the event a Determination of Taxability occurs, to the extent not payable to the Bondholder under the terms of the Agreement and the Bond, the Borrower hereby agrees to pay to the Bondholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bondholder on the Bond during the period for which interest on the Bond is included in the gross income of the Bondholder if the Bond had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (B) the amount of interest actually paid to the Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by the Bondholder as a result of interest on the Bond becoming included in the gross income of the Bondholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Bondholder in connection therewith.

(g) Subject to the provisions of paragraph (h) below, the Bondholder shall afford the Borrower at the Borrower's sole cost and expense, to contest (i) the validity of any amendment to the Code that causes the interest on the Bond to be included in the gross income of the Bondholder or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Bond, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); provided that, in no event shall a Bondholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person other than the portions evidencing the taxes paid on the interest on the Bond and any interest, penalties or charges owed by the Bondholder as a result of interest on the Bond becoming included in the gross income of the Bondholder.

(h) As a condition precedent to the exercise by the Borrower of its right to contest set forth in paragraph (g) above, the Borrower shall, on demand, immediately reimburse the Bondholder for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Bondholder in its sole discretion) that may be incurred by the Bondholder in connection with any such contest, and shall, on demand, immediately reimburse the Bondholder for any payments, including any taxes, interest, penalties or other charges payable by the Bondholder for failure to include such interest on the Bond in its gross income.

(i) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of the Agreement and the Payment of the Bond and the obligations of the Borrower thereunder and hereunder.

(j) The Borrower shall not be required to compensate the Bondholder under Section (f) or Section (h) for any costs or losses incurred more than six months prior to the date that the Bondholder notifies the Borrower of the Change in Law giving rise to such costs or losses and of the Bondholder's intention to claim compensation under either of those Sections; provided, however, that if the change giving rise to such increased costs or reductions is retroactive, or constitutes an Event of Taxability, then such six-month period shall be extended to include the period of such retroactive effect.

(k) If the amount of interest payable for any period in accordance with the terms hereof or the Bond exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate. Any interest that would have been due and payable for any period but for the operation of the immediately preceding sentence shall accrue and be payable as provided in this sentence and shall, less interest actually paid to each Bondholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount. Notwithstanding the foregoing, on the date on which no principal amount with respect to the Bond remains unpaid, the Borrower shall pay to each Bondholder a fee equal to any accrued and unpaid Excess Interest Amount.

Option to Prepay

The Borrower shall have the option to prepay in a calendar year no more than fifteen percent (15%) of the outstanding principal amount of this Bond as of January 1 of that year at a price equal to the principal amount being prepaid plus interest accrued to the date of prepayment plus the Prepayment Fee.

Definitions

"Change in Law" means the adoption of or change after the date of the Agreement in any Law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any Governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives; provided, however, in respect of any Law (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by the Bondholder with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Default Rate" means the greatest of (i) the Prime Rate plus 300 basis points, (ii) the Overnight Bank Funding Rate plus 350 basis points and (iii) 7.0%.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Borrower files any statement, supplemental statement or other tax schedule, return or document that discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Authority or the Borrower shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Borrower, or upon any review or audit of the Borrower or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iii) on the date when the Borrower shall receive notice from a Bondholder or any former Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on this Bond due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Borrower has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from a Bondholder or any former Bondholder, the Authority shall promptly reimburse, but solely from payments made by the Borrower, such Bondholder or former Bondholder for any payments,

including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

"Event of Taxability" means a (i) Change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Borrower, or the failure to take any action by the Borrower, or the making by the Borrower of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond) that has the effect of causing interest paid or payable on this Bond to become includable, in whole or in part, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural Law, in either case, that has the effect of causing interest paid or payable on this Bond to become includable, in whole or in part, in the gross income of such Bondholder or such former Bondholder for federal income tax purposes with respect to this Bond.

"Excluded Taxes" means, with respect to a Bondholder, Taxes imposed on or measured by its overall net income (however denominated), franchise Taxes and branch profit Taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which it is incorporated or is organized or in which its principal executive office is located.

"Interest Rate" means a per annum rate, equal to (a) _____%, prior to the occurrence of an Event of Taxability, and after an Event of Taxability means the Taxable Rate. Notwithstanding the foregoing, however, after and during the continuance of an Event of Default, "Interest Rate" means the Default Rate.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York ("NYFRB"), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bondholder for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bondholder at such time (which determination shall be

conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

"Prepayment Fee" means [reserved for definition].

"Prime Rate" means the rate of interest most recently published by The Wall Street Journal as the "Prime Rate" in the United States; provided, that if such rate is no longer published, such rate shall be the rate publicly announced by the Bondholder from time to time as its prime rate. The Prime Rate is determined from time to time by the Bondholder as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bondholder to any particular class or category of customers. If the Prime Rate as determined above would be less than zero, then such rate shall be deemed to be zero.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules and, in each case, any amendments to such regulations.

"Taxable Date" means the date on which interest on this Bond is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

"Taxable Rate" means, for each day, a rate of interest per annum equal to the product of (i) the interest rate on this Bond for such day and (ii) the applicable Taxable Rate Factor.

"Taxable Rate Factor" means 1.54.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

This Bond and the interest hereon are limited obligations of the Authority payable solely from the revenues and moneys derived by the Authority from the repayment of the loan by the Authority to the Borrower of the proceeds from the sale of this Bond pursuant to the Agreement, which revenues and moneys have been pledged and assigned to secure payment hereof. THIS BOND AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND MONEYS PLEDGED THEREFORE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY, IS PLEDGED TO THE

PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Authority in his or her individual capacity, and neither directors of the Authority nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond is authorized and issued pursuant to the Virginia Small Business Financing Authority Act (Va. Code §§ 2.2-2279 *et seq.*, as amended and in effect from time to time) for the purpose of financing the Plan of Finance. Further reference is hereby made to the Agreement for a description of the provisions, among others, for the nature and extent of the security for this Bond, additional amounts payable thereunder the rights, duties and obligations of the Authority, certain defined terms and the rights of the holder of this Bond with respect thereto.

Upon default in the payment when due of any installment of principal of or interest (including supplemental interest) on this Bond, the corresponding Note or amounts payable by the Borrower in accordance with the Agreement, and the continuation of such default, or upon the occurrence and continuation of an Event of Default under the Agreement, the holder of this Bond may at its option declare the entire principal balance and all accrued interest hereon to be due and payable immediately.

Ownership of this Bond may be transferred only by surrender hereof to the Authority and the issuance of this Bond or a replacement therefore to the transferee by the Authority. The Authority shall not be required to effect any such transfer unless properly indemnified for its expenses related to such transfer (including reasonable attorneys' fees) by the prospective transferee.

All acts, conditions and things required to happen, exist or to be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

[Signature Page Follows]

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by its Chair and its seal to be affixed hereon and attested by its Secretary as of the day and year above first written.

**VIRGINIA SMALL BUSINESS FINANCING
AUTHORITY**

By: _____
John M. Hopper, Chair

[SEAL]

ATTEST:

By: _____
Howard F. Pisons, Secretary

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, endorses without recourse and transfers unto _____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFEREE

the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Bond on the books kept for registration hereof, with full power of
substitution in the premises.

Dated: _____ By: _____

NOTICE: the signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

IN THE PRESENCE OF:

NOTICE: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Paying Agent, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date.

Schedule I

Principal Payments

Payment Date
1

Amount

\$

FORM OF PROMISSORY NOTE

CHURCH SCHOOLS IN THE DIOCESE OF VIRGINIA

\$ _____, 2021

Church Schools in the Diocese of Virginia, a Virginia nonstock corporation (the "Borrower"), for value received, hereby promises to pay the Virginia Small Business Financing Authority (the "Authority"), or assigns, at the office of PNC Bank, National Association (the "Bondholder") in _____, _____, or at such other place as the holder of this Note may direct in writing, in lawful money of the United States of America, the principal sum of \$ _____, together with interest hereon from the date hereof until payment hereof.

Payments of principal hereof and interest hereon and the rate or rates of interest hereon shall be identical to payments and rates for the Authority's Educational Facilities Revenue and Refunding Bond (Church Schools in the Diocese of Virginia), Series 2021A , in a principal amount equal to the principal amount hereof (as altered, amended, modified or supplemented from time to time, the "Bond"), dated the date hereof. The Bond is issued under a Bond Purchase and Loan Agreement dated as of May 1, 2021 (as altered, amended, modified or supplemented from time to time, the "Agreement") among the Authority, the Borrower and the Bondholder.

Payments of principal hereof shall be payable at the same time as payments of principal of the Bond are due to be paid to the holder of the Bond and shall be identical in amount to such payments of principal of the Bond due to be so paid. Payments of interest hereon shall be payable at the same time as payments of interest on the Bond are due to be paid to the holder of the Bond and shall be identical in amount to such payments of interest on the Bond due to be so paid.

It is understood that the Authority, by execution of the assignment form at the foot of this Note, is assigning this Note to the Bondholder as security for the Bond. Payments regarding the principal of and interest on this Note shall be made directly to the holder of the Bond for the account of the Authority under the assignment hereof, to be applied only to the payment of the principal of and interest on the Bond.

The Borrower may prepay this Note in whole or in part upon the terms and conditions and in the manner provided in the Agreement and the Bond, if it shall have directed the Authority to exercise its option to effect a corresponding prepayment of the Bond, **provided however**, that this Note shall not be deemed to be paid in full until the Bond has been paid in full.

In addition to the payments of principal and interest specified above, the Borrower shall also pay such additional amounts, if any, which, together with any other moneys available therefor, may be necessary to provide for payment when due of principal of (whether at maturity, by acceleration or prepayment or otherwise) and premium, if any, interest and all other amounts due and payable regarding the Bond under the Agreement.

This Note is issued under the Agreement to evidence a part of the Borrower's payment obligations in Section 5.1(a) thereof and is entitled to the benefits and subject to the conditions of the Agreement, including the provisions of Section 5.3 thereof that the Borrower's obligations thereunder and hereunder shall be unconditional. All of the terms, conditions and provisions of the Agreement are, by this reference thereto, incorporated herein as a part of this Note.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and interest on this Note may be declared immediately due and payable as provided in the Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

CHURCH SCHOOLS IN THE DIOCESE OF VIRGINIA

By: _____
Name: Jack H. Broadway Jr.
Title: Vice President and Treasurer

ASSIGNMENT

The Virginia Small Business Financing Authority (the "Authority") hereby irrevocably assigns the foregoing Note to PNC Bank, National Association (the "Bondholder") and hereby directs Church Schools in the Diocese of Virginia, as the maker of such Note, to make all payments regarding principal of and interest thereon and all other payments required thereby directly to the Bondholder at its principal office in _____, _____, or at such other place as the Bondholder may direct in writing. Such assignment is made without recourse in accordance with the provisions of the Agreement (as defined in the foregoing Note) and is made as security for the payment of the Authority's Educational Facilities Revenue and Refunding Bond (Church Schools in the Diocese of Virginia), Series 2021A, dated the date of the foregoing Note in an aggregate principal amount equal to the principal amount of such Note.

**VIRGINIA SMALL BUSINESS FINANCING
AUTHORITY**

By: _____
John M. Hopper, Chair

EXCLUDED PROPERTIES

1. Two homes near or adjacent to the Borrower's facilities in Staunton, Virginia, known as the Stuart Hall School, and located at 123 North Madison Street and 402 Osage Street.
2. An approximately 7-acre tract of land located on the campus of the Borrower's facilities in Christchurch, Virginia, known as the Christchurch School, to be transferred to the Christchurch Foundation for use in its faculty housing program.

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date:

To: PNC Bank, National Association

Ladies and Gentlemen:

Reference is made to that certain Bond Purchase and Loan Agreement dated as of May 1, 2021 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement", the terms defined therein being used herein as therein defined), between Church Schools in the Diocese of Virginia (the "Borrower"), PNC Bank, National Association (the "Bondholder") and the Virginia Small Business Financing Authority.

The undersigned hereby certifies as of the date hereof that she/he is the Vice President and Treasurer of the Borrower and that, as such, she/he is authorized to execute and deliver this Compliance Certificate to the Bondholder and that:

1. Attached hereto as Schedule 1 are the audited financial statements required by Section 6.9(a) of the Agreement for the Fiscal Year of the Borrower ended as of [DATE]. Such financial statements fairly present the financial condition, results of operations and cash flows of the Borrower in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.
2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by the attached financial statements.
3. A review of the activities of the Borrower during such Fiscal Year has been made under the supervision of the undersigned with a view to determining whether an Event of Default occurred during such Fiscal Year. To the best knowledge of the undersigned during such Fiscal Year, no Event of Default occurred.
4. As of the date hereof, the enrollment statistics for each of the Borrower's Schools are:
 - a. St. Christopher's - _____
 - b. Christchurch - _____
 - c. St. Catherine's - _____
 - d. St. Margaret's - _____
 - e. St. Stephens - _____
 - f. St. Agnes - _____
 - g. Stuart Hall - _____

5. The financial covenant analysis and information set forth in Schedule 2 attached hereto are true and accurate on and as of the date of this Compliance Certificate.

In witness hereof, the undersigned has executed this Compliance Certificate as of

_____.

[Name]

[Title]

SCHEDULE 1

To the Compliance Certificate for the Fiscal Year Ended _____

Financial Statements

[to be attached by Borrower before submitting]

SCHEDULE 2

To the Compliance Certificate for the Fiscal Year Ended _____

1. Net Assets Ratio

A.	Net Assets	
i.	Unencumbered total net assets	\$ _____
	Add	
ii.	Temporarily restricted unencumbered net equity interest in the Foundations	_____
	Subtotal for (A)	\$ _____
B.	Operating Expenses	
i.	Operating Expenses	\$ _____
	Net Assets Ratio (sum of part (A) <i>divided by</i> sum of part (B)):	_____
B.	<u>Minimum Required Net Assets Ratio:</u>	<u>1.00 to 1.00*</u>

* Minimum Required Net Assets Ratio may be 1.05 to 1.00, if a Ratings Event Outside the Borrower's Control has occurred.