

Industrial Development Authority of the City of Lexington, Virginia

Thursday, June 14, 2018, 5:00 p.m.

300 East Washington Street

City Hall Community Room (First Floor)

1. Call to Order – Jim Joyner, IDA Chairman
2. Approval of March 26, 2018 minutes*
3. Update on the Virginia Horse Center* – John Nicholson and Sandra Thomas
4. Update on Launch Lex – Stephanie Wilkinson, Executive Director of Main Street Lexington
5. Public Hearing on the Resolution of the Industrial Development Authority of the City of Lexington, Virginia Authorizing the Issuance of Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018 – Steve McAllister, Vice President for Finance and Treasurer, Washington and Lee University; Christian & Barton, L.L.P., bond counsel
 - a. Public Hearing
 - b. Discussion and consideration by the Industrial Development Authority of the City of Lexington, Virginia on the request from Washington and Lee University, for the Authority to issue revenue and refunding bonds, and loan the proceeds thereof to the University for the financing and refinancing of certain Projects defined in the City Manager’s report.
 - c. Vote on the attached resolution and authorization of the Secretary or Assistant Secretary of the Authority to make reports of the public hearing to the City Council of the City of Lexington.
6. June 18 IDA meeting overview – Noah A. Simon, IDA Secretary/City Manager
7. Adjourn – Jim Joyner, IDA Vice Chairman

Minutes
Industrial Development Authority (IDA)
Of the City of Lexington, VA
Monday, March 26, 2018, 5:00 p.m.

IDA:

Present: James Joyner, Vice-Chair
Buddy Derrick
Anna-Lisa Fitzgerald
Dick Halseth
Bruce Summers
Katie Shester

Also present:

Staff: Noah Simon, Secretary

Absent: Nick Charles

The Industrial Development Authority (IDA) met on March 26, 2018 in the Community Meeting Room of City Hall. Vice-Chair James Joyner called the meeting to order at 5:00 p.m.

Introduction of New IDA Board Member

City Manager Simon introduced newly appointed IDA board member, Katie Shester.

Minutes from the Wednesday, November 29, 2017 IDA Meeting

Buddy Derrick moved to approve the minutes from the November 29, 2017 Industrial Development Authority meeting with the submitted spelling changes and the addition of Charles Aligood's submitted comments. Anna-Lisa Fitzgerald seconded. The motion carried unanimously (6/0).

Annual Election of IDA Officers

- Election of Chairman
Buddy Derrick nominated James Joyner to serve as Chairman. Anna-Lisa Fitzgerald seconded the nomination, and James Joyner was elected unanimously (6/0).

- Election of Vice Chairman
Buddy Derrick nominated Dick Halseth to serve as Vice Chairman. Jim Joyner seconded the nomination, and Dick Halseth was elected unanimously (6/0).

- Election/Appointment of IDA Secretary
James Joyner appointed City Manager Simon to serve as IDA Secretary.

- Election/Appointment of IDA Treasurer
James Joyner appointed Finance Director Swink to serve as IDA Treasurer.

Consideration of an Agreement between the City of Lexington and the Timmons Group for “on-call” economic development services for the City of Lexington

City Manager Simon gave an overview of the agreement:

The Timmons Group would assist the City Manager in working on economic development initiatives including but not limited to vetting projects, proposals and prospects, developing incentives and site analysis. The Timmons Group has informally assisted the City Manager on past proposals and conversations and the City Manager could use assistance vetting developers and proposals/concepts.

Services would be task order based and authorized by the City Manager. The cost of each task order should not exceed \$5,000 (there may be an exception based on a project) and funds would come from the IDA. If projects actually materialize, the City Council could consider “reimbursing” the IDA account with a portion of the new revenue so there would always be funds from the IDA for this type of work.

Buddy Derrick said that he liked and understood the concept of the agreement, but would be more comfortable if the IDA put an executive committee together to approve the task orders. Bruce Summers said that he is willing to trust the City Manager to exercise his responsibilities in economic development and suggested establishing a cap of \$10,000 - \$15,000 for the task order and if that limit is exceeded, the City Manager would come back to the IDA. City manager Simon said that he would be comfortable with a cap on how much of the IDA funds would go towards the task order.

Dick Halseth asked if it was required to seek bids for developers before making a decision in this case. City Manager Simon confirmed that it was not a requirement Lexington “piggy-backed” on another agreement. Dick Halseth also asked for clarification on the \$5,000 project limit. Dick Halseth said that he did not agree with the 12% interest rate on payments more than sixty days late, to which City Manager Simon said that it wouldn’t be an issue because the payment wouldn’t be late. Dick Halseth shared his objection to charging an extra 15% for mileage rates. City Manager Simon explained that it is the standard for other firms.

Bruce Summers asked what a task order consisted of for the Timmons Group. City Manager Simon explained what a task order is, what’s included and what the options are for that order. Bruce Summers asked if the results of the task orders be available for the public to review. City Manager Simon explained that it depends because in terms of economic development some of the information may be confidential. Katie Shester asked what the average payment would be and how many payments would there potentially be. City Manager Simon said that the average for each project would vary and that there could be two to three task orders that he would move forward within the next 30 – 45 days.

Chairman Joyner asked if the IDA wished to appoint two members to maintain understanding of what is happening with developments. Bruce Summers suggested carving out a limit for the City Manager to use for task orders and ask that he come back to the IDA to report any updates. Dick Halseth suggested a \$20,000 limit and have the City Manager come back if he needs more. Anna-Lisa Fitzgerald asked if the City Manager could provide an update on the task orders if he exceed the limit and had to come back before the IDA. City Manager Simon said it would depend on the

project and that there will be some items that he can't discuss until the project is further along. Bruce Summers said that the IDA has limited funding and asked the City Council keep that in mind when issuing task orders and refunding the money back to the IDA. City Manager Simon explained that anything that materializes as a result of the work done by the Timmons Group, he would go to City Council and ask that some portion go back to the IDA to replenish the funds.

Buddy Derrick moved to approve the agreement between the Timmons Group and the City of Lexington and authorize the City manager to execute the Agreement with a limit of \$20,000. Dick Halseth seconded. The motion carried unanimously (6/0).

Updates

City Manager Simon shared that Main Street Lexington is having their community business launch event on April 11, 2018 and once that event is concluded, Main Street Lexington will come before the IDA to share their process, who the winners were and what the next steps will be. Two invoices have been processed relating to the IDA, one for reimbursement of the \$10,000 match to Main Street Lexington and a contribution of \$2,500 for the Building Entrepreneurial Economies grant for Main Street Lexington.

City Manager shared with the IDA that the proposed FY19 Budget is now on the website and provided a brief overview of the budget and what City Council's next steps are in reviewing and approving the FY19 Budget.

Adjournment

Dick Halseth made a motion to adjourn the meeting at 5:40 p.m. Bruce Summers seconded. Motion carried unanimously (6/0).

James Joyner, IDA Vice-Chair

Noah A. Simon, Secretary

Jani Hostetter

From: Noah Simon
Sent: Friday, June 08, 2018 1:40 PM
To: Jani Hostetter
Subject: FW: VHCF April financial statements
Attachments: April financial statements.pdf

Noah A. Simon
City Manager
City of Lexington
300 East Washington Street
Lexington, Virginia 24450
540.462.3700
nsimon@lexingtonva.gov
lexingtonva.gov
[City Manager Weekly Report](#)

From: Gary Swink
Sent: Tuesday, May 29, 2018 4:04 PM
To: Noah Simon <nsimon@lexingtonva.gov>
Subject: FW: VHCF April financial statements

FYI

Gary Swink
Finance Director/Assistant City Manager
City of Lexington, Va.
(540) 462-3731
gswink@lexingtonva.gov

From: Sandra Thomas [<mailto:sgt1@me.com>]
Sent: Sunday, May 27, 2018 12:57 PM
To: Bobby Hobbs <hobbsb@cornerstonebankva.com>; Gary Swink <gswink@lexingtonva.gov>; Steven Bolster <sbolster@rockbridgecountyva.gov>; David E. Worley <David.Worley@va.usda.gov>
Subject: VHCF April financial statements

All,

Attached are the financial statements through April 30. Operating income for this ten month period as compared to last year has improved from a loss of \$170,000 to a loss of \$64,000. However, this comparison is not comparing apples to apples. Event and show revenue in 2018 includes most of the exhibitor fees for LSP while these were not recorded in 2017 until May 1. This difference occurred because of the timing of the end of the show with the end of the month. We record exhibitor fees when they are deposited in the bank. Exhibitor fees for 2018 LSP were less than those in 2017 but exhibitor fees for LSP and LSE (our two big spring shows) combined were 4.7% higher than in the previous year. We will have a better comparison of operating results at the end of May.

Unrestricted GAAP donations continue to be unfavorable to 2017 due to the the timing of receipt and recording of pledges. However, unrestricted cash collections are almost even with those of the prior year. Restricted contributions have also decreased. The 2018 restricted gifts represent Jackie Mars' gift and its match to fund the Master Plan. The 2017 restricted gifts are a \$75,000 pledge for footing and \$121,000 in gifts for the Sandy Gerald ring. The Virginia Hunter Championship contributions are the results of VHCF taking over the accounting and record keeping for VHC. VHC contributions are passed through to VHC for prize money so cannot be used for operational purposes. VHC does pay VHCF 10% of contributions to compensate us for our time. If we back the VHC contributions out of our operating income our loss is \$124,000 for a decrease of \$45,000 from the prior year.

You will note that our accounts receivable balance continues to be higher than normal. We billed Lindsay Maxwell \$35,000 for a Big 3 sponsorship in March but did not receive the check until May. The bank error that delayed the processing of four March ACH transactions totaling \$19,500 was also not resolved until May. Additionally at April 30 we were waiting for a check for \$15,000 for a mid April show. This was collected on 5/3.

Please let me know if you have any questions.

Happy Memorial Day,

Sandra

Sandra G. Thomas
434.825.4966
sgt1@me.com

Virginia Horse Center Foundation

Balance Sheet

05/27/18

As of April 30, 2018

Accrual Basis

	Apr 30, 18	Apr 30, 17
ASSETS		
Current Assets		
Checking/Savings		
Cash - Unrestricted	319,523.30	20,127.09
Restricted Cash	535,464.52	792,360.71
Total Checking/Savings	854,987.82	812,487.80
Accounts Receivable		
1100 · Accounts Receivable	78,160.94	26,667.26
1105 · Pledges Receivable-Current	42,834.68	31,166.67
Total Accounts Receivable	120,995.62	57,833.93
Other Current Assets		
1106 · Lodging tax receivable	458,743.77	318,724.88
1200 · Inventory	19,310.00	23,262.11
1250 · Prepays	1,448.30	1,448.30
Total Other Current Assets	479,502.07	343,435.29
Total Current Assets	1,455,485.51	1,213,757.02
Fixed Assets	18,215,190.20	18,876,780.46
Other Assets		
1400 · Other Assets	1,654.98	5,618.22
1401 · Pledges Receivable - LT	111,333.34	276,033.34
Total Other Assets	112,988.32	281,651.56
TOTAL ASSETS	19,783,664.03	20,372,189.04
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	274,344.38	455,477.93
Other Current Liabilities		
2002 · Accrued Expenses	15,172.55	8,841.55
2003 · Sales Tax Payable	5,637.19	17,525.35
2004 · County Meals Tax Payable	698.78	792.46
2005 · Occupancy Tax Payable	1,488.37	2,122.89
2006 · Accrued Payroll	37,890.00	67,230.00
2008 · Accrued Vacation	61,333.00	57,361.00
2009 · Accrued Interest - USDA	87,557.10	92,749.03
2010 · Accrued Interest - NRB	0.00	14,074.14
2012 · Deferred Sign Revenue	20,804.21	21,091.66
2013 · Show Deposits	10,300.00	5,000.00
2014 · Current Portion USDA Debt	1,164.82	176,170.44
2015 · Current Portion NRB Debt	0.00	7,115.86
2022 · Rent Deposits	0.00	600.00
2023 · Mezzanine rent deposits	1,600.00	405.00
2025 · Current Sedgfield Settlement	5,000.00	5,000.00
2026 · Note payable	150,000.00	0.00
2027 · Borrowings under LOC	150,000.00	149,999.70
2028 · Accrued contracted services	0.00	359.64
2031 · Tips payable	240.00	0.00
2032 · Cornerstone N/P - Current	125,000.00	0.00
2033 · Ford Credit Vehicle Loan	22,359.39	28,219.96
2034 · Deferred Revenue - Other	0.00	504,689.80

Virginia Horse Center Foundation

05/27/18

Balance Sheet

Accrual Basis

As of April 30, 2018

	<u>Apr 30, 18</u>	<u>Apr 30, 17</u>
2035 · Cornerstone - Bridge Loan	750,000.00	0.00
2400 · Payroll Liabilities	0.00	114.92
Total Other Current Liabilities	<u>1,446,245.41</u>	<u>1,159,463.40</u>
Total Current Liabilities	1,720,589.79	1,614,941.33
Long Term Liabilities		
2100 · USDA Debt	10,127,672.67	10,128,297.84
2101 · NRB Note A	0.00	662,838.06
2102 · NRB Note B	0.00	86,056.19
2104 · Sedgefield Settlement	0.00	5,000.00
2105 · Cornerstone deferred main note	125,000.00	350,000.00
Total Long Term Liabilities	<u>10,252,672.67</u>	<u>11,232,192.09</u>
Total Liabilities	11,973,262.46	12,847,133.42
Equity	<u>7,810,401.57</u>	<u>7,525,055.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>19,783,664.03</u></u>	<u><u>20,372,189.04</u></u>

VHCF
Income Statement
For the Ten Month Period Ended April 30, 2018 and 2017

	<u>YTD 4/30/18</u>	<u>YTD 4/30/17</u>	Change
Income			
Contributions			
Unrestricted	\$217,551	\$450,893	(233,342) A
Restricted	107,383	247,927	(140,544) B
Virginia Hunter Championship	60,475	-	60,475 C
Gifts in kind	42,007	21,040	20,967
Facility Fee	990,385	976,223	14,162 D
Events & Show Revenue	918,549	927,726	(9,177) E
Food sales	177,343	151,538	25,805 F
Merchandise	293,432	292,736	696
Commissions and Advertising	36,625	30,188	6,437
Total Income	<u>2,843,750</u>	<u>3,098,271</u>	<u>(254,521)</u>
Cost of Goods Sold	298,830	263,840	34,990 G
Gross Profit	<u>2,544,920</u>	<u>2,834,431</u>	<u>(289,511)</u>
Operating Expenses			
Facility Operations	1,033,659	1,151,014	(117,355) H
Events & Show Operations	865,831	1,059,515	(193,684) I
Management & General	635,752	718,639	(82,887) J
Fund Raising Expenses	73,658	74,932	(1,274)
Total Operating Expenses	<u>2,608,900</u>	<u>3,004,100</u>	<u>(395,200)</u>
Operating Income	<u>(63,980)</u>	<u>(169,669)</u>	<u>105,689</u>
Other Income/(Expense)			
Grants	780,920	769,068	11,852
Depreciation	(522,792)	(521,023)	(1,769)
Interest Expense	(399,886)	(423,193)	23,307
Investment Income	945	309	636
Other Income, net	70,644	4,051	66,593 K
Total Other Income/(Expense)	<u>(70,169)</u>	<u>(170,788)</u>	<u>100,619</u>
Net Income	<u>\$ (134,149)</u>	<u>\$ (340,457)</u>	<u>\$ 206,308</u>

Virginia Horse Center Foundation
Explanations for Variances from Prior Year
For the Nine Month Period Ended April 30, 2018

A – Unrestricted contributions – The decrease in unrestricted contributions is the result of Jennifer's 2016 efforts to get donors to pledge for three years. During the first eight months of 2016 Jennifer solicited three-year pledges that totaled more than \$195,000. These were recorded when the pledge was received even though money did not come in until later in the year or this year. Cash collected for unrestricted gifts in fiscal 2018 is \$217,000 while in the same time period for fiscal 2017 it was \$224,000 for a decrease of 3%.

B – Restricted contributions – Fiscal 2018 restricted gifts include a gift from Jackie Mars for \$50,000 and a \$50,000 match to pay for the master plan. The 2016 amount includes \$75,000 pledge for footing, \$121,450 for the Sandy Gerald Ring and \$14,000 from Steve McBroom restricted to debt service payment.

C – Virginia Hunter Championship – Increase is due to VHCF taking over the accounting and record keeping for VHC. These contributions are restricted to prize money for the Championship; however, VHC pays VHCF 10% of all donations to cover our cost of administration. In February VHC transferred \$30,000 representing the amounts they had not been spent in prior years. The remainder is current year gifts.

D - Facility Fee - Increase in facility rent is primarily due to the change in the way shows are billed for security and custodial fees as explained in D below. Increased stall fees from Lexington National have been offset by a decrease in stalls fees for VA Dressage Association Show.

E – Events & Show Revenue – Decrease is due to a change in the way show contracts are being written. The facility fee, which is recorded in Facility Fee revenue, now includes rental of show areas as well as security and custodial fees. In prior years these were charged separately and reported as event & show revenue. Additionally, in 2018 we changed the revenue model for the winter shows – Stonewall and Spring Welcome (formerly Hollins). In January and February 2017 we collected \$78,262 and \$77,022, respectively in exhibitor fees for Stonewall I and II that we did not collect in 2018. However, we did not incur the cost of the cost of the show and instead collected \$15,000 for each of these shows as a show bill. As a result, revenue shows a decrease of \$125,000. In March 2017 Hollins' Spring Festival show bill was \$40,500. When Hollins decided not to continue the show for financial reasons we held the show on the same financial model as the Stonewalls. This change represents a further \$25,000 decrease in show revenue. Additionally, we held only one Polar Bear Show in 2018 rather than the two we held in 2017. This resulted in an additional decrease of \$11,000. These decreases are offset by an increase in exhibitor

fees of \$227,000 due to the timing of LSP. In 2018 the show was over on April 29 and exhibitor fees were recorded on April 30 when they were deposited. In 2017 the fees were recorded on May 1 when they were deposited. LSP exhibitor fees decreased from \$251,000 in 2017 to \$231,000 in 2018. This will be reflected in May's financials. Total 2018 exhibitor fee for LSP and LSE increased to \$464,000 from \$443,000 in 2017.

F – Food sales – Increase is due to increased sales in the Winner's Ring and of alcohol and increased number and size of catered events. Winner's Ring sales have increased 9% from last year due to increased number of exhibitors and more familiarity that it has reopened. Shows that have not used our in-house catering in the past have begun using our services.

G – Cost of Goods Sold – Increase is due to increase in food sales and the timing of the purchase of hay.

H – Facility Operations – Decrease in expenses is primarily due to expenses of about \$120,000 for the Sandy Gerald ring in 2017.

I – Event & Show Operations – Decrease is due to not incurring costs for Stonewall I and II of about \$47,000 per show as well as cost reduction in contract labor and prize money for LSP due to the change in management.

J – Management & General – Decrease in expenses is due to: (1) \$47,000 reduction in bad debt expense related to 2016's write off of the Roanoke Valley Horse Show receivable; (2) \$39,000 reduction in PR expenses due to change in usage of Phelps; and, (3) \$9,400 related to the write off of 2014 legal fees incurred by the prior management team.

K – Other Income, net – The increase is the result of the sale of the Pultz house. We recognized a gain of \$53,875 on this sale.

Virginia Horse Center Foundation

Profit & Loss

05/27/18

July 2017 through April 2018

Accrual Basis

	Jul '17 - Apr 18	Jul '16 - Apr 17
Ordinary Income/Expense		
Income		
6000 · Contributions		
6001 · Contributions	156,334.22	410,208.28
6002.1 · Restricted - Operational	107,382.88	213,926.80
6002.2 · Restricted - Non Operational	0.00	20,000.00
6002.3 · Restricted - VA Hunter Champ	60,475.00	0.00
6004 · Contributions - debt service	0.00	14,000.00
6005 · Annual Fund Contributions	61,216.95	40,685.00
6006 · Gifts in Kind	42,006.70	21,040.00
Total 6000 · Contributions	427,415.75	719,860.08
6102 · Shared Racing Commission Rev	61,437.36	40,245.65
6103 · Lodging Tax Revenue	719,482.51	728,822.60
6104 · Facility Rent	319,100.00	254,648.41
6105 · Stalls	660,999.75	711,800.00
6106 · Vendors	15,360.00	18,640.00
6107 · Security	25,720.00	64,412.00
6108 · EMT	11,721.00	18,108.00
6109 · Jumps	8,100.00	12,200.00
6111 · Parking Fees	2,000.00	6,380.95
6112 · Ticket Sales	200.00	3,977.00
6113 · Mezzanine Rent	7,285.00	3,775.00
6114 · Pultz House Rental	3,000.00	6,000.00
6115 · Exhibitor Entry Fees	557,390.19	476,909.93
6116 · Sponsorship	142,141.95	136,680.00
6117 · Merchandise Sales	320.00	0.36
6118 · Golf Carts	-1,590.73	14,239.72
6119 · Camping-Elect & Water	99,721.68	107,702.48
6120 · Camping - Dry	4,200.00	5,800.00
6121 · Early Arrivals	8,890.00	9,460.00
6122 · Layovers	2,960.00	3,760.00
6123 · Straw	482.00	873.60
6125 · Shavings	287,892.19	302,979.22
6126 · Feed	1,586.87	3,017.05
6127 · Hay-Timothy	34,815.54	30,476.20
6128 · Ice	7,210.39	6,664.73
6130 · Signs & Adverstising	36,625.19	30,187.80
6131 · Stable Management	3,500.00	7,550.00
6132 · Custodial fees	2,100.00	6,250.00
6133 · Copies & copier rental	500.00	690.00
6134 · Dumpster fees	4,791.00	5,438.00
6135 · Other show income	38,017.62	36,811.76
6136 · Rules credit	-6,800.00	-7,300.00
6137 · NSF clearing	-373.57	-592.22
6139 · Footing	0.00	608.09
6150 · Stable Revenue to be allocated	-39,775.44	-51,274.68
6152 · Other merchandise sales	900.00	0.00
6200 · Food Sales	177,342.99	151,537.59
6300 · Fair	0.00	0.00
Total Income	3,624,669.24	3,867,339.32
Cost of Goods Sold	298,830.14	263,840.18
Gross Profit	3,325,839.10	3,603,499.14

Virginia Horse Center Foundation

Profit & Loss

05/27/18

July 2017 through April 2018

Accrual Basis

	Jul '17 - Apr 18	Jul '16 - Apr 17
Expense		
66000 · Payroll Expenses	0.00	0.00
7018 · Hospitality - VHC - Internal	151.93	0.00
7019 · Hospitality - VHC Shows (food)	1,017.79	249.55
7020 · Repair & Maintenance	169,853.97	286,005.20
7050 · Rental	43,074.94	54,259.55
7060 · Fuel	18,102.62	16,211.78
7070 · Supplies	85,847.75	70,968.22
7080 · Uniforms	701.94	3,723.63
7090 · Landfill Fees	8,410.18	6,981.18
7100 · Exterminator	750.00	750.00
7110 · Manure-Trash-Potty	27,045.00	26,664.00
7115 · Other show costs	20.00	283.62
7120 · Contracted Services	476,775.18	494,350.14
7130 · Professional Fees	47,721.30	99,805.77
7200 · Salaries & Wages	970,897.66	985,666.56
7201 · FICA	72,277.08	72,502.56
7203 · SUTA	13,640.31	19,020.88
7204 · Health Insurance	13,502.65	14,104.28
7206 · Dental Insurance	2,038.73	2,169.89
7207 · Payroll Processing Fees	5,539.84	5,760.87
7300 · Utilities	209,637.17	193,295.40
7350 · Insurance	50,946.65	47,299.13
7400 · Employee Travel	13,653.26	21,186.73
7420 · Meals & Entertainment	716.50	2,558.14
7450 · Advertising	4,555.93	7,154.20
7460 · Signage-Advertising	941.78	2,425.25
7480 · Association Fees	29,147.00	40,832.00
7490 · Prize Money	179,603.35	248,641.68
7495 · Ribbons-Awards	29,735.33	31,017.72
7500 · Show Equipment and Vehicles	367.92	0.00
7510 · Show and Judge Travel	51,996.54	75,307.27
7520 · Hospitality - (non food)	855.38	81.17
7521 · F&B internal bill	13,323.23	15,287.12
7530 · Printing	12,935.61	20,732.89
7535 · Subscriptions and dues	3,232.65	4,628.32
7536 · Conference Registration	0.00	165.00
7540 · Miscellaneous	3,215.71	616.36
7545 · Other expenses	0.00	42.41
7570 · Postage	5,266.15	7,360.42
7580 · Taxes	1,954.34	2,028.86
7590 · Fund Raising Expenses	269.62	43,256.50
7595 · Development Expenses	3,638.74	0.00
7596 · Commissions on advertisings	10,129.58	9,114.53
7597 · Amy Reistrup Memorial	2,000.00	0.00
7600 · NSF	-20.00	0.00
7610 · Bad Debt Expenes	-6,707.03	47,484.50
7620 · Bank Service Charges	6,173.18	983.56
7630 · Finance Charges	6,682.20	4,539.19
7631 · Credit Card Processing Fees	13,277.02	10,368.10

Virginia Horse Center Foundation

Profit & Loss

05/27/18

July 2017 through April 2018

Accrual Basis

	Jul '17 - Apr 18	Jul '16 - Apr 17
7635 · Cash Over & Short	-280.48	-162.26
7636 · Late fees	370.68	1,360.75
7640 · Charitable Contributions	623.50	2,775.50
7650 · Licenses and Dues	3,289.25	4,241.80
Total Expense	2,608,899.63	3,004,099.92
Net Ordinary Income	716,939.47	599,399.22
Other Income/Expense		
Other Income	71,852.75	4,359.89
Other Expense		
7700 · Interest	399,885.67	423,192.51
7710 · Depreciation	522,791.60	521,023.30
7715 · Loss on Stock Sale	264.24	0.00
Total Other Expense	922,941.51	944,215.81
Net Other Income	-851,088.76	-939,855.92
Net Income	-134,149.29	-340,456.70

Virginia Horse Center Foundation
Statements of Cash Flows
For the Ten Month Period Ended April 30, 2018 and 2017

	<u>YTD 4/30/18</u>	<u>YTD 4/30/17</u>
OPERATING ACTIVITIES		
Net income	\$ (134,149)	\$ (340,457)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	522,792	521,023
Gain on sale of Pultz house	(53,875)	-
Decrease (increase) in current assets	(13,246)	143,356
Decrease (increase) in long term pledges	164,088	(153,533)
(Decrease) increase in current liabilities	(394,122)	75,135
Net cash provided by Operating Activities	<u>91,488</u>	<u>245,524</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(27,152)	(29,214)
Life insurance proceeds	-	504,690
Proceeds from sale of Pultz house	132,662	-
Net cash used by Investing Activities	<u>105,510</u>	<u>475,476</u>
FINANCING ACTIVITIES		
Payment on deferred maintenance loan	(100,000)	(100,000)
Principal payment on USDA loan	(178,224)	(169,191)
Proceeds from LOC	175,000	135,000
Repayment of LOC	(25,000)	(80,000)
Payments on Ford Credit Note	(5,382)	(5,086)
Proceeds from Cornerstone bridge loan	750,000	-
Payment on NRB notes	(748,938)	(20,034)
Net cash used by Financing Activities	<u>(132,544)</u>	<u>(239,311)</u>
Net cash decrease for period	64,454	481,689
Cash beginning of period	790,534	330,799
Cash end of period	<u>\$ 854,988</u>	<u>\$ 812,488</u>

Virginia Horse Center Foundation
Profit & Loss by Job
July 2017 through April 2018

	AHA Region 15 (2017) 07/05-09	Alpaca Classic (2018) 04/06-08	ASHAV (2017) 09/28-30	Andalusian ERAHC (2017) 08/31-09/03	Connemara Pony (2017) 07/29-30	Dressage at Lexington (2017) 07/14-16	Dressage with a View (2017) 09/02-03	East Arabian Champ (2017) 08/03-06
Ordinary Income/Expense								
Income	113,982.13	6,418.63	50,379.18	20,790.19	9,344.07	53,793.07	3,007.92	73,175.86
Cost of Goods Sold	0.00	0.00	168.66	0.00	39.80	0.00	0.00	0.00
Gross Profit	113,982.13	6,418.63	50,210.52	20,790.19	9,304.27	53,793.07	3,007.92	73,175.86
Expense	0.00	0.00	612.00	935.00	808.00	544.00	1,034.86	969.00
Net Ordinary Income	113,982.13	6,418.63	49,598.52	19,855.19	8,496.27	53,249.07	1,973.06	72,206.86
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	113,982.13	6,418.63	49,598.52	19,855.19	8,496.27	53,249.07	1,973.06	72,206.86

Virginia Horse Center Foundation
Profit & Loss by Job
 July 2017 through April 2018

	East Coast Halter Futurity (2017) 09/02	Eventing VA Jumper Derby (2018) 01/27	Eventing VA Jumper Derby (2018) 02/10	Eventing VA Jumper Derby (2018) 03/17	Garden Bros Circus (2018) 03/14	Glenmore Hunt Pony Club (2017) 09/23	Great Amer. Trail Horse (2018) 04/12-14	Hear The Beat - Therapeutic (2017) 09/03
Ordinary Income/Expense								
Income	4,722.27	4,148.10	2,325.23	2,836.00	3,500.00	2,738.80	20,475.14	1,368.92
Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	4,722.27	4,148.10	2,325.23	2,836.00	3,500.00	2,738.80	20,475.14	1,368.92
Expense	100.00	205.00	200.00	200.00	367.92	0.00	0.00	0.00
Net Ordinary Income	4,622.27	3,943.10	2,125.23	2,636.00	3,132.08	2,738.80	20,475.14	1,368.92
Other Income/Expense								
Other Income	0.00	110.50	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	110.50	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	4,622.27	4,053.60	2,125.23	2,636.00	3,132.08	2,738.80	20,475.14	1,368.92

Virginia Horse Center Foundation
Profit & Loss by Job
 July 2017 through April 2018

	House Mtn (2017) 07/11-12	House Mtn (2017) 10/07-08	House Mtn (2018) 03/10-11	Kubota Demo (2018) 01/25-26	Lexington National (2017) 08/09-13	LSP (2018) 04/25- 4/29	Lone Star Rodeo (2018) 2/23-24	VA State NBHA (2017) 09/22-24
Ordinary Income/Expense								
Income	42,778.79	41,846.83	18,895.70	5,628.00	432,557.62	410,452.29	23,273.21	30.75
Cost of Goods Sold	0.00	22.88	0.00	0.00	87.78	0.00	3.76	0.00
Gross Profit	42,778.79	41,823.95	18,895.70	5,628.00	432,469.84	410,452.29	23,269.45	30.75
Expense	15,441.82	17,037.27	12,013.25	0.00	294,530.37	195,727.30	499.76	0.00
Net Ordinary Income	27,336.97	24,786.68	6,882.45	5,628.00	137,939.47	214,724.99	22,769.69	30.75
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	27,336.97	24,786.68	6,882.45	5,628.00	137,939.47	214,724.99	22,769.69	30.75

Virginia Horse Center Foundation
Profit & Loss by Job
July 2017 through April 2018

	National Barrel/Colonial (2017) 08/17-20	No Bull Barrel Racing (2018) 03/23-25	ODRPC Clinic (2018) 01/13	Dressage Rally (2018) 04/21- 22	Paso Fino (2017) 07/28-30	Polar Bear I (2018) 02/10	Region IX Vaulting (2017) 06/30-07/02	Reynolds-Towell Clinic (2017) 07/18-19
Ordinary Income/Expense								
Income	67,324.34	57,362.28	225.53	7,611.50	16,856.07	13,483.40	12,777.47	10,963.30
Cost of Goods Sold	0.00	0.00	0.00	0.00	93.61	100.84	82.70	127.24
Gross Profit	67,324.34	57,362.28	225.53	7,611.50	16,762.46	13,382.56	12,694.77	10,836.06
Expense	816.00	8.86	0.00	0.00	629.00	5,355.37	544.00	7,497.12
Net Ordinary Income	66,508.34	57,353.42	225.53	7,611.50	16,133.46	8,027.19	12,150.77	3,338.94
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	66,508.34	57,353.42	225.53	7,611.50	16,133.46	8,027.19	12,150.77	3,338.94

Virginia Horse Center Foundation
Profit & Loss by Job
July 2017 through April 2018

	Rockbridge Reg Fair (2017) 09/07- 09	Sallie B Wheeler (2017) 08/26	SBRAA Lee Jackson Classic (2018) 04/14-15	Southern States (2017) 7/27-29	VQHA Spring Breakout (2018) 04/20-22	Spring Welcome Horse (2018) 03/01-04	Star City Canine (2018) 1/10 - 1/13	Star City Canine (2018) 2/14 - 2/17
Ordinary Income/Expense								
Income	7,374.17	11,421.61	7,531.46	17,081.38	44,351.01	37,820.92	8,202.02	7,260.40
Cost of Goods Sold	15.33	0.00	0.00	0.00	0.00	163.53	0.00	0.00
Gross Profit	7,358.84	11,421.61	7,531.46	17,081.38	44,351.01	37,657.39	8,202.02	7,260.40
Expense	3,160.54	15,430.75	0.00	10,638.63	0.00	2,000.00	0.00	0.00
Net Ordinary Income	4,198.30	-4,009.14	7,531.46	6,442.75	44,351.01	35,657.39	8,202.02	7,260.40
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	4,198.30	-4,009.14	7,531.46	6,442.75	44,351.01	35,657.39	8,202.02	7,260.40

Virginia Horse Center Foundation
Profit & Loss by Job
 July 2017 through April 2018

	Stonewall Country I (2018) 01/18-21	Stonewall Country II (2018) 02/02-04	SW VA Hunter Jumper Assoc (2017) 11/03-05	Therapeutic Riding Assoc (2017) 10/21-22	Tincher Pitching Softball (2018) 01/06-07	Trimble Ridge (2018) 03/17-18	Trimble Ridge Hunter Jump (2017) 09/10	USHJA Emerging Athlet (2017) 06/27- 07/01
Ordinary Income/Expense								
Income	35,907.06	28,855.38	48,017.49	4,647.84	4,649.60	3,191.04	5,086.35	6,781.57
Cost of Goods Sold	157.47	0.00	0.00	0.00	0.00	7.14	6.03	0.00
Gross Profit	35,749.59	28,855.38	48,017.49	4,647.84	4,649.60	3,183.90	5,080.32	6,781.57
Expense	3,357.50	1,200.00	1,600.00	340.00	0.00	200.00	200.00	0.00
Net Ordinary Income	32,392.09	27,655.38	46,417.49	4,307.84	4,649.60	2,983.90	4,880.32	6,781.57
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	32,392.09	27,655.38	46,417.49	4,307.84	4,649.60	2,983.90	4,880.32	6,781.57

Virginia Horse Center Foundation
Profit & Loss by Job
July 2017 through April 2018

	VA 4-H State Champ (2017) 09/14-17	VA Dressage Assoc (2017) 10/12-15	VA Hunter Champ (2017) 08/08	VA Young Horse Festival (2017) 8/25-26	VADA Chapter Challenge (2017) 08/26	VA Horse Show Assoc (2017) 11/09-12	VA Starter Horse Trials (2018) 04/14-15 - Other	VA Starter Horse Trials(2017) 09/30-10/01
Ordinary Income/Expense								
Income	49,947.35	56,022.83	6,782.80	20,808.15	3,912.68	65,526.67	8,306.43	8,494.01
Cost of Goods Sold	0.00	83.95	239.40	0.00	0.00	0.00	0.00	0.00
Gross Profit	49,947.35	55,938.88	6,543.40	20,808.15	3,912.68	65,526.67	8,306.43	8,494.01
Expense	1,420.00	1,003.00	0.00	9,771.18	-29.00	2,518.00	200.00	200.00
Net Ordinary Income	48,527.35	54,935.88	6,543.40	11,036.97	3,941.68	63,008.67	8,106.43	8,294.01
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	48,527.35	54,935.88	6,543.40	11,036.97	3,941.68	63,008.67	8,106.43	8,294.01

Virginia Horse Center Foundation
Profit & Loss by Job
July 2017 through April 2018

	Virginia Horse Trials (2017) 09/10	Virginia Horse Trials (2017) 10/26-29	VA State Barrel Finals (2017) 9/22-24	VPHC Color Classic Paints (2017) 09/01-03	VPHC Color Spring (2018) 04/06-08	Winter Schooling (2017)	Winter Schooling (2018)	Winter Tournament - UPHA (2018) 02/16-18
Ordinary Income/Expense								
Income	6,259.20	72,628.73	21,309.73	15,302.75	12,221.20	1,746.37	602.71	1,081.54
Cost of Goods Sold	0.00	34.26	0.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	6,259.20	72,594.47	21,309.73	15,302.75	12,221.20	1,746.37	602.71	1,081.54
Expense	200.00	600.00	476.00	0.00	0.00	0.00	0.00	175.00
Net Ordinary Income	6,059.20	71,994.47	20,833.73	15,302.75	12,221.20	1,746.37	602.71	906.54
Other Income/Expense								
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	6,059.20	71,994.47	20,833.73	15,302.75	12,221.20	1,746.37	602.71	906.54

Virginia Horse Center Foundation
Profit & Loss by Job
July 2017 through April 2018

	Winter Tournament (2017) 11/18	Winter Tournament (2018) 01/27
Ordinary Income/Expense		
Income	1,587.29	72.53
Cost of Goods Sold	0.00	0.00
Gross Profit	1,587.29	72.53
Expense	0.00	0.00
Net Ordinary Income	1,587.29	72.53
Other Income/Expense		
Other Income	0.00	0.00
Other Expense	0.00	0.00
Net Other Income	0.00	0.00
Net Income	1,587.29	72.53



IDA Agenda Item June 14, 2018

TOPIC:

Consideration of Washington and Lee University (the “University”) request to issue revenue and refunding bonds to finance and refinance certain projects on the University campus.

BACKGROUND:

The University has requested that the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) issue its Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018 (the “2018 Bonds”), in an aggregate principal amount not to exceed \$51,250,000, and to loan the proceeds of such 2018 Bonds to the University to assist the University in:

(a) financing any or all of the following capital improvements, renovations or replacements, all located on the University’s campus in the City of Lexington, Virginia, including: (1) the renovation, construction and equipping of Woods Creek Apartments, including but not limited to an upgrade and/or replacement of the mechanical systems of the three buildings, modification and improvements of exteriors, energy efficiency enhancements, and interior revitalizations, to include new kitchens and baths and improved furnishings and finishes, and (2) the acquisition, construction and equipping of the Duchossois Athletic and Recreation Center, along with the rebuild of the current Warner Center including but not limited to the renovation and expansion of the existing Fitness Center, new locker rooms, the development and renovation of four sport courts including the competition venue, the development of a new Athletics Hall of Fame, four squash courts, three racquetball courts, and indoor golf simulation and putting spaces (together, the “2018 Project”);

(b) refunding all or a portion of the \$15,000,000 Variable Rate Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015B (the “2015B Bonds”), issued by the Virginia College Building Authority and originally issued to (i) finance various capital improvements at the University, primarily consisting of the construction and equipping of apartment and townhouse-style buildings for student housing, and (ii) pay costs of issuing the 2015B Bonds;

(c) refunding all or a portion of the Authority’s \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (the “2010 Bonds”), originally issued to (A) finance various capital improvements at the University, including certain (x) projects associated with the University’s Energy Master Plan, (y) various capital projects from the University’s Annual Capital Projects, ranging from small renovations to investments in technology

to infrastructure improvements and replacements of furniture and fixtures, and (z) certain renovations and infrastructure improvements, including replacement of the artificial turf athletic field, modifications to DuPont Hall, development of a classroom at Early Fielding, replacement of air handling units at Lewis Hall, modifications to Northen Auditorium, and addressing space needs as the Colonnade is renovated and/or improving the visitor experience at the University, and (B) pay costs of issuance of the 2010 Bonds; and

(d) financing costs of issuance, funded interest, if any, and reserves, if any, with respect to the 2018 Bonds.

The University has advertised a public hearing before the Authority as required by state and federal law for the 2018 Project. The Authority will conduct the public hearing and consider approving the financing on June 14, 2018, and thereafter will make a report of the public comments and its recommendation to the City Council of the City of Lexington on June 21, 2018. It is anticipated that the financing will be completed by the end of July 2018.

As usual in transactions of this nature, the 2018 Bonds will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Lexington.

COST(S)/ACCOUNT NUMBER(S):

There will be no costs for the City related to this action.

MANAGER'S RECOMMENDATION:

Approve Resolution RES2018-06, a Resolution Authorizing the Issuance of Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018, by the Industrial Development Authority of the City of Lexington, Virginia and Related Matters.

**RESOLUTION AUTHORIZING THE ISSUANCE OF
EDUCATIONAL FACILITIES REVENUE AND REFUNDING BONDS
(WASHINGTON AND LEE UNIVERSITY), SERIES 2018,
BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF LEXINGTON, VIRGINIA AND RELATED MATTERS**

WHEREAS, the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) is duly organized under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), which authorizes the Authority to issue bonds and to loan bond proceeds for the purposes of financing or refinancing facilities for use by organizations (other than those organized and operated exclusively for religious purposes) which are described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and are exempt from federal income taxation pursuant to Section 501(a) of the Code, including facilities for private, accredited and nonprofit institutions of collegiate education in the Commonwealth of Virginia whose primary purpose is to provide collegiate education and not to provide religious training or theological education;

WHEREAS, The Washington and Lee University (the “University”) is a nonprofit Virginia non-stock corporation, described in Section 501(c)(3) of the Code and exempt from taxation pursuant to Section 501(a) of the Code, and a private, accredited and nonprofit institution of higher education whose primary purpose is to provide collegiate education and not to provide religious training or theological education;

WHEREAS, the University has requested that the Authority issue its Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018 (the “2018 Bonds”), in an aggregate principal amount not to exceed \$51,250,000, and to loan the proceeds of such 2018 Bonds to the University to assist the University in:

(a) financing any or all of the following capital improvements, renovations or replacements, all located on the University’s campus in the City of Lexington, Virginia, including: (1) the renovation, construction and equipping of Woods Creek Apartments, including but not limited to an upgrade and/or replacement of the mechanical systems of the three buildings, modification and improvements of exteriors, energy efficiency enhancements, and interior revitalizations, to include new kitchens and baths and improved furnishings and finishes, and (2) the acquisition, construction and equipping of the Duchossois Athletic and Recreation Center, along with the rebuild of the current Warner Center including but not limited to the renovation and expansion of the existing Fitness Center, new locker rooms, the development and renovation of four sport courts including the competition venue, the development of a new Athletics Hall of Fame, four squash courts, three racquetball courts, and indoor golf simulation and putting spaces (together, the “2018 Project”);

(b) refunding all or a portion of the \$15,000,000 Variable Rate Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015B (the “2015B Bonds”), issued by the Virginia College Building Authority and originally issued to (i) finance various capital improvements at the University, primarily consisting of the construction and equipping of apartment and townhouse-style buildings for student housing, and (ii) pay costs of issuing the 2015B Bonds (collectively, the “2015B Project”);

(c) refunding all or a portion of the Authority's \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (the "2010 Bonds"), originally issued to (A) finance various capital improvements at the University, including certain (x) projects associated with the University's Energy Master Plan, (y) various capital projects from the University's Annual Capital Projects, ranging from small renovations to investments in technology to infrastructure improvements and replacements of furniture and fixtures, and (z) certain renovations and infrastructure improvements, including replacement of the artificial turf athletic field, modifications to DuPont Hall, development of a classroom at Early Fielding, replacement of air handling units at Lewis Hall, modifications to Northen Auditorium, and addressing space needs as the Colonnade is renovated and/or improving the visitor experience at the University, and (B) pay costs of issuance of the 2010 Bonds (collectively, the "2010 Project"); and

(d) financing costs of issuance, funded interest, if any, and reserves, if any, with respect to the 2018 Bonds.

WHEREAS, a public hearing with respect to the issuance of the 2018 Bonds, as required by the Act and the Code, has been held by the Authority at this meeting, and the Authority has determined that issuance of the 2018 Bonds for the benefit of the University will benefit the inhabitants of the City, increase their commerce, and promote their safety, health, welfare, convenience and prosperity;

WHEREAS, the 2018 Bonds may be issued in two series, the "2018A Bonds" to be sold in a public sale and the "2018B Bond(s)" to be sold in a private sale to Century Subsidiary Investments, Inc. III, as purchaser (the "2018B Bond Purchaser"); and

WHEREAS, there have been presented to this meeting drafts of the following documents (the "Bond Documents"), which the Authority proposes to execute or approve to carry out the issuance and sale of the 2018 Bonds, copies of which instruments shall be filed with the records of the Authority:

(a) 2018A Preliminary Official Statement (the "Preliminary Official Statement") for the sale of the 2018A Bonds;

(b) 2018A Bond Purchase Agreement (the "Bond Purchase Agreement") between the Authority, the University and Wells Fargo Bank, National Association, as underwriter (together with such other financial institution as the University may hereafter designate to assist in the sale of the 2018A Bonds, the "2018A Underwriter");

(c) 2018A Indenture of Trust (the "Indenture") between the Authority and U.S. Bank, National Association, as trustee (the "Trustee"), including the form of the 2018A Bonds;

(d) 2018A Loan Agreement (the "Loan Agreement") between the Authority and the University;

(e) 2018B Loan and Security Agreement (the “Loan and Security Agreement”) among the Authority, the University, Century Bank and Trust Company, as disbursing agent, and the 2018B Bond Purchaser, including the form of the 2018B Bond(s); and

(f) The University’s promissory note or notes to be issued in the principal amount or amounts of the aggregate principal amount of each series of the 2018 Bonds (the “Notes”), including the forms of assignment thereof from the Authority to the Trustee or 2018B Bond Purchaser, as applicable.

NOW, THEREFORE, after careful consideration and in furtherance of the public purposes for which the Authority was created, **BE IT RESOLVED, THAT:**

1. Determination and Agreement to Issue. The foregoing recitals are approved by the Authority and are incorporated in, and deemed a part of, this Resolution. The Authority determines that issuance of the 2018 Bonds in accordance with the terms of the Bond Documents and all actions of the Authority contemplated thereunder will be in furtherance of the purposes for which the Authority was organized. In order to assist the University in financing the 2018 Project and refinancing the 2010 Project and the 2015B Project, the Authority hereby agrees to undertake the issuance of the 2018 Bonds, and to loan the proceeds thereof to the University upon terms and conditions described in the Bond Documents.

2. Undertaking of Project and Reimbursement. It having been represented to the Authority that it is necessary to proceed immediately with planning and financing the 2018 Project, and subject to market conditions refinancing the 2010 Project and the 2015B Project, the Authority hereby agrees that the University may proceed with plans for, and enter into contracts involving, financing the 2018 Project and refinancing the 2010 Project and the 2015B Project, and take such other steps as it may deem appropriate in connection therewith, provided, however, that nothing herein shall be deemed to authorize the University 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 2018 Project or the 2010 Project or 2015B Project. The Authority agrees that the University may be reimbursed from the proceeds of the 2018 Bonds for all expenditures and costs including issuance costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act, the Code and other applicable state and federal laws.

3. Authorization and Issuance. The Authority hereby authorizes issuance of the 2018 Bonds substantially upon the terms set forth therein and in the Indenture, provided the 2018 Bonds shall be in an aggregate principal amount not to exceed \$51,250,000. The 2018 Bonds shall have such principal amounts and maturities, bear such date or dates, bear interest at such rate or rates, be payable at such times or times and be sold in one or more series or subseries in such manner and on such terms as approved by the Chairman or the Vice Chairman of the Authority, at the request of the University, subject to the limitations set forth below.

(a) The 2018A Bonds shall have a true interest cost (including any original issue premium or discount) not to exceed 5.5% per annum; the 2018A Bonds shall mature not later than January 1, 2049; and no redemption premium shall exceed 100% of the principal amount of 2018A Bonds subject to redemption. The Chairman and Vice Chairman of the Authority, either of whom may act, are each authorized to approve the final terms of the

2018A Bonds as shall be acceptable to the University, subject to the foregoing parameters, which approval shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The principal of, premium, if any, and interest on the 2018A Bonds shall be limited obligations of the Authority payable solely from the security described in the Indenture including, without limitations, assignment by the Authority of the Note to the Trustee.

(b) The 2018B Bonds shall bear interest at a variable rate as provided in the Loan and Security Agreement; the 2018B Bonds shall mature not later than January 1, 2043; and no redemption premium shall exceed 100% of the principal amount of 2018B Bonds subject to redemption. The Chairman and Vice Chairman of the Authority, either of whom may act, are each authorized to approve the final terms of the 2018B Bonds as shall be acceptable to the University, subject to the foregoing parameters, which approval shall be conclusively evidenced by the execution and delivery of the Loan and Security Agreement. The principal of, premium, if any, and interest on the 2018B Bonds shall be limited obligations of the Authority payable solely from the security described in the Loan and Security Agreement including, without limitations, assignment by the Authority of the Note to the 2018B Bond Purchaser.

(c) The principal of, premium, if any, and interest on the 2018 Bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or any political subdivision thereof, including the Authority and the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the principal of, premium, if any, or interest on the 2018 Bonds or other costs incident thereto except from the security therefor described in the Indenture and the Loan and Security Agreement, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the City, will be pledged to the payment of the principal of, premium, if any, or interest on the 2018 Bonds or other costs incident thereto. No covenant, condition or agreement contained in the 2018 Bonds, the Bond Documents or any other financing instrument executed and delivered in connection therewith shall be deemed to be a covenant, condition or agreement of any past, present or future director, officer, employee or agent of the Authority in his or her individual capacity, and no officer of the Authority executing the 2018 Bonds shall be liable personally on the 2018 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

4. Approval, Execution and Delivery of Documents. The Bond Documents to which the Authority is a party are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions, completions or omissions (including, without limitation, changes of the dates thereof and other changes necessary to reflect the final terms of the 2018 Bonds within the parameters described in Paragraph 3 above) as may be approved by the Chairman or the Vice Chairman of the Authority, whose approval shall be evidenced conclusively by the execution and delivery of the 2018 Bonds and such documents containing such changes, insertions, completions or omissions. The execution of the 2018 Bonds and their delivery against payment therefor, the amount of such payment to be disbursed in accordance with the terms of the Indenture, are authorized and directed. The execution and delivery of, and the performance by the Authority of its obligations under, the Bond Documents to which it is a party are authorized and directed.

The Chairman and the Vice Chairman of the Authority are each authorized and directed to execute, on behalf of the Authority, the Indenture, the 2018 Bonds, the Loan Agreement, the Bond Purchase Agreement and the Loan and Security Agreement, and, if required or requested, the Secretary or any Assistant Secretary of the Authority is authorized and directed to affix the seal of the Authority to the Indenture, the 2018 Bonds, the Loan Agreement, the Bond Purchase Agreement and the Loan and Security Agreement and to attest such seal. The signatures of the Chairman or Vice Chairman and the Secretary or any Assistant Secretary and the seal of the Authority on the 2018 Bonds may be by facsimile. One or more additional underwriting firms may be added to the Bond Purchase Agreement.

5. Preliminary Official Statement. The Preliminary Official Statement in substantially the form presented to this meeting, with such completions, omissions, additions and changes as shall be approved by the University and the 2018A Underwriter, is approved and distribution thereof is authorized. Distribution of the Preliminary Official Statement shall constitute conclusive evidence that it has been deemed final by the Authority as of its date, except for the omission of such pricing and other information permitted to be omitted for purposes of federal Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”); provided that except for information contained therein regarding the Authority under the headings “THE AUTHORITY” and “LITIGATION” the Authority makes no representation or warranty as to the accuracy, adequacy or completeness of the Preliminary Official Statement

6. Official Statement. After the sale of the 2018A Bonds, the Preliminary Official Statement revised to reflect the terms of the 2018A Bonds in accordance with the Bond Purchase Agreement shall constitute the final Official Statement. The Chairman and Vice Chairman of the Authority are authorized to execute and deliver to the 2018A Underwriter the Official Statement. The 2018A Underwriter is authorized to distribute the Official Statement, and distribution of the Official Statement shall be conclusive evidence that it has been deemed final by the Authority as of its date, within the meaning of Rule 15c2-12; provided that except for information contained therein regarding the Authority under the headings “THE AUTHORITY” and “LITIGATION” the Authority makes no representation or warranty as to the accuracy, adequacy or completeness of the Official Statement.

7. Other Documents. Each officer of the Authority is authorized and directed to execute and deliver on behalf of the Authority such instruments, documents or certificates, including, without limitation, Internal Revenue Service Form 8038 and a tax compliance certificate or agreement, and one or more escrow deposit agreements to effectuate the defeasance of the refunded 2010 Bonds and 2015B Bonds (together, the “Refunded Bonds”), on behalf of the Authority and to take all such further action as may be necessary or desirable in connection with the issuance and sale of the 2018 Bonds and the refunding of the Refunded Bonds, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bond Documents or such other instruments, documents or certificates. All of the foregoing previously done or performed by such officers of the Authority are in all respects approved, ratified and confirmed.

8. Bond Counsel. At the request of the University, the Authority hereby approves Christian & Barton, L.L.P., Richmond, Virginia, as Bond Counsel to supervise the proceedings and approve the issuance of the 2018 Bonds.

9. Recommendation of City Council Approval. The Authority hereby recommends that the City Council of the City of Lexington (the “City Council”) approve the issuance of the 2018 Bonds within 60 days hereof and directs the Chairman and the Secretary-Treasurer of the Authority to file with the City Council this Resolution, the Fiscal Impact Statement and a summary statement of the comments made at the public hearing. The issuance of the 2018 Bonds shall be contingent upon the approval of the issuance of the 2018 Bonds by the City Council.

10. Payment of Costs and Indemnification of Authority. All fees, costs and expenses in connection with the financing of the 2018 Project and the issuance of the 2018 Bonds, including the Authority's fees (as provided in the Loan Agreement) and the other fees and expenses of the Authority and its legal counsel, shall be paid from the proceeds of the 2018 Bonds or from funds provided by the University. The University hereby agrees to indemnify and save harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the 2018 Project or the 2010 Project or the 2015B Project, the application submitted by the University or the issuance of the 2018 Bonds.

11. Other Actions. All other actions heretofore or hereafter taken by the directors or officers of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2018 Bonds and the undertaking of the financing or refinancing of the 2018 Project and the 2010 Project or the 2015B Project are hereby ratified, approved and confirmed. Any authorization herein to execute a document shall include authorization to record such document where appropriate and to deliver it to the other parties thereto.

12. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted: June ____, 2018

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Board of Directors of the Authority present and voting at a meeting duly called and held on June 14, 2018, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS the following signature this ____ day of _____, 2018.

(SEAL)

Secretary, Industrial Development Authority of the
City of Lexington, Virginia

**NEW ISSUE
BOOK ENTRY ONLY**

RATINGS: Standard & Poor's: "___"
Moody's: "___"
(See "Ratings" herein)

In the opinion of Christian & Barton, L.L.P., Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2018A Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing Virginia statutes, interest on the 2018A Bonds is exempt from Virginia income tax. For a more complete description of such opinions of Bond Counsel, see "TAX MATTERS" herein.



\$ _____

**INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA**
Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University)
Series 2018A



Dated: Date of Delivery

Due: [January 1,] as shown on the inside cover

The above-referenced educational facilities revenue and refunding bonds (the "2018A Bonds") will be limited obligations of the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), payable from and secured by an assignment of payments received by the Authority under an unsecured promissory note in the principal amount of \$ _____ issued by

THE WASHINGTON AND LEE UNIVERSITY

PURPOSE	Proceeds of the 2018A Bonds will be loaned by the Authority to The Washington and Lee University (the "University") and used to (1) finance certain capital improvement projects on the University's campus; (2) refund certain prior obligations of the Authority issued for the benefit of the University; and (3) pay expenses incurred in connection with the issuance of the 2018A Bonds, all as described in the section "Plan of Finance."
DENOMINATION	The 2018A Bonds will be issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof.
INTEREST PAYABLE	Interest will be payable semiannually, beginning [January 1,] 20__ and on each [January 1] and [July 1] thereafter by check or draft mailed to the registered owners. Principal will be payable at the designated corporate trust office of U.S. Bank National Association, as Trustee.
PREPAYMENT	The 2018A Bonds are subject to optional redemption as described herein.
LIMITED OBLIGATIONS	The 2018A Bonds and the interest thereon will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and City of Lexington, Virginia. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Authority and City of Lexington, Virginia, will be obligated to pay the principal of or interest on the 2018A Bonds or other costs incident thereto, except from the revenues, receipts and payments pledged for such purpose. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and City of Lexington, Virginia, is pledged to the payment of the principal of and interest on the 2018A Bonds or other costs incident thereto. The Authority has no taxing power.
DISCLAIMER	This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.
TERMS OF DELIVERY	<i>The 2018A Bonds are offered, when, as and if issued by the Authority and received by the Underwriter, subject to the approval of their validity by Christian & Barton, L.L.P., Richmond, Virginia, Bond Counsel, as described herein, and to certain other conditions. Certain legal matters will be passed upon for the Authority by Mann, Vita & Elrod, PLLC, Lexington, Virginia; for the University by its general counsel, Jennifer Kirkland, Esquire, Lexington, Virginia; and for the Underwriter by its counsel, McGuireWoods LLP, Richmond, Virginia. PFM Financial Advisors LLC, Arlington, Virginia, serves as financial advisor to the University in connection with the issuance and sale of the 2018A Bonds.</i>
DELIVERY DATE	<i>Delivery of the 2018A Bonds is expected to be on or about _____, 2018, through the facilities of The</i>

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The 2018A Bonds may not be sold nor may an offer to be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2018A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Depository Trust Company, New York, New York.

WELLS FARGO SECURITIES

Dated: _____, 2018

MATURITY SCHEDULE

\$ _____
**INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA**
Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University)
Series 2018A

<u>Due</u> <u>[January 1]</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield/</u> <u>Price</u>	<u>CUSIP**</u>
	\$	%	%	

[* Priced to the optional call date of [January 1,] 20__ at par.]

** Copyright, American Bankers Association. CUSIP numbers have been assigned by an organization not affiliated with the Authority, the Underwriter or the University and are included solely for the convenience of the holders of the 2018A Bonds. Neither the Authority, the Underwriter nor the University is responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the 2018A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the 2018A Bonds due to various subsequent actions, including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the 2018A Bonds.

The 2018A Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the 2018A Bonds will be exempt also from registration under the securities laws of Virginia.

This Official Statement is not to be construed as a contract with the purchasers of the 2018A Bonds. Statements contained in this Official Statement that involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described, are intended solely as such and are not to be construed as a representation of facts.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the University or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018A Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority, the University and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority or the University since the date hereof.

The Authority neither has nor assumes any responsibility as to the accuracy or completeness of the information in this Official Statement, all of which, other than the information in “The Authority” and that portion of the information in “Litigation” pertaining to the Authority, has been furnished by others. **THE AUTHORITY MAKES NO REPRESENTATIONS HEREUNDER WHATSOEVER AS TO THE CREDITWORTHINESS OF THE UNIVERSITY OR THE ABILITY OF THE UNIVERSITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2018A BONDS.**

The Trustee has neither reviewed nor participated in the preparation of this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE 2018A BONDS, INCLUDING TRANSACTIONS TO (1) OVERALLOT IN ARRANGING THE SALE OF THE 2018A BONDS, AND (2) MAKE PURCHASES AND SALES OF THE 2018A BONDS FOR LONG OR SHORT ACCOUNT, ON A WHEN-ISSUED BASIS OR OTHERWISE AT SUCH PRICES, IN SUCH AMOUNTS AND IN SUCH MANNER AS THE UNDERWRITER MAY DETERMINE.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE AUTHORITY	1
THE 2018A BONDS	2
SECURITY FOR BONDS	4
DEBT SERVICE SCHEDULE	6
THE UNIVERSITY	7
BONDHOLDERS’ RISKS	7
PLAN OF FINANCE	10
SOURCES AND USES OF FUNDS	11
UNDERWRITING	11
FINANCIAL ADVISOR	12
RATINGS	13
BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS	13
LEGAL MATTERS	14
TAX MATTERS	14
LITIGATION	17
RELATIONSHIP OF PARTIES	17
CONTINUING DISCLOSURE	18
FINANCIAL STATEMENTS	18
MISCELLANEOUS	18

Appendices:

- A - The Washington and Lee University
- B - Audited Financial Statements of The Washington and Lee University for the Fiscal Year Ending June 30, 2017
- C - Definitions of Certain Terms and Summaries of Certain Provisions of the Financing Documents
- D - Form of Proposed Bond Counsel Opinion
- E - Form of Continuing Disclosure Agreement
- F - Information Regarding The Depository Trust Company and Its Book-Entry System

OFFICIAL STATEMENT

\$ _____

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA

Educational Facilities Revenue and Refunding Bonds (Washington and Lee University) Series 2018A

INTRODUCTION

This Official Statement, which includes the cover page and appendices, is provided to set forth certain information in connection with the issuance by the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), a political subdivision of the Commonwealth of Virginia, of its Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the “2018A Bonds”), in the aggregate principal amount of \$_____. **THIS INTRODUCTION IS QUALIFIED IN ITS ENTIRETY BY INFORMATION FOUND ELSEWHERE IN THIS OFFICIAL STATEMENT. THIS OFFICIAL STATEMENT SPEAKS ONLY AS OF ITS DATE AND THE INFORMATION HEREIN IS SUBJECT TO CHANGE.**

The 2018A Bonds will be issued in accordance with the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), pursuant to the terms of an Indenture of Trust, dated as of _____ 1, 2018 (the “Indenture”), between the Authority and U.S. Bank National Association, Richmond, Virginia, as trustee (the “Trustee”). Proceeds of the 2018A Bonds will be loaned to The Washington and Lee University, Lexington, Virginia (the “University”), pursuant to the terms of a Loan Agreement, dated as of _____ 1, 2018 (the “Loan Agreement”), between the Authority and the University, to (1) finance certain capital improvement projects on the University’s campus, (2) refund certain prior obligations of the Authority issued for the benefit of the University, and (3) pay expenses incurred in connection with the issuance of the 2018A Bonds. See the section herein “**Plan of Finance.**”

The 2018A Bonds will be limited obligations of the Authority payable solely from the revenues and receipts received by the Authority under the Loan Agreement. To evidence its obligations under the terms of the Loan Agreement, and in consideration for the loan, the University will deliver its unsecured promissory note dated the date of delivery of the 2018A Bonds in the original principal amount of \$_____ (the “2018A Note”). The 2018A Bonds will be equally and ratably secured by the assignment to the Trustee of the 2018A Note.

A listing of certain defined terms used in this Official Statement and brief descriptions of certain provisions of the Indenture and the Loan Agreement are set forth in **Appendix C**.

THE AUTHORITY

The Authority was created on April 16, 1987, by an Ordinance adopted by the Council of the City of Lexington, Virginia (the “City Council”) to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth of Virginia governed by a board of directors appointed by the City Council. The Authority is empowered to issue its revenue bonds to finance or refinance, among other things, facilities for private, accredited and nonprofit institutions of collegiate

education in the Commonwealth of Virginia, whose primary purpose is to provide collegiate or graduate education and not to provide religious training or theological education.

The Authority makes no representation or warranty whatsoever concerning the economic feasibility or the creditworthiness of the University, and no such representation or warranty shall be implied from the issuance of the 2018A Bonds or the other transactions described or contemplated herein. The Authority has not independently verified any information contained in this Official Statement other than the information under this caption and in the section “**Litigation**,” insofar as it pertains to the Authority.

The 2018A Bonds will be limited obligations of the Authority payable solely from certain amounts paid by the University under the Loan Agreement and other moneys pledged therefor under the Indenture as described in the section “**Security for the 2018A Bonds**.” The Authority has no taxing power.

No covenant, condition or agreement contained in the 2018A Bonds, the Indenture or the Loan Agreement 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 individual capacity, and neither the directors of the Authority nor any officer thereof executing the Indenture shall be liable personally on the 2018A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

THE 2018A BONDS

Description. The 2018A Bonds will be dated their date of delivery and will mature on the dates and in the amounts as set forth on the cover page of this Official Statement. Each 2018A Bond shall bear interest (a) from its dated date, if it is authenticated prior to [January 1,] 20__, and (b) otherwise from the [January 1] or [July 1] that is, or immediately precedes, the date on which such 2018A Bond is authenticated; provided that, if at the time of authentication of any 2018A Bond interest is in default, such 2018A Bond shall bear interest from the date to which interest has been paid. Interest on the 2018A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The 2018A Bonds initially will be issued as fully registered bonds, and shall be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the 2018A Bonds will be made in book-entry form in denominations of \$5,000. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018A Bonds purchased. As long as DTC or its nominee, Cede & Co., is the registered owner of the 2018A Bonds, such payments will be made directly to Cede & Co. For information on DTC and its Book-Entry System, see **Appendix F**.

Principal and interest on the 2018A Bonds shall be payable in lawful money of the United States of America, but only from the revenues and other sources pledged to the payment thereof as provided in the Indenture. Principal of the 2018A Bonds shall be payable upon presentation and surrender of the 2018A Bonds as they become due at the corporate trust office of the Trustee; provided that, for so long as DTC is the sole holder of the 2018A Bonds, principal of the 2018A Bonds shall be payable as provided in DTC’s letter of representations with the Authority as described in **Appendix F**. Interest on Bonds shall be payable to the registered owners by check or draft mailed to such owners at their addresses as they appear on each December 15 and June 15 immediately preceding the interest payment date on registration books kept by the Trustee; provided, however, that if any 2018A Bonds are registered in the name of a securities depository or its nominee or at the option of any other registered owner of at least \$1,000,000 principal amount of any 2018A Bonds, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner.

If any principal of or interest on any 2018A Bond is not paid when due (whether at maturity, upon acceleration or call for redemption or otherwise), then the overdue installments of principal and, to the extent permitted by law, interest shall bear interest until paid at the same rate set forth in such 2018A Bond.

As long as the 2018A Bonds are held by DTC or its nominee, beneficial owners may transfer their interest in the 2018A Bonds through the facilities of DTC, as described in **Appendix F**. If the book-entry system is discontinued, exchanges of the 2018A Bonds may be made at the Trustee's designated corporate trust office for an equal aggregate principal of other Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

In the event that any 2018A Bond has been mutilated, lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate and deliver a new 2018A Bond upon receipt of payment of the reasonable expenses and charges of the Authority and the Trustee and in the case of a lost, stolen or destroyed 2018A Bond, upon receipt by the Authority and the Trustee of (i) evidence satisfactory to them that such 2018A Bond was lost, stolen or destroyed and (ii) indemnity satisfactory to them.

A more complete description of the Indenture, the Loan Agreement and the 2018A Note is provided in "SUMMARIES OF CERTAIN PROVISIONS OF THE FINANCING DOCUMENTS" in Appendix C.

Optional Redemption. The 2018A Bonds that are stated to mature after [January 1], 20__ are subject to redemption prior to maturity at the option of the Authority (as directed by the University), in whole or in part (in any integral multiple of \$5,000) at any time on or after [January 1,] 20__, upon payment of 100% of the principal amount of the 2018A Bonds to be redeemed plus interest accrued to the date fixed for redemption.

[Extraordinary Optional Redemption. The 2018A Bonds shall also be subject to redemption in whole or in part on any date, at the option of the Authority (as directed by the University), from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount of the 2018A Bonds to be redeemed, without premium, plus accrued interest to the redemption date, if all or any part of the University's facilities financed or refinanced with the 2018A Bonds is damaged or destroyed or is taken through the exercise of the power of eminent domain and the Authority has delivered to the Trustee a certificate of the University to the effect that the University has determined not to use such proceeds to replace or rebuild the damaged, destroyed or taken property.

Mandatory Sinking Fund Redemption. The 2018A Bonds maturing on [January 1,] 20__, are required to be redeemed prior to maturity in part in accordance with the sinking fund requirements of the Indenture on [January 1] in years and amounts, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
-------------	---------------

The Indenture provides for a credit against such redemption requirements for any 2018A Bonds that prior to any such redemption date have been purchased by the University and surrendered for cancellation and that previously have not been applied as a credit against any redemption requirement.]

Selection of Bonds for Redemption. If less than all of the 2018A Bonds are called for redemption, the maturities of the 2018A Bonds to be redeemed shall be selected by the Authority, at the

direction of the University. Subject to the applicable provisions of DTC, if less than all of the 2018A Bonds of any maturity are called for redemption, the 2018A Bonds to be redeemed will be selected by lot in such manner as the Trustee in its discretion may determine, each portion of \$5,000 principal amount being counted as one 2018A Bond for such purpose.

Notice of Redemption. If any of the 2018A Bonds or portions thereof are called for redemption, the Trustee shall cause a notice of the call for redemption identifying the 2018A Bonds to be redeemed to be sent by first class, registered or certified mail not less than 30 nor more than 60 days prior to the redemption date, to the registered owner of each 2018A Bond to be redeemed at his address as it appears on the registration books kept by the Trustee. Such notice may be conditioned upon the occurrence of future events, including the availability of funds to affect the redemption on the redemption date.

Failure of the Trustee to give any such notice or any defect in a redemption notice shall not affect the redemption or the validity of the proceedings for the redemption of any of the 2018A Bonds with respect to which no such failure has occurred. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been given whether or not actually received by any Bondholder (which in the case of the 2018A Bonds held in book-entry form shall be the applicable securities depository or its nominee).

So long as Cede & Co., as nominee of DTC, is the registered owner of the 2018A Bonds, all notices of redemption will be sent only to Cede & Co. and delivery of notice of redemption to the DTC Participants, if any, is solely the responsibility of DTC (see **Appendix F**). Interest will cease to accrue on 2018A Bonds called for redemption from and after the redemption date if sufficient money shall be held by the Trustee to pay the principal of and accrued interest on the 2018A Bonds to be redeemed to the redemption date.

If 2018A Bonds have been duly called for redemption and notice of the redemption thereof has been duly given or provided for and if monies or certain investments for the payment of the 2018A Bonds (or the principal amount thereof to be redeemed) and the interest thereon to the date fixed for redemption are held by the Trustee, then 2018A Bonds (or the principal amount of the 2018A Bonds called for redemption) will on the redemption date become due and payable, the registered owner thereof shall thereafter have no rights under the Indenture as the registered owner of such Bonds (or the principal amount thereof to be redeemed) except to receive the principal amount thereof and interest thereon to the redemption date.

SECURITY FOR BONDS

The 2018A Bonds are limited obligations of the Authority payable solely from the revenues and receipts received by the Authority under the Loan Agreement. The amounts payable under the 2018A Note are designed to be sufficient to pay when due the principal of and interest on the 2018A Bonds.

The 2018A Bonds are not secured by a mortgage or deed of trust on, or a security interest in, any property of the Authority or the University. No debt service reserve fund has been established for the 2018A Bonds. The only sources of payment for the 2018A Bonds are the payments made by the University under the Loan Agreement, including payments under the 2018A Note, which are unsecured. See the section herein “**Bondholders’ Risks**”. Payment of the 2018A Note, and therefore the 2018A Bonds, is dependent upon tuition revenue, fund raising and earnings on the University’s endowment and similar funds. Moreover, the University is not prohibited from (a) mortgaging or pledging any of its property, revenue producing or otherwise, to other creditors, and (b) incurring additional debt, secured or unsecured, on a parity with (or series to) the 2018A Note or otherwise. The incurrence by the University of additional debt, secured or unsecured, in the future may have an adverse effect on (i) the ability of the

University to make payments required under the 2018A Note, and (ii) the market price of the 2018A Bonds. For a discussion of the University's existing indebtedness, see the section "**Outstanding Long-Term Indebtedness**" in **Appendix A**.

THE 2018A BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA, OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND CITY OF LEXINGTON, VIRGINIA. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND CITY OF LEXINGTON, VIRGINIA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE 2018A BONDS OR OTHER COSTS INCIDENT THERETO, EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND CITY OF LEXINGTON, VIRGINIA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE 2018A BONDS, OR INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER.

DEBT SERVICE SCHEDULE

The following table sets forth for each 12-month period ending on June 30 the amounts payable by the University for the payment of principal of and interest on its long-term indebtedness. Such amounts reflect the University’s payment during the applicable fiscal year of amounts that are paid on July 1 of the succeeding fiscal year. For a discussion of the University’s existing indebtedness, see the section “**Outstanding Long-Term Indebtedness**” in **Appendix A**.

<u>Fiscal Year</u>	<u>Total Existing Debt Service</u> ⁽¹⁾	<u>2018A Bonds</u>			<u>2018B Bonds</u>			<u>Total Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2018	\$	\$	\$	\$	\$	\$	\$	\$
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
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2043								
2044								
2045								
2046								
2047								
2048								
Total ⁽²⁾	\$	\$	\$	\$				\$

⁽¹⁾ [Placeholder footnote language regarding variable rate nature of outstanding debt and what obligations are to remain outstanding after closing. Some of the University’s outstanding obligations are variable rate, and this column assumes an interest rate of ___% per annum through July 2018, ___% per annum through July 20__, ___% per annum through July 20__, ___% per annum through July 20__ and ___% per annum thereafter on the outstanding balance of the Authority’s \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University Project), Series 2010 and the Virginia College Building Authority’s \$15,000,000 Educational

Facilities Revenue Bonds (Washington & Lee University Project), Series 2015B. These rates are assumed rates of interest for budgeting purposes and are not reflective of current rates as of any particular date.]

⁽²⁾ Totals may not foot due to rounding.

The University's total outstanding debt service obligations (including its loan repayments related to the 2018A Bonds, as shown above) are described more fully in the section "**Outstanding Long-Term Indebtedness**" in **Appendix A**.

[Issuance of the 2018B Bonds – the following is a placeholder pending further development of the bank aspect of the transaction] Concurrently with the issuance of the 2018A Bonds, the Authority also expects to issue its Educational Facilities Revenue Refunding (Washington and Lee University), Series 2018B Bonds (the "2018B Bonds"), in the principal amount of \$_____, the proceeds of which will be used to refund all of the \$15,000,000 Variable Rate Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015B.

The Authority expects to sell the 2018B Bonds directly to Century Subsidiary Investments, Inc. III (the "2018B Lender"). The University has obtained a commitment letter from the 2018B Lender to purchase the 2018B Bonds pursuant to a the 2018B Loan and Security Agreement dated as of ____ 1, 2018, among the Authority, [Century Bank and Trust Company as disbursing agent], the 2018B Lender and the University. [Add Continuing Covenants Agreement, as appropriate, along with brief description of any financial covenants]. The 2018B Loan Agreement is expected to require that (1) the 2018B Bonds bear interest at a taxable rate if interest on the 2018B Bond becomes includable for purposes of federal income taxation, (2) the University will pay a higher rate if there is a change in the maximum federal corporate tax rate and (3) the University will indemnify the 2018B Lender for certain liabilities and expenses associated with the 2018B Lender's holding of the 2018B Bonds.

The obligation of the University to pay the 2018B Bonds will be evidence by a promissory note in the principal amount of the 2018B Bond (the "Series 2018B Obligation"). It is expected that the 2018B Bonds will (1) bear interest at a variable rate equal to ___% of the sum of (a) 30-day LIBOR Rate and (b) ___ basis points, (2) fully amortize over a ___-year term, and (3) not be subject to a put in favor of the 2018B Lender during the term. The University does not currently expect to enter into a hedge or swap agreement with respect to the 2018B Bonds.

THE UNIVERSITY

The University is an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). Attached as **Appendix A** to this Official Statement is a more complete description of the University and its operations. Attached as **Appendix B** are financial statements with respect to the University's operations that, to the extent and for the periods indicated, have been examined by KPMG, LLP, independent certified public accountants.

BONDHOLDERS' RISKS

The ability of the Authority to make timely payments of principal and interest on the 2018A Bonds depends solely on the ability of the University to make timely payments of principal of and interest on the 2018A Note. The University has agreed under the Loan Agreement to make all payments required under the 2018A Note as they become due. The University expects that revenues derived from its ongoing operation, when taken together with other funds available for such purposes, will be adequate to make

such debt service payments. A number of factors, however, including those set forth below, may adversely affect the University's ability to make timely debt service payments. For more information on the University, see Appendices A and B hereto.

Revenue from Student Fees; Competition. The University receives a significant percentage of its annual revenues from tuition, fees and other charges to students. While the University has consistently demonstrated a high level of student demand for its programs at current fee levels, there is no assurance it will be able to do so in the future. Fees at the University are higher than those at state-supported colleges and many other private schools. Demand for attendance may be subject to a number of factors beyond the control of the University, such as general economic and demographic conditions and public and private funding of financial aid.

As described more fully in the section **“Competing Universities”** in **Appendix A**, the University faces competition for students with high academic achievements. This competition is likely to continue as students choose whether to attend the University, another private or public college or university. Factors that influence a student's selection of a college or university include, among other things, academic reputation, faculty, degree programs, course and major selection, the relative cost of attendance, the availability of financial aid and prospects for employment upon graduation.

Market Value of Investments. Like other endowed organizations, the University may incur investment gains or losses in any given year. While the University believes that its investments are being managed prudently and has adopted policies designed to ensure the prudent management of these investments in the future, there can be no assurance that unforeseen developments in the securities markets will not have an adverse effect on the market value of these investments and the income generated therefrom, thereby decreasing the amount of funds available to pay debt service on the 2018A Note. See the section **“Investment Policy, Portfolio and Manager”** in **Appendix A**.

Financial Assistance. As described in the section **“Student Financial Aid”** in **Appendix A**, the University has historically provided substantial financial assistance in the form of scholarships, grants and loans. Financial assistance is a significant factor in the decision of many students to attend a particular college or university. The University's ability to maintain current and projected required levels of financial assistance is directly affected by both fundraising and federal financial aid programs. Reductions in these sources of funds could reduce the number of qualified applicants and the number of students actually enrolling.

Fundraising. The University has historically demonstrated an ability to raise funds from a variety of benefactors for its operations, capital development programs and endowment. The ability to raise funds in the future may be affected adversely by a number of factors, including changes in general economic conditions and tax law changes affecting the deductibility of charitable contributions. See **“Fund-Raising”** in **Appendix A**.

Unsecured Obligations. Payment of the 2018A Note, and therefore the 2018A Bonds, is not secured by any mortgage or pledge of any of the University's assets and is thus dependent upon tuition revenues, fundraising and earnings on the University's endowment and similar funds.

Additional Debt. Neither the Indenture nor the Loan Agreement restricts the University from issuing any additional indebtedness, including indebtedness received by a lien on University revenues. The University has previously incurred unsecured indebtedness as described more fully in the section **“Outstanding Long-Term Indebtedness”** in **Appendix A**. The incurrence of additional indebtedness, whether secured or unsecured, in the future may have an adverse effect on (i) the University's ability to make debt service payments on the 2018A Note, and (ii) the market price of the 2018A Bonds. Holders

of the 2018A Bonds may be required to share with holders of existing indebtedness and any future additional indebtedness any moneys realized from the execution of remedies or bankruptcy proceedings and in the proceeds of certain insurance and condemnation awards.

Future Capital Expenditures. The University may finance future capital expenditures with tax-exempt and/or taxable borrowings, and neither the Indenture nor the Loan Agreement restricts the University from issuing additional indebtedness. Although such expenditures are largely discretionary, the failure to continue such capital expenditures could result in a loss of competitive position.

Tax Exempt Status. The University has received letters from the Internal Revenue Service (the “IRS”) confirming its status as a tax exempt organization described in Section 501(c)(3) of the Code. To maintain such status, the University is required to conduct its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings governing tax exempt organizations. In recent years the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax exempt status of 501(c)(3) organizations generally, but no specific legislation is now pending which would have a substantial adverse effect on the University’s tax exempt status. The Congress and the IRS have also focused more closely on the scope of activities constituting unrelated business income; however, the effect on the University should not be material because the University believes its activities giving rise to such income are not substantial. Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the University to charge and collect revenues, finance or refinance indebtedness on a tax exempt basis or otherwise generate revenues necessary to provide for payment of the 2018A Note. Although the University has covenanted to maintain its status as a tax exempt organization, loss of tax exempt status, should that occur, would likely have a significant adverse effect on the University and its operations and could result in the includability of interest on the 2018A Bonds in gross income of the holders thereof for federal income tax purposes retroactively to their date of issue. See the section “**Tax Matters.**”

Secondary Market. There is no guarantee that a secondary trading market will develop for the 2018A Bonds. Consequently, prospective purchasers of the 2018A Bonds should be prepared to hold their 2018A Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the 2018A Bonds.

Environmental Liabilities. Some operations of the University result in the production of waste products. As a generator of these wastes, the University is responsible for compliance with applicable federal, state and local laws and regulations, including the proper handling, labeling, storage, transport and disposal of the wastes, and may incur liability without regard to fault or remedial actions and for personal injury and property damage related to a release or threatened release of these wastes.

Bankruptcy. Any attempt by the Trustee to enforce payment of the 2018A Note or other rights provided in the Loan Agreement may be limited by bankruptcy proceedings and usual equity principles, which may restrict the Trustee’s ability to seek payment from property of the University. Because the 2018A Bonds are not secured by any lien or security interest, the Trustee would be an unsecured creditor with no special claim in a bankruptcy proceeding to revenues or particular assets of the University.

Bankruptcy proceedings by the University could have adverse effects on holders of the 2018A Bonds, including (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the University after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2018A Bonds. The United States Bankruptcy Code contains provisions intended to ensure that, in any plan of reorganization not

accepted by at least a majority of any class of creditors such as the holders of the 2018A Bonds, such class of creditors will have the benefit of their original claim or the “indubitable equivalent” thereof; however, such plan may not provide for payment in full of the 2018A Bonds. The effect of these and other provisions of the United States Bankruptcy Code cannot be predicted, and may be affected significantly by judicial interpretation.

Other Factors. Various other factors could affect the future financial strength of the University, such as fluctuations in interest rates, especially with respect to the University’s variable rate indebtedness, and changes in tax laws affecting the University’s cost of capital. A significant portion of the University’s budget relates to fixed expenses, including salaries of tenured faculty, which cannot be easily reduced or eliminated to respond to changing economic conditions.

[Other Bondholders’ Risk Factors – to come, if any]

PLAN OF FINANCE

Proceeds of the 2018A Bonds will be loaned to the University which expects to apply such proceeds, together with other available funds of the University, to (1) finance certain capital improvement projects on the University’s campus, (2) refund certain outstanding obligations of the Authority issued for the benefit of the University, and (3) pay expenses incurred in connection with the issuance of the 2018A Bonds.

2018A Capital Projects. The capital improvement projects to be financed in part with a portion of the proceeds of the 2018A Bonds are located on the University’s campus in Lexington, Virginia and consist of: (a) the renovation, construction and equipping of Woods Creek Apartments, including but not limited to an upgrade and/or replacement of the mechanical systems of the three buildings, modification and improvements of exteriors, energy efficiency enhancements, and interior revitalizations, to include new kitchens and baths and improved furnishings and finishes (b) the acquisition, construction and equipping of the Duchossois Athletic and Recreation Center Construction, along with the rebuild of the current Warner Center including but not limited to the renovation and expansion of the existing Fitness Center, new locker rooms, the development and renovation of four sport courts including the competition venue, the development of a new Athletics Hall of Fame, four squash courts, three racquetball courts, and indoor golf simulation and putting spaces (collectively, the “2018 Capital Projects”).

Plan of Refunding. In order to fix the interest rates on a portion of its variable rate indebtedness, the University also will apply a portion of the proceeds of the 2018A Bonds to the refunding of all of the Authority’s outstanding \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (such refunded bonds are the “Refunded Bonds”), the proceeds of which were used to (1) finance various capital improvements at the University, including certain (a) projects associated with the University’s Energy Master Plan, (b) various capital projects from the University’s Annual Capital Projects, ranging from small renovations to investments in technology to infrastructure improvements and replacements of furniture and fixtures, and (c) certain renovations and infrastructure improvements, including replacement of the artificial turf athletic field, modifications to DuPont Hall, development of a classroom at Early Fielding, replacement of air handling units at Lewis Hall, modifications to Northen Auditorium, and addressing space needs as the Colonnade is renovated and/or improving the visitor experience at the University, and (2) pay costs of issuance of the Series 2010 Bonds. The University is refunding all of the Series 2010 Bonds.

[The Authority also expects to issue its 2018B Bonds through a direct bank placement with Century Subsidiary Investments, Inc. III, in the principal amount of \$_____, the proceeds of which

will be used to refund all of the \$15,000,000 Variable Rate Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015B.]

[To effect the refunding, a portion of the proceeds of the 2018A Bonds will be deposited with the Trustee in the bond fund for the Series 2010 Bonds and held as uninvested cash in a gross amount sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on the Refunded Bonds through their redemption dates.

Upon deposit of such amounts in such bond fund, the Refunded Bonds will be defeased and the University will no longer be obligated to make payments on the Refunded Bonds, except from such funds. Neither the principal of or interest on the amount held in such bond fund will be available to pay the principal of or interest on the 2018A Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds related to the 2018A Bonds are estimated to be substantially as follows:

<u>Sources of Funds</u>	<u>2018A Bonds</u>	<u>2018B Bonds</u>
Principal Amount	\$	\$
Plus Net Original Issue Premium/Discount		
Debt Service Fund		
Total Sources	<u>\$</u>	<u>\$</u>
 <u>Uses of Funds</u>		
Deposit to Project Fund	\$	\$
Refund Refunded Bonds		
Issuance Expenses*		
Total Uses	<u>\$</u>	<u>\$</u>

* Includes Underwriter's discount, legal fees, financial advisor fees, etc.
See "Underwriting."

UNDERWRITING

Wells Fargo Bank, National Association (the "Underwriter"), has entered into a Bond Purchase Agreement with the Authority to purchase the 2018A Bonds at a price of \$____, representing the par amount, plus net original issue premium of \$____ and less an underwriting discount of \$____. The obligation of the Underwriter to pay for the 2018A Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the delivery of specified opinions of counsel and of a certificate of the University that there has been no material adverse change in its condition (financial or otherwise) from that set forth in this Official Statement.

The Underwriter may offer and sell the 2018A Bonds to certain dealers (including dealer banks and dealers depositing the 2018A Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the University, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking service of Wells Fargo & Company and its subsidiaries, including, Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the lead underwriter for the 2018A Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors" ("WFA")), for the distribution of certain municipal securities offerings, including the 2018A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2018A Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2018A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

PFM Financial Advisors LLC, Arlington, Virginia, serves as financial advisor to the University in connection with the issuance and sale of the 2018A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATINGS

As shown on the cover page of this Official Statement, the 2018A Bonds have been rated “___” by Standard & Poor’s Ratings Services (“Standard & Poor’s”) and “___” by Moody’s Investors Service, Inc. (“Moody’s”). The University requested that the 2018A Bonds be rated and furnished certain information to Standard & Poor’s and Moody’s, including certain information that may not be included in this Official Statement.

Standard & Poor’s issues ratings ranging from AAA to D to designate the relative investment qualities of bonds. The “AA” rating is within the second highest major rating category of ten such categories. Standard & Poor’s describes its “AA” rating as follows:

“An obligation rated ‘AA’ differs from the highest-rated obligations only in small degree. The obligor’s capacity to meet its financial commitment on the obligation is very strong.”

“The ratings from ‘AA’ to ‘CCC’ may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.”

Moody’s issues ratings ranging from Aaa to C to designate the relative investment qualities of bonds. The “Aa2” rating is within the second highest of nine such ratings. Moody’s describes its “Aa2” rating as follows:

“Obligations rated ‘Aa’ are judged to be of high quality and are subject to very low credit risk.”

“Moody’s appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.”

Further explanation of the significance of such ratings may be obtained from Standard & Poor’s and Moody’s. Such ratings are not a recommendation to buy, sell or hold the 2018A Bonds. There is no assurance that such ratings will not be withdrawn or revised downward by Standard & Poor’s or Moody’s. Such action, if taken, could have an adverse effect on the market price of the 2018A Bonds.

Neither the Authority nor the Underwriter has undertaken any responsibility after issuance of the 2018A Bonds to assume maintenance of the ratings, to bring to the attention of owners of the 2018A Bonds any proposed revision to or withdrawal of such ratings, or to oppose any such revision or withdrawal.

BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS

The Act provides that bonds issued pursuant thereto are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians and for all public funds of the Commonwealth of Virginia or its political subdivisions. The Act also provides that bonds issued pursuant thereto are eligible to secure the deposit of any public funds of the Commonwealth of Virginia or any of its localities, University districts or other political corporations or subdivisions. No representation is made as to the eligibility of the 2018A Bonds for investment or any other purpose under any law of any other state.

LEGAL MATTERS

Certain legal matters relating to the authorization, issuance and sale of the 2018A Bonds are subject to the approving opinion of Christian & Barton L.L.P., Richmond, Virginia, Bond Counsel. This opinion (the “Bond Opinion”) will be furnished at the expense of the University upon delivery of the 2018A Bonds, in substantially the form set forth in **Appendix D**. The Bond Opinion will be limited to matters relating to the authorization and validity of the 2018A Bonds and to the exemption of interest on the 2018A Bonds from taxation under current federal and Virginia income tax laws. The Bond Opinion makes no statement as to the ability of the Authority or the University to provide for payment of the 2018A Bonds or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the 2018A Bonds.

Certain legal matters will be passed on for the Authority by Mann, Vita & Elrod, PLLC, Lexington, Virginia; for the University by its general counsel, Jennifer Kirkland, Esquire, Lexington, Virginia; and for the Underwriter by Christian & Barton, L.L.P., Richmond, Virginia.

TAX MATTERS

In the opinion of Christian & Barton, L.L.P., Bond Counsel, under existing law, interest on the Series 2018A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Notwithstanding Bond Counsel’s opinion that interest on the 2018A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest is included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations’ adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In addition, Bond Counsel is further of the opinion that interest on the Series 2018A Bonds is exempt from all income taxation by the Commonwealth of Virginia and any political subdivision thereof.

Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2018A Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the University contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2018A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2018A Bonds in a manner that is substantially related to the University’s exempt purpose under Section 513(a) of the Code, may cause interest on the Series 2018A Bonds to be included in gross income retroactively to the date of the issuance of the Series 2018A Bonds. Bond Counsel will not independently verify the accuracy of the Authority’s and the University’s certifications and representations or the continuing compliance with the Authority’s and the University’s covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2018A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code, or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the University may cause loss of such status and result in the interest on the Series 2018A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2018A Bonds. The University and, subject to certain limitations, the Authority have each covenanted to take the actions required of it for the interest on the Series 2018A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2018A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds or the market value of the Series 2018A Bonds.

A portion of the interest on the Series 2018A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2018A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2018A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2018A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2018A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2018A Bonds ends with the issuance of the Series 2018A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the University or the owners of the Series 2018A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2018A Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2018A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2018A Bonds for audit, or the course or result of such audit, or

an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2018A Bonds.

Prospective purchasers of the Series 2018A Bonds upon their original issuance at prices other than the respective prices indicated on the cover of this Official Statement, and prospective purchasers of the Series 2018A Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2018A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2018A Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2018A Bonds or the market value or marketability of the Series 2018A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2018A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Series 2018A Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2018A Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2018A Bonds may be adversely affected and the ability of holders to sell their Series 2018A Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Premium

Any maturities of the Series 2018A Bonds that may be sold at an initial offering price which exceeds the stated redemption price payable at maturity (the "Premium Bonds") will be considered for federal income tax purposes to have original issue premium equal to such excess. The federal tax basis of the initial purchaser of such Premium Bonds is reduced by the amount of the excess that is amortized during the period such initial owner holds such bond in determining gain or loss for federal income tax purposes. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of such bond by the initial owner. The initial purchaser of such Premium Bonds must amortize any premium over the term of the Premium Bond using constant yield principles, based on the initial offering price of such Premium Bond.

Original Issue Discount

Various maturities of the Series 2018A Bonds ("Discount Bonds"), as indicated on the inside front cover of this Official Statement, were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2018A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID properly accruable or amortizable in any period with respect to the Discount Bonds and as to other federal tax consequences and the treatment of OID for purposes of state and local taxes on, or based on, income.

LITIGATION

There is now no litigation of any nature to which the Authority is a party pending or, to the knowledge of the Authority, threatened against it to restrain or enjoin the issuance, sale, execution or delivery of the 2018A Bonds, or in any way contesting or affecting the validity of the 2018A Bonds or any proceedings taken with respect to the issuance or sale thereof or the Authority's power and authority to issue the 2018A Bonds, or in any way contesting or affecting the validity of or application of the moneys or the security provided for the 2018A Bonds.

There is no litigation pending or, to the best knowledge of the University, threatened against it which, even if adversely determined against the University, would have a material adverse effect on the University's financial position or future operations.

RELATIONSHIP OF PARTIES

Christian & Barton L.L.P., Bond Counsel, also serves from time to time as counsel to the Underwriter in transactions unrelated to the issuance of the 2018A Bonds.

McGuireWoods LLP, counsel to the Underwriter, also serves from time to time as counsel to the University and Trustee in transactions unrelated to the issuance of the 2018A Bonds. Additionally, certain attorneys employed by McGuireWoods LLP serve as professors at the University's law school.

CONTINUING DISCLOSURE

To permit compliance by the purchasers of the 2018A Bonds with the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the University will execute a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), in substantially the form set forth in **Appendix E**, at closing agreeing to provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System (“EMMA”) maintained by the Municipal Securities Rulemaking Board (the “MSRB”) and may be accessed through the Internet at emma.mrsb.org. As described in **Appendix E**, the Continuing Disclosure Agreement requires the University to provide only limited information at specific times, and the information provided may not be all the information necessary to value the 2018A Bonds at any particular time. The University may from time to time disclose certain information and data in addition to that required by the Continuing Disclosure Agreement. If the University chooses to provide any additional information, the University shall have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the University to comply with the Continuing Disclosure Agreement is not an event of default under the 2018A Bonds or the Loan Agreement. The sole remedy for a default under the Continuing Disclosure Agreement is to bring an action for specific performance of the University’s covenants thereunder, and no assurance can be provided as to the outcome of any such proceeding.

See **Appendix E** for a more detailed description of the University’s continuing disclosure undertaking.

FINANCIAL STATEMENTS

The financial statements of the University as of June 30, 2017, and for the period then ended, have been audited to the extent set forth in their report by KPMG, LLP, independent certified public accountants, and are included as **Appendix B** in reliance upon such report. **KPMG, LLP, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG, LLP, also has not performed any procedures relating to this Official Statement.**

MISCELLANEOUS

The references herein to the Indenture, the Loan Agreement, the 2018A Note and other materials and documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, materials and documents for the complete provisions thereof, copies of which are available for inspection at the offices of the Trustee or the Underwriter for further information.

Except with respect to the sections herein “**The Authority**,” “**Tax Matters**,” and “**Legal Matters**” and the first paragraph in the section “**Litigation**” and in Appendices C and D summarizing the financing documents and the form of the bond counsel opinion, all information in this Official Statement and in the Appendices has been furnished by the Underwriter or the University. Such information has been reviewed by representatives of the Underwriter and the University. Those representatives of the University have approved all such information relating to the University for use in this Official Statement. The Authority assumes no responsibility for the accuracy or completeness of the information in this Official Statement except in the sections herein “**The Authority**” and, insofar as it relates to the Authority, “**Litigation**.”

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in the Rule; therefore, no representation or warranty is given as to the accuracy or completeness of such information.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement.

The distribution of this Official Statement has been duly authorized by the Authority and approved by the University. For purposes of compliance with the Rule, this Preliminary Official Statement constitutes an official statement of the Authority that has been deemed final by the Authority as of its date except for the omission of no more than the information permitted by the Rule.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA**

By: _____
Chairman

Approved:

THE WASHINGTON AND LEE UNIVERSITY

By: _____
Vice President for Finance
and Treasurer

APPENDIX A

THE WASHINGTON AND LEE UNIVERSITY

THE WASHINGTON AND LEE UNIVERSITY

OVERVIEW OF THE UNIVERSITY

The Washington and Lee University (the “University” or “Washington and Lee”) is a private, not-for-profit, nonsectarian, coeducational institution of higher learning. Its offerings include undergraduate programs in liberal arts, science, and business and a graduate program in law. The University is located in Lexington, Virginia, a city with a population of approximately 7,000 in the central part of the Shenandoah Valley of the Commonwealth of Virginia, approximately 50 miles northeast of Roanoke, Virginia and approximately 160 miles southwest of Washington, D. C.

The University traces its origins to 1749, when Scotch-Irish pioneers of the Shenandoah Valley founded a small classical school. In 1871, the University first became known as “The Washington and Lee University,” a name selected to honor George Washington, an early donor to the University, and Robert E. Lee, for his strong leadership as a former president of the University.

The University’s enrollment is geographically diverse. For the 2017-18 academic year 14.0% of First Year students were from Virginia. The remaining 86.0% of the First Year students came from 37 other states and the District of Columbia and 13 other countries.

Officers and Board of Trustees - The University is governed by its President, Officers, Rector (who acts as Chair of the Board) and a Board of Trustees (the “Board”) consisting of not fewer than 15 members nor more than 40 members, elected for up to two five-year terms by the incumbent Trustees. The consent of the Board is required for certain acts of the University, including certain academic and administrative appointments and the awarding of degrees. The Board serves as ultimate fiduciary by its oversight of institutional affairs and is responsible for the governance and management of the institution. The Board is expected to execute its responsibilities of oversight of the University’s operations through the activities of its standing and ad hoc committees and during the plenary sessions of the full Board. The committees composed of Trustees also review the academic performance of the several departments of the University

The current Officers of the University are the following:

Officers:

William C. Dudley, President
Steven G. McAllister, Treasurer
James D. Farrar, Jr., Secretary

The current members of the Board of Trustees are the following:

Board of Trustees:

J. Donald Childress (Rector of the Board of Trustees)	Senior Managing Partner, Childress Klein Properties Atlanta, Georgia
James L. Baldwin, Jr.	Executive V.P. and General Counsel, Dr. Pepper Snapple Group Plano, Texas
Dana J. Bolden	Global Chief Communications Officer, DowDuPont Co. Wilmington, Delaware
Scott B. Boyd	Neurosurgeon, Lexington Brain and Spine Institute Columbia, South Carolina
John P. Case, III	CEO and Director, Realty Income Corporation San Diego, California

Mary C. Choksi	Corporate Director Washington, D.C.
J. Lawrence Connolly	President, Connolly Family Foundation Atlanta, Georgia
Rogers L. Crain	Vice President, R. Lacy Services, Ltd. Houston, Texas
Blair Hixson Davis	College Professor and Independent Art Historian Irvine, California
William C. Dudley	President, Washington and Lee University Lexington, Virginia
James E. “Jed” Dunn, Jr.	Partner, Newport Board Group LLC Greensboro, North Carolina
Christopher C. Dyson	Director, The Dyson-Kissner-Moran Corporation Pleasant Valley, New York
Dwight H. Emanuelson, Jr.	Managing Director, Merrill Lynch Private Bank and Investment Group Dallas, Texas
Clifford K. Holekamp	Co-Founder and General Partner, Cultivation Capital St. Louis, Missouri
Clay T. Jackson	Regional Insurance President, BB&T Insurance Services, Inc. Nashville, Tennessee
George D. “Geordy” Johnson	CEO, Johnson Development Associates, Inc. Spartanburg, South Carolina
David A. Lehman	Global Head of Real Estate Finance, Goldman Sachs & Co. New York, New York
Joseph W. Luter, IV	Real Estate and Restaurant Investor Virginia Beach, Virginia
Michael R. McAlevey	GE Vice President, Business Development Leader and Chief Legal Officer Cincinnati, Ohio
Marshall B. Miller	Partner, Jackson Walker L.L.P. San Antonio, Texas
B. Craig Owens	Corporate Board Member Bryn Mawr, Pennsylvania
Laurie A. Rachford	General Counsel, ExxonMobil Chemical Company, Houston, Texas
Brodie Gregory Riordan	Manager of Partner Learning and Development, McKinsey & Company Washington, D.C.
Ellen Fitzsimmons Rogowski	General Counsel and Corporate Secretary, SunTrust Bank Atlanta, Georgia
Helen H. Sanders	Director of Residential Development, Hughes Development Corporation Greenville, South Carolina
James R. Small	President, Icon Petroleum, Inc. Midland, Texas
Todd L. Sutherland	President & CEO, University National Bank Lawrence, Kansas
Rowan G. P. Taylor	Partner, Liberty Hall Capital Partners, L.P. New York, New York

Lizanne Thomas	Partner-In-Charge, Southern Region, Jones Day Atlanta, Georgia
William M. Toles	Partner, Fee, Smith, Sharp & Vitullo LLP Dallas, Texas
Andrea K. Wahlquist	Partner, Wachtell, Lipton, Rosen & Katz New York, New York
Christopher H. Williams	Partner, BDT & Company Richmond, Virginia

The Board regularly meets three times per year. To assist in overseeing the activities of the University, the Board has established several committees and subcommittees that meet throughout the year, including the Finance Committee, Audit Committee, Investment Committee, Capital Projects Committee, Campus Life Committee, Development and External Relations Committee, Undergraduate Academics and Admissions Committee, Law School Committee, Committee on Trusteeship, and Executive Committee. The Executive Committee is empowered to exercise certain powers of the Board in the management of the affairs of the University during the intervals between meetings of the Board.

Administration - The President is appointed by the Board, and the President then appoints the other administrative officers of the University. Set forth below are brief biographical sketches of the chief administrative officers of the University.

William C. Dudley, Ph.D., (51) President. Mr. Dudley took office as the 27th president of Washington and Lee University on January 1, 2017. He served formerly as provost and professor of philosophy at Williams College. Dudley received his B.A. in mathematics and philosophy, magna cum laude, from Williams in 1989, and an M.A. and a Ph.D., both in philosophy, from Northwestern University. He joined the Williams faculty in 1998. His area of expertise is German idealism, from Kant to Hegel. He is the author of two books, "Understanding German Idealism" (2007) and "Hegel, Nietzsche and Philosophy: Thinking Freedom" (2002). He is the editor of volumes on Kant and Hegel and has published numerous scholarly articles. At Williams he also taught on the philosophy and economics of higher education and the spiritual significance of sports. As Williams' provost since 2011, Dudley oversaw operations that directly support the college's academic mission, allocating budgets and positions and undertaking strategic initiatives. He supervised the directors of Admission, Financial Aid, the College Libraries, Information Technology, the Science Center, Institutional Research, the Williams College Museum of Art and the Zikha Center for Environmental Initiatives. He was intimately involved in aligning fundraising efforts with the college's needs, including establishing priorities for Teach It Forward: The Campaign for Williams, which was launched in October 2015 with a goal of \$650 million. Prior to joining Williams College, he worked from 1990 to 1993 for AES Corp. before pursuing graduate studies at Northwestern. Under Dudley's leadership, the University recently approved a new Strategic Plan focusing efforts on the community, curriculum, citizenship and the campus.

Steven G. McAllister, (54) Vice President for Finance and Treasurer. Mr. McAllister was appointed to the position of Vice President for Finance and Treasurer in July 2002, after serving as Associate Vice President for Finance since 2000. He also served as Director of Budgets and Financial Planning from 1998 to 2000 and as Assistant Treasurer from 1993 to 1998. Prior to joining the University, Mr. McAllister served seven years at Randolph College, formerly known as Randolph-Macon Woman's College, in Lynchburg, Virginia, where he acted as Business Manager, Director of Budget/Assistant to Vice President for Finance and Administration and Assistant to the Director of Business Affairs. Mr. McAllister received his M.B.A. degree in 1997 from Lynchburg College and his B.A. in Economics in 1986 from Roanoke College.

James D. Farrar, Jr., (66) Secretary of the University. Mr. Farrar, a 1974 graduate of Washington and Lee, holds the positions of Secretary of the University and Senior Assistant to the President. He joined the University Alumni Office in 1986. He was named Director of Alumni Programs and Executive Secretary of the Alumni Association in 1990. On July 1, 1999 he was named Secretary of the University and Associate Director of Development at Washington and Lee. In these positions he served as Secretary to the Board of Trustees and as part of the University's major gift fundraising team. In September 2001, Mr. Farrar moved from development and became Secretary of the University and Assistant to the President. As University Secretary he focuses on the management of the university's board of trustees, and in his role as senior assistant to the president he manages projects as assigned by President. Dudley. He also serves as Chair of W&L's Community Grants Committee. From 1974 to 1986 he was a member of the faculty and Director of Admissions at the Episcopal High School in Alexandria, Virginia.

Marc C. Conner, (53) Provost. Mr. Conner has served as Provost at Washington and Lee University since January 1, 2016, first as interim before being named Provost in 2017. Prior to his appointment, he served as Associate Provost from 2013 and as a member of the English Department where he had risen from the rank of Assistant Professor to full Professor since his initial appointment in 1996. His primary area of scholarship and teaching is literary modernism, both narrative and poetry, including Irish modernism, the modern American novel and African-American literature. He has written extensively about the work of Ralph Ellison, Toni Morrison, Charles Johnson and James Joyce. He created the Spring Term program in Ireland and has accompanied W&L students to Ireland on seven occasions to experience the literature and culture there. In 2013, he published "How to Read and Understand Shakespeare," a collection of 24 audio and video lectures, as part of The Great Courses series. As associate provost, Conner directed first-year advising and orientation, new faculty orientation, and faculty teaching and learning workshops. He chaired the SACS 5-Year Interim Report Committee, the Spring Term Coordinating Committee, the University Committee on Campus Inclusiveness and Climate, the Learning Spaces Working Group, and the Community Engagement and Service Learning Advisory Committee. He also served as Director of the Spring Term, coordinating curriculum planning and assessment of the university's innovative four-week term, which has resulted in the creation of almost 300 new courses. He earned his M.A. and Ph.D. in English Literature from Princeton University and a B.A. in English and Philosophy from the University of Washington.

Dennis W. Cross, (63) Vice President for University Advancement. Mr. Cross was appointed to the position of Vice President for University Advancement in October 2004. Cross serves as the senior philanthropic officer for the University and in that role successfully managed the \$500 million campaign, *Honor Our Past, Build Our Future: The Campaign for Washington and Lee* which resulted in a record \$542.5 million in new commitments to the University. He also serves as a senior member of the President's Cabinet. During his tenure, the University has received recognition with five CASE Circle of Excellence Award for Overall Performance. (Approximately 40 colleges and universities in the United States receive the CASE recognition each year for overall performance.) Prior to coming to the University, Mr. Cross served as Vice President for Development at the College of William and Mary from August 2000 through October 2004. He served at the University of North Carolina at Chapel Hill as Executive Director of the Arts and Sciences Foundation, Inc. and Senior Associate Dean for Program Development and External Relations for the College of Arts and Sciences from December 1992 through July 2000. He also served during that time as the Special Assistant to the Director of the Carolina First Campaign. Mr. Cross served as the Director of Alumni and Development for the College of Arts and Science at Vanderbilt University from October 1986 through November 1992. He received a Th.M. in the Philosophy of Religion in 1982, an M.Div. in 1979 from Harvard University and his B.A. in Philosophy in 1976 from Vanderbilt University.

Sidney Evans, (59) Vice-President for Student Affairs and Dean of Students. Ms. Evans was appointed Vice-President for Student Affairs and Dean of Students on June 1, 2011. Previously, she served as the Associate Dean of Law Student Services from 2002 and as the Director of Law School Admissions from 2000 to 2002. Before joining Washington & Lee she served as the Assistant Dean for Admissions at the University of Memphis School of Law where she had also worked as the Assistant Dean for Student Affairs and as the Director of Career Planning. Ms. Evans practiced law in Memphis, Tennessee prior to beginning her career in higher education. She received her J.D. from the University of Memphis School of Law in 1983 and her B.A. from Vanderbilt University in 1980.

Lena Hill, Ph.D., (43) Dean of the College. Ms. Hill was recently appointed Dean of the College effective July 1, 2018. Ms. Hill will be joining the University from the University of Iowa. She has been a professor of English and African-American studies at Iowa since 2006, and received tenure as an associate professor in 2013. She has served as director of undergraduate studies for the English department, and in 2016 was appointed senior associate to the president before assuming the role of interim chief diversity officer and associate vice president in 2017. In that role she leads three major units of the university — the Center for Diversity and Enrichment, the Office of Equal Opportunity and Diversity, and the Diversity Resources Team — and supervises 35 staff members, while overseeing a budget of \$3 million. She holds a B.A. from Howard University, with additional study at Williams College and at Richmond College in Florence, Italy, and a Ph.D. in English from Yale University. After teaching at Yale and the North Carolina School of the Arts, she received a two-year post-doctoral fellowship at Duke University before taking her position at the University of Iowa.

Brant J. Hellwig, J.D., (46) Dean of the School of Law. Mr. Hellwig joined the Washington and Lee Law School faculty in 2012, and became Dean of the Law School effective, July 1, 2015. He is an expert in the field of federal taxation. He teaches a variety of tax courses, including Federal Income Taxation of Individuals, Partnership Taxation, Corporate Taxation, and Estate and Gift Taxation. His scholarship in the tax field is similarly varied, ranging from the income tax treatment of deferred compensation arrangements of corporate executives to the estate tax treatment of closely held business entities employed as trust substitutes. In addition to his law review articles, Hellwig recently published a coursebook in Federal Estate and Gift Taxation with his Washington and Lee Law colleague Prof. Robert Danforth. In addition to his interest in federal taxation, he frequently teaches the state law Trusts and Estates course. Prior to joining the Washington and Lee Law faculty, he served on the faculty at the University of South Carolina School of Law for 10 years. Hellwig began his academic career in 2001 as an Acting Assistant Professor in the NYU Graduate Tax Program. Prior to that, he practiced law with the firm of Bell, Davis & Pitt, P.A. in Winston-Salem, North Carolina, and he served as the Law Clerk to the Hon. Juan F. Vasquez of the United States Tax Court. Mr. Hellwig received LL. M. from New York University School of Law in 2000. He earned his J.D. from Wake Forest University School of Law, magna cum laude in 1997 and his Bachelor of Science, summa cum laude from Wake Forest University in 1994.

Robert D. Straughan, Ph.D., (53) Dean of the Williams School of Commerce, Economics and Politics. Mr. Straughan was named Dean of the Williams School effective July 1, 2015. Prior to this appointment, Mr. Straughan served as Associate Dean since 2003 and professor of Business Administration/Marketing at Washington and Lee where he has served a central role in two accreditation reviews of the Williams School by the Association to Advance Collegiate Schools of Business and in one of the university by the Southern Association of Colleges and Schools. He developed the framework for a \$2.5 million gift that endowed an entrepreneurship program at the school. Mr. Straughan has published more than a dozen journal articles and book chapters, helped establish co-curricular programs and presented to national and international professional associations. Mr. Straughan worked for Shell Oil's refining and marketing division for three years prior to teaching at the University of Houston and Baylor University, then moving to Washington

and Lee University. He holds a Ph.D and an MBA from the University of Houston and BBA from Baylor University.

Sally Stone Richmond, (45) Vice President for Admissions and Financial Aid. Ms. Richmond joined the University effective July 1, 2015. Prior to her appointment at Washington and Lee University, Ms. Richmond was Dean of Admission at Occidental College in Los Angeles, where her accomplishments included implementation of Occidental's first student recruitment management system; re-envisioning the campus visit program; orchestrating a multi-stage application evaluation system; and shifting work flow from individual tasks to a team approach toward all major admission initiatives. Previously she served in admissions positions at Davidson College, her alma mater, and taught and worked in college counseling at Episcopal High School in Alexandria, Virginia. She holds a master of education degree from Harvard University. Ms. Stone received her B.A. degree with honors in Political Science from Davidson College and her M.Ed. from Harvard University Graduate School of Education.

Profile of the University - The undergraduate division of the University, which is comprised of the College and the Williams School of Commerce, Economics and Politics, offers four-year academic programs in 38 majors, leading to the degrees of Bachelor of Arts or Bachelor of Science. It draws students from 47 states and the District of Columbia in the U. S. and 37 other countries. More than 1,000 undergraduate courses including several honors programs are offered. The only graduate degrees currently offered by the University are through its School of Law, which offers a Juris Doctor and Master of Laws in United States Law. The School of Law offers approximately 180 courses and clinical programs such as: Virginia Capital Case Clearinghouse, Black Lung Legal Clinic, Criminal Justice Clinic, Judicial Clerkship Program, General Externship Program, Tax Clinic, the Citizenship and Immigrant Rights Clinic and the Community Legal Practice Clinic.

Accreditation - Washington and Lee University is authorized by the State Council of Higher Education for Virginia (SCHEV) to provide post-secondary undergraduate and graduate level programs, and is accredited by the Southern Association of Colleges and Schools (SACS) Commission on Colleges to award the degrees of Bachelor of Arts, Bachelor of Science, Juris Doctor, and Master of Laws. The program in Business Administration is accredited by AACSB International - The Association to Advance Collegiate Schools of Business; and, the program in Journalism and Mass Communications is accredited by the Accrediting Council on Education in Journalism and Mass Communications. The programs in Chemistry are approved by the American Chemical Society Committee on Professional Training; and the School of Law is a member of the Association of American Law Schools and is approved by the American Bar Association.

Faculty and Staff - The University employs 288 full-time teaching faculty. Of the 247 non-physical education and library full-time appointments, 65% are tenured appointments and 96% hold terminal degrees. Full-time faculty members are appointed to one of four principal academic ranks. In the fall of 2017, there were 116 Professors, 59 Associate Professors, 63 Assistant Professors, and 9 Instructors.

Student-faculty ratios at the University currently are approximately 8:1 for the undergraduate division and 8.5:1 for the School of Law.

Through peer benchmarking comparisons the University's compensation package for faculty and staff has been shown to be comparable to that of similar highly selective colleges and universities (i.e., private liberal arts colleges with enrollments of approximately 1,300 to 2,800 students) both regionally and nationally.

As of November 1, 2017, the University had 891 full-time employees, consisting of 288 teaching faculty members, 273 administrative employees, and 330 secretarial, clerical, service and maintenance employees. None of these employees is represented by a collective bargaining organization or agreement. The University considers its relations with its employees to be good.

University Properties - The University owns approximately 415 acres in the City of Lexington, Virginia, and Rockbridge County, Virginia, of which approximately 110 acres are improved or under development as part of the University campus. In 1972, part of the campus was designated a National Historic landmark by the United States Department of the Interior, only the third college in the country to be so designated. The main campus consists of approximately 50 contiguous acres including 74 separate buildings with more than 2.1 million gross square feet of space and 40 acres of athletic fields.

The Washington College group of buildings, built in 1825, comprises the three oldest buildings on the campus: Washington Hall, renovated in 2012, Robinson Hall, renovation completed in June 2014 and Payne Hall, renovated in 2011. Those three buildings together with Newcomb Hall, built in 1936 and renovated in 2009-10, and Tucker Hall, built in 1935 and renovated in 2016-17, form the Colonnade, one of the University's most picturesque features. Lee Chapel, constructed from 1867-68 under the supervision of then President Robert E. Lee, faces the Colonnade. Its auditorium seats approximately 600 persons. The Chapel has also been designated a National Historic Landmark. Former University President Lee and many members of his family are interred in the Chapel.

Other principal buildings on the front campus include the President's House, also built to President Lee's specifications, four ante-bellum houses (the Reeves Center for Research and Exhibition of Porcelain and Paintings; the Morris House, one of the University's guest houses; the Gilliam Admissions House; and the Lee-Jackson House, remodeled in 2012 and now housing the Dean of the College administrative offices), Watson Pavilion, the Hotchkiss Alumni House, a former faculty house renovated through alumni contributions, and Hillel House, supporting Jewish community life at Washington and Lee.

Buildings on the back campus plaza include Huntley Hall and Holekamp Hall housing the Williams School of Commerce, Economics and Politics, the Leyburn Library, the Kenneth P. Ruscio Center for Global Learning (completed in 2016), Reid Hall, and the Science Center Complex (including Howe Hall and Parmly Hall), the John W. Elrod University Commons and the Graham-Lees Freshman Residence Hall, renovated in 2014-15. Also on the back campus is another residence hall, the Francis P. Gaines Residence Hall, built in 1987 with renovations completed in 2014 and Woods Creek Apartments, part of the project described below. Letitia Pate Evans Dining Hall, built in 1958, now is used primarily for catered events and special functions and is connected to the Early-Fielding University Center. Adjacent to the back campus are the Lenfest Center for the Performing Arts, built in 1991, and the John and Ann Wilson Hall (dedicated in October 2006), which contain faculty offices, classrooms, technologically current performance venues, an experimental theater, an art gallery and art studios.

The University completed construction of five sorority houses located near Wilson Field as well as a 600-vehicle parking structure behind Doremus/Warner Center in 2000 and a sixth sorority house in 2011. In addition, in the fall of 2016, the Village, a complex of apartments and townhouses with 336 beds, opened to allow the University to provide housing for students in their junior year.

Lewis Hall, built in 1976 on the northern edge of the campus, houses the School of Law. This facility was expanded in 1992 to accommodate the court papers of its distinguished alumnus, the late United States Supreme Court Justice Lewis F. Powell, Jr., and to provide additional office

space for growth and development of the law faculty. Significant spaces were redeveloped for high-density library collections (approximately 60,000 volumes), clinic space and group and individual study areas, as well as a new accessible building entry, convenient to the parking area over the summers of 2014 and 2015.

Athletic and physical education facilities include Doremus Gymnasium, the Jonathan Westervelt Warner Athletic Center wing, scheduled to be renovated and renamed the Richard L. Duchossis Center for Athletics beginning in the summer of 2018 with completion scheduled for the summer of 2020. Duchossois Tennis Center, Wilson Field (completely renovated and additional stadium seating added in 2008), Alumni Field, Smith Field, and Alston Parker Watt Field and the recently completed (2017) Natatorium comprise the other physical facilities in support of the University's Athletics and recreation programs. Other athletic facilities include 14 outdoor tennis courts, an all-weather turf playing field and Cap'n Dick Smith Field for Baseball.

Student Enrollment - Full-time enrollments during the last five academic years are set forth below:

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Law</u>	<u>Special</u> ¹	<u>Total Number of Students</u> ¹	<u>Percentage Change</u>
2013-14	1,846	418	13	2,277	-1.00%
2014-15	1,877	374	7	2,258	-0.83%
2015-16	1,845	317	11	2,173	-3.76%
2016-17	1,820	330	10	2,160	-0.60%
2017-18	1,819	391	10	2,220	2.78%

¹Each year the University has non-degree seeking students not included in the numbers above, (typically fewer than 5 per year).

The University's long-term enrollment targets are for approximately 1,750 full-time on-campus undergraduate students and law enrollment of approximately 330 students. The University has experienced the challenges of the legal education marketplace in recent years resulting in a drop in applications through 2015-16. This trend has reversed over the last three years as the Law School's national rankings have improved. For the fall of 2017, the Law School experienced significant increases in yield of admitted students. Long-term, the Law School anticipates enrolling 115 to 120 first year law students per year.

The University receives applications for admissions which far exceed the number of students it can accept. Applications for the University for the past five academic years are shown below:

<u>Academic Year</u>	<u>Undergraduates</u>			<u>Law School</u>		
	<u>Applications</u>	<u>Acceptances</u>	<u>Matriculants</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Matriculants</u>
2013-14	6,222	1,147	480	2,409	916	111
2014-15	5,797	1,136	472	2,338	1,011	101
2015-16	5,373	1,280	454	1,867	907	119
2016-17	5,099	1,204	465	1,911	895	117
2017-18	5,456	1,200	471	2,372	981	165
2018-19 (1)	5,855	1,239	n/a	2,870	811	n/a

(1) As of May 18, 2018.

The University received 5,855 applications for the First-Year class of undergraduates and 2,870 first-year law applications for the entering class to enroll in the fall of 2018 as of May 18, 2018.

Undergraduate applications were up for 2018-19 as the University has updated its marketing materials and implemented changes in recruiting strategies. As noted above, Law School applications followed the national trend of declining numbers over recent years as the profession has contracted relative to new openings before rebounding as the Law School's ranking improved.

Although the University has consistently attracted students with high academic credentials, the Johnson Scholarship Program, implemented in 2008-09, built upon this by attracting students with exceptional academic and personal promise regardless of their ability to afford tuition and other expenses. The program supports recipients in their endeavors so they are able to graduate debt free. A Johnson Scholarship is awarded to approximately 10% of each entering class and covers tuition, room, board and fees.

The University has benefited from a strong early decision application process. Approximately 54.4% of the anticipated First Year undergraduate class for fall of 2018 were selected from the early-decision applicant pool.

The following table presents information on standardized academic aptitude tests and class rank of entering undergraduates and standardized academic aptitude tests of law students with undergraduate grade point average for the past five academic years and the current academic year.

<u>Academic Year</u>	<u>First Year Undergraduates</u>				<u>Law Students</u>		
	Mean Scholastic Aptitude Test Scores		Median ACT Score	Mean High School Class Rank	Median Law School Admission Test Scores	National Percentile Rank	Undergrad GPA
	<u>Verbal</u>	<u>Math</u>	<u>Score</u>	<u>Percentile</u>	<u>Test Scores</u>	<u>Rank</u>	<u>GPA</u>
2013-14	695	692	31	93	164	90	3.51
2014-15	707	704	32	93	161	83	3.37
2015-16	695	698	32	n/a	160	80	3.41
2016-17	690	690	32	n/a	160	80	3.47
2017-18	700	710	32	n/a	161	83	3.55

Tuition and Fees - For the 2017-18 academic year, the University is charging undergraduate tuition of \$49,170 and law school tuition of \$47,165. The Board of Trustees approved the 2018-19 fees with undergraduate tuition at \$51,420 and law tuition at \$48,110.

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Tuition (Undergraduate)	\$ 43,570	\$ 44,660	\$ 45,460	\$ 47,280	\$ 49,170	\$ 51,420
Room (Average)	5,625	5,975	6,085	6,450	6,800	7,300
Board	5,750	5,895	6,015	6,130	6,310	6,625
Fees	<u>937</u>	<u>957</u>	<u>957</u>	<u>987</u>	<u>1,000</u>	<u>1,035</u>
TOTAL	\$ 55,882	\$ 57,487	\$ 58,517	\$ 60,847	\$ 63,280	\$ 66,380
Percentage Change	2.68%	2.87%	1.79%	3.98%	4.00%	4.90%

The University continues to target undergraduate tuition and fees to fall within a range that would place them in the midlevel of its academic peers (a subset of small very selective liberal arts colleges – the same peer group used for compensation comparisons).

Competing Universities - The University periodically surveys its accepted students to determine acceptance and enrollment with other institutions. The 10 institutions listed below share the greatest number of common applications from accepted students. The institutions are listed with

comparable tuition rates (reflecting publicly available information on each institution’s website) in order of most to fewest common applications.

Tuition, Room, Board & Fees - 2018-19					
1 University of Virginia (1)	\$ 59,834	6 University of Georgia (1)	\$ 40,442		
2 Wake Forest University	67,738	7 Southern Methodist University	71,337		
3 University of Richmond	64,860	8 University of North Carolina (1,2)	58,559		
4 College of William and Mary (1,2)	57,508	9 Emory University	65,812		
5 Sewanee	58,000	10 Vanderbilt University	66,725		
(1) Out-of-state rates; rates for in-state students are substantially lower					
(2) Represents Tuition and Fees for 2017-18					

Student Financial Aid – Student financial aid plays a major role in the recruitment of a diverse and well-rounded class representing students of various backgrounds and socio-economic means. While the University examines the student and their family’s ability to finance education, the University provides financial aid to help offset educational expenses. The University awards financial aid on a need basis in order that the most qualified student applicants might be encouraged to attend, regardless of their financial circumstances. The financial aid package usually offered contains scholarship aid and employment for undergraduates with loans being offered but not required to meet need. For Law School students, the package usually offered will include, scholarship aid, student employment and loans. The University is an eligible institution under the Federal Guaranteed Student Loan Program.

In the 2017-18 academic year, 919 undergraduate students and 372 law students received grants or scholarships from the University. University grants and scholarships provided to students totaled \$51.3 million. Student financial aid provided to students over the last five years breaks out as follows:

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Undergraduate Aid:					
Number of Students Receiving Institutional Aid	909	938	896	919	919
Scholarships and Grants - Excludes Federal Grants	37,626	40,014	38,217	40,124	41,018
Student and Parent Loans	7,792	7,646	6,967	7,271	8,350
Work Study/Campus Work	<u>1,166</u>	<u>1,199</u>	<u>1,108</u>	<u>1,155</u>	<u>1,257</u>
Total UG Aid	46,584	48,859	46,292	48,550	50,625
Law Scholarships and Grants	7,908	8,272	7,778	8,285	10,305
Total - Only Scholarships and Grants	45,534	48,286	45,995	48,409	51,323

Summary of Financial Performance - The table on the following page summarizes the University’s Statements of Activities for each of the five fiscal years ended June 30, 2013, 2014, 2015, 2016 and 2017 which have been derived from the University’s audited financial statements for those fiscal years. The following table includes summarized information in total but not by net asset class. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U. S. generally accepted accounting principles. The summarized information for the fiscal year ended June 30, 2017 should be read in conjunction with the University’s financial statements for the fiscal year ended June 30, 2017 from which the summarized information was derived. The financial statements of the University for the fiscal year ended June 30, 2017 (including notes thereto), with the independent auditors’ report of KPMG LLP thereon, are presented in Appendix B to this Official Statement. **KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any**

procedures on the consolidated financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement. In the opinion of the University, there has been no material adverse change in the financial condition of the University since June 30, 2017, the date of the last audited financial statements.

Summarized Statements of Activities (in thousands of dollars)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Revenue, gains, and other support					
Tuition and fees	\$ 97,427	99,216	101,260	97,767	100,913
Less student financial aid	(38,008)	(39,796)	(41,925)	(40,372)	(41,541)
Net tuition and fees	<u>59,419</u>	<u>59,420</u>	<u>59,335</u>	<u>57,395</u>	<u>59,372</u>
Endowment return allocated to operations	38,954	41,619	43,818	48,614	49,572
Other investment income allocated to operations	757	609	607	965	628
Income from funds held in trust by others allocated to operations	10,867	11,604	12,549	13,478	14,268
Contributions	10,174	10,783	12,987	13,989	17,845
Auxiliary enterprises (net of student aid)	18,581	17,296	16,914	17,451	20,077
Governmental and other grants	1,893	2,289	2,350	1,218	1,073
Other	439	649	725	832	677
Total revenue, gains, and other support	<u>\$ 141,084</u>	<u>144,269</u>	<u>149,285</u>	<u>153,942</u>	<u>163,512</u>
Expenses and losses					
Instructional	\$ 64,820	69,007	70,822	71,151	73,746
Research	2,428	2,665	2,053	1,889	2,114
Public service	961	954	1,033	1,043	1,056
Academic support	16,573	18,375	18,173	18,897	18,824
Financial aid	4,704	3,553	3,980	4,434	4,363
Student services	12,757	13,507	13,699	13,527	13,971
Institutional support	19,441	18,814	18,054	19,604	19,968
Auxiliary enterprises	19,090	21,143	22,016	23,567	26,877
Total expenses and losses	<u>\$ 140,774</u>	<u>148,018</u>	<u>149,830</u>	<u>154,112</u>	<u>160,919</u>
Change in net assets from operating activities	<u>\$ 310</u>	<u>(3,749)</u>	<u>(545)</u>	<u>(170)</u>	<u>2,593</u>
Non-operating activities					
Investment returns, net of amount allocated to operations	\$ 49,824	95,824	8,539	(70,252)	67,796
Change in value of funds held in trust by others	10,895	25,911	(30,044)	55,770	191
Split interest agreements, net	(4,374)	(4,876)	(6,766)	(2,451)	(4,854)
Contributions	43,378	27,300	48,782	4,569	14,002
Other	74	(2,391)	(53)	(23)	132
Post-retirement charge other than benefit cost	599	81	(1,088)	(898)	(832)
Total non-operating activities	<u>\$ 100,396</u>	<u>141,849</u>	<u>19,370</u>	<u>(13,285)</u>	<u>76,435</u>
Change in net assets from operating activities	<u>100,706</u>	<u>138,100</u>	<u>18,825</u>	<u>(13,455)</u>	<u>79,028</u>
Net assets					
Beginning of year	\$ 1,432,009	1,532,715	1,670,815	1,689,640	1,676,185
End of year	<u>\$ 1,532,715</u>	<u>1,670,815</u>	<u>1,689,640</u>	<u>1,676,185</u>	<u>1,755,213</u>

Results of Operations - The revenue/expenditure differential for operations has been as high as \$2,593,000 and as low as (\$3,749,000) over the past five fiscal years ended June 30, 2017. The University has been able to cover its operating deficit by careful use of the reserves that the University had set aside to cover operating deficiencies during slow economic times. The University does not budget fully for Depreciation which is the most significant difference between budget model operating results and audited financial results. Beginning February 2014, the University established a course of action that allows it to allocate new dollars to the Capital Reserve so that the combination of the Annual Capital Budget and the allocation to reserve is equal to Depreciation. Moving from \$4 million of annual allocation to \$16 million will take time but the process has been established and is ongoing.

The University monitors financial performance throughout the year. Based on results from operations through March 2018 and estimates for the balance of the year, the University currently anticipates a stronger financial outcome than budgeted by \$2.4 million for the year. The University's approved operating budget reflects an operating budget surplus of \$1.37 million.

Budgeting and Capital Expenditures - The operating and annual capital budget, which is a modified cash flow statement of activities, is determined through the annual budgeting process. For fiscal year 2018, the total operating budget is \$142.6 million including \$4.54 million allocated for capital projects and anticipates a reasonable operating surplus. The University has developed and follows a debt policy and includes full debt service as an operating budget expense.

The operating budget revenues are provided by a variety of sources. For fiscal year 2018, the University estimates that revenues will be derived as follows: net student revenues (48%); endowment income and distributions from trusts held by others (39%); gifts, bequests and government grants (8%) and auxiliary enterprises (5%).

The University continues to balance its operating budget. Over recent years, the University has benefitted from an improving economic environment which has resulted in modestly growing operating budget surpluses from year-to-year. In years when the University has ended the fiscal year with an operating surplus, the surplus is allocated to fund board-designated endowments, operating reserves and capital reserves for future capital projects funding. For more than the last decade, these transfers have permitted the University to consistently repair, renovate and maintain its physical property. Establishment of these reserves over the years allowed the University to meet and address the fiscal and economic challenges that emerged in 2008-09. Since that time, the University has budgeted in a manner that has allowed for the replenishment of these reserves.

Fund-Raising - During the five fiscal years ended June 30, 2017, the University has received \$278 million in outright gifts, excluding government grants. The total amounts for the five fiscal years ended June 30, separated between gifts for capital purposes, endowment, current operations and deferred gifts appear below (000's omitted):

Fiscal Year	Property, Buildings and Equipment	Endowment	Current Operations	Deferred (Face Value)	Total
2013	\$ 18,132	\$ 39,248	\$ 16,391	\$ 1,381	\$ 75,152
2014	13,641	27,509	13,005	755	54,910
2015	10,437	24,431	13,493	348	48,709
2016	9,258	26,269	12,420	1,118	49,065
2017	7,910	27,537	12,912	2,263	50,622

Source: Annual CAE VSE Submission

Honor Our Past, Build Our Future: The Campaign for Washington and Lee was completed June 30, 2015. The seven-year campaign (including a “silent” pre-launch period that began July 1, 2008) secured gifts and commitments of \$542.5 million against a goal of \$500 million. The University is in the early planning stages of another Campaign to support the recently approved Strategic Plan of the University.

The principal on-going fund-raising programs, which are coordinated by the Development Office of the University, are as follows:

Annual Fund – This program provides on-going support for the University’s current unrestricted operating budget. Support is sought from approximately 19,000 living alumni of the University, as well as parents of current and former students and friends of the University. During fiscal year 2017, the Annual Fund raised more than \$10.55 million setting a new record for the fund. Support for the Annual Fund has increased by 70.9% over the last decade.

Major Gifts – The University’s major gifts program is highly successful and targets gifts for

endowment and major capital projects of the University. During the last Campaign, the University received three major commitments totaling \$150 million to create endowments supporting the University’s strategic initiatives. Overall, commitments to the University’s endowment from the last campaign totaled \$330 million.

Deferred Giving – This program seeks deferred gifts or income-retained gifts from alumni, parents and friends. An increasing emphasis has been directed toward consistent marketing of deferred and income-retained gifts including annuities, trusts, life insurance, and estate provisions through bequest. As a result of this focus, deferred gift commitments of over \$60 million have been recorded over the last five years.

Endowment and Similar Funds and Funds Held in Trust by Others - The University’s endowment and similar funds (“Endowment”) assets are under the University’s management and control in consultation with Makena Capital Management. In addition, the University is the beneficiary of various irrevocable trusts, the assets of which are managed by others and are reflected on the University’s statement of financial position (“Funds Held in Trust by Others”). The total market value of these irrevocable trusts as of June 30, 2017, was \$477,293,000. The largest trust is a 15% interest in the annual net income of the Letitia Pate Evans Foundation, Inc. The market value of the University’s interest in this trust was \$436,043,000 as of June 30, 2017, and the income distribution from the Trust was \$13,419,000.

On June 30, 2017, the market value of the University’s Internally Controlled Endowment and Funds Held in Trust by Others was approximately \$1.547 billion. Of this amount, \$246.7 million was available for unrestricted use by the Board of Trustees. Assuming no action is taken by the Board of Trustees to use this unrestricted Endowment for other purposes, this amount would be available to satisfy the University’s payment obligation on its unsecured debt, including the Note which evidences payments with respect to the Bonds offered pursuant to this Official Statement. Further description of the market value of the assets in the Endowment, Funds Held in Trust by Others is provided below:

as of June 30,	Internal Endowment Market Value \$000s	Trusts Held by Others Market Value \$000s	Total Endowment Market Value \$000s	Fiscal Year Return (1)	Spending Rate (2)
2013	915,770	429,586	1,345,356	11.5%	4.79%
2014	1,026,155	451,768	1,477,923	14.7%	4.68%
2015	1,047,787	423,487	1,472,274	5.2%	4.38%
2016	995,383	477,102	1,472,485	-1.4%	4.46%
2017	1,069,842	477,293	1,547,135	11.4%	4.83%

(1) Calculations based on Internally Controlled Endowments
(2) Spending Rate is calculated as approved endowment allocation divided by beginning market value. Spending rate in 2017-18 is calculated as 4.69%.

Investment Policy, Portfolio and Manager - In May 2015, the Board of Trustees adopted an updated Statement of Investment Policies and Objectives specifying the following:

- The University’s **financial** objective for the Investment Fund is to preserve and enhance its real (i.e., inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant stream of earnings in line with spending needs.
- The University’s primary **investment** objective for the Fund’s investment in the Makena Endowment Portfolio is to attain a real total return in excess of spending from

endowment over the long term. A secondary investment objective is to minimize the risk and volatility of the Fund through broad diversification of investments.

The Board-approved regular spending formula for the Endowment Fund provides for:

- Spending the lesser of either the prior-year allocation incremented by a Consumer Price Index-based inflator or 6% of the three-year average of market values at December 31, that is then tested against a 5% ceiling of the fiscal year-end value (June 30). With an annual distribution election option, the Makena Endowment Portfolio's structure is consistent with the Board's regular spending formula.

As the manager of the Makena Endowment Portfolio, Makena is responsible for developing and implementing the Portfolio's asset allocation model. Makena's investment team believes that asset allocation goals of the Makena Endowment Fund can only be achieved by investing in all available traditional and alternative asset classes, executed through the active management of outside investment fund managers. Approximately 78% of the University's internally controlled endowment assets are managed by Makena as of December 31, 2017.

The Investment Committee is the fiduciary for the Endowment and is ultimately responsible for guidance in the investments of the Endowment Fund and the choice to outsource day to day management to an external fund manager. The Investment Committee is therefore responsible for monitoring the Fund's asset allocation and evaluating its performance with respect to the objectives and guidelines laid out in its Investment Policy Statement.

The University's endowment assets were allocated across the various asset classes as of December 31, 2017, as follows:

<u>Asset Class</u>	<u>Value (000s)</u>	<u>% of Assets</u>
Global Equities	\$ 312,926	28.5%
Private Equity	212,422	19.4%
Absolute Return	133,004	12.2%
Real Estate	103,031	9.4%
Fixed Income	99,310	9.1%
Tactical/Hedged Equity	85,784	7.8%
Natural Resources	63,831	5.8%
Mortgage Loans to Staff	50,941	4.7%
Cash and Cash Equivalents	<u>32,429</u>	<u>3.0%</u>
Total	\$ 1,093,678	100.0%

Land, Buildings and Equipment Assets - During the fiscal years 2013-2017 the carrying value of land, buildings, including construction in progress, and equipment increased by \$102.2 million to a total of \$324.8 million. The following tabulation, extracted from the statements of financial position of the University, presents carrying values of the University's land, buildings, and equipment as of the end of each of the indicated fiscal year:

**SUMMARY OF LAND, BUILDINGS AND EQUIPMENT
(000s)**

Fiscal Year	Grounds And Buildings	Construction in Progress	Equipment And Furnishings	Accumulated Depreciation	Total
2013	\$ 332,613	\$ 4,506	\$ 47,002	\$ (161,584)	\$ 222,537
2014	349,800	4,755	50,370	(173,507)	231,418
2015	351,385	29,818	55,943	(183,965)	253,181
2016	425,139	17,522	61,016	(198,133)	305,544
2017	446,828	2,664	67,116	(191,810)	324,798

The University presently carries, under blanket and other policies, property insurance on its buildings, furniture, fixtures, and equipment. Properties are currently insured for full replacement value less a deductible provision per loss.

Pension Plan - Virtually all full-time faculty, administrative employees, and staff are covered by a defined contribution retirement plan through either Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF) or Fidelity Investments. The University also maintains a discretionary defined contribution retirement plan, TIAA-CREF Plan for Washington and Lee University (the Plan), for the purpose of providing postretirement medical benefits to eligible academic and nonacademic personnel of the University. The 2017 cost for this benefit was \$110,000. Charges for pension expenditures amounted to \$6,148,000 for the fiscal year ended June 30, 2017.

Postretirement Benefits – The University currently provides health insurance in the form of a retiree medical benefit (the Plan) to certain retired employees and their dependents. The costs of postretirement benefits are accrued during the service lives of employees. Employees of record prior to April 1, 2003 are eligible to qualify for this benefit. Those hired on or after April 1, 2003 cannot participate in the Plan. The Plan is unfunded. As of June 30, 2017 this liability was \$19,598,000.

Outstanding Long-Term Indebtedness - As of June 30, 2017 and June 30, 2018, the University had outstanding the following long-term indebtedness:

LONG-TERM INDEBTEDNESS (in thousands of dollars)

	Final Maturity	Interest Rates	June 30, 2017	June 30, 2018
<i>Virginia College Building Authority</i>				
1998 Note, includes unamortized premium and debt issuance costs of \$1,054 and \$970, respectively	January 2031	5.03% - 5.05%	\$ 52,779	\$ 52,731
2001 Note, includes unamortized premium and debt issuance costs of \$1,771 and \$1,659, respectively	January 2034	5.00% - 5.75%	38,678	35,463
2015A Note, includes unamortized premium and debt issuance costs of \$4,789 and \$4,616, respectively	January 2040	2.25% - 5.00%	35,542	34,651
2015B Note, includes debt issuance costs of \$134 and \$130, respectively	January 2040	Variable	14,866	14,870
<i>Industrial Development Authority of the City of Lexington, Virginia (Lexington Authority)</i>				
2003 Note, includes unamortized debt issuance cost of \$1 and \$0, respectively	April 2018	Variable	197	0
2010 Note, includes unamortized debt issuance cost of \$136 and \$125, respectively	January 2035	Variable	13,779	13,595
2013 Note, includes unamortized premium and debt issuance cost of \$562 and \$540, respectively	January 2043	4.88%	<u>35,002</u>	<u>35,000</u>
Total			\$ 190,843	\$ 186,310

In February 2006, the University adopted a formal “Debt Policy” to guide future borrowings as well as practices for evaluating existing debt. Under this debt policy the University will incur debt to maintain and enhance the physical property and infrastructure, will use debt as a financial tool to maximize University resources and will not use long-term debt to finance current operations. The University will seek to maintain an acceptable balance between interest rate risk and the long-term cost of capital.

The University’s debt portfolio will be evaluated in the context of all of its assets and liabilities. Diversification within the debt portfolio may be to balance risk and liquidity across the institution. The University will consider the use of capital and operating leases especially for the acquisition of equipment to the extent such transactions are compatible with and help achieve its overall objectives concerning the use of debt.

The University’s debt capacity will be governed primarily by its ability to support all incremental costs – principal, interest payments and operating costs of new space – within the University’s operating budget and the Trustee Discretionary Fund. The 2018 Project as outlined below followed the policies and tests provided in the Debt Policy.

The 2018 Project Proceeds of the 2018 Bonds will be used to finance any or all of the 2018 Project (as described in the Official Statement), which consists of the renovation and furnishing of Woods Creek Apartments as well as the construction of the Richard L. Duchossois Athletic Center including the renovation of Doremus Gymnasium and refunding of all or part of the 2010 Lexington IDA variable rate debt and the 2015B VCBA variable rate debt.

SWAP AGREEMENTS

Existing Swap Agreement - The University currently has no swap agreements in place.

SUMMARY OF LIQUIDITY PORTFOLIO

(Dollars in thousands)

Liquidity - The University has various sources of internal liquidity at its disposal through its working capital management program and the level of cash and short-term investments in the endowment. In addition to internal liquidity, the University has a line of credit with a commercial bank to provide additional liquidity for a variety of purposes including liquidity for variable rate demand bonds. The line of credit is solely for the benefit of the University and the University reserves the right to cancel the agreement or replace the institution at its discretion. The table below summarizes overall liquidity as of the dates indicated.

Summary of Liquidity as of (\$000s)					
	March 31, <u>2017</u>	June 30, <u>2017</u>	September 30, <u>2017</u>	December 31, <u>2017</u>	March 31, <u>2018</u>
Daily:					
Checking and Deposit Accounts	\$ 2,101	\$ 4,852	\$ 4,767	\$ 22,443	\$ 16,722
U. S. Treasuries <3 Yr, Maturity	18,137	22,001	15,844	10,210	16,026
U. S. Treasuries >3 Yr, Maturity	21,070	20,231	19,358	18,099	17,853
Global Fixed Income	<u>30,720</u>	<u>28,085</u>	<u>25,666</u>	<u>24,508</u>	<u>21,241</u>
Total Daily	72,028	75,169	65,635	75,260	71,842
Weekly:					
Short-Term Investment Funds	32,060	12,438	29,438	17,401	28,698
Equity Funds	<u>112,418</u>	<u>132,703</u>	<u>95,109</u>	<u>83,490</u>	<u>84,786</u>
Total Weekly	144,478	145,141	124,547	100,891	113,484
Other:					
Hybrid Line of Credit	14,100	14,100	14,100	14,100	14,100
Operating Credit Line	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Total Other	29,100	29,100	29,100	29,100	29,100
Grand Total of Liquid Funds	<u>\$ 245,606</u>	<u>\$ 249,410</u>	<u>\$ 219,282</u>	<u>\$ 205,251</u>	<u>\$ 214,426</u>

Litigation - In the opinion of the University's administration, there are no legal actions pending or threatened against the University that, even if adversely determined against the University, would have a material adverse effect on the University's financial position.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE WASHINGTON AND LEE UNIVERSITY
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

**DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF CERTAIN PROVISIONS OF THE
FINANCING DOCUMENTS**

Set forth herein are definitions of certain terms and summaries of certain sections of the Loan Agreement and the Indenture. These summaries do not purport to be complete, and reference is made to the respective documents, copies of which are on file with the Trustee, for a complete statement of the rights, duties and obligations of the parties thereto. The headings herein are not part of the respective documents but have been added for ease of reference only.

DEFINITIONS OF CERTAIN TERMS

The following are summaries of definitions of certain terms used in the Loan Agreement and the Indenture. Certain other terms are defined elsewhere in this Official Statement.

"**2018A Bonds**" shall mean the Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A, authorized to be issued by the Authority pursuant to the Indenture.

"**Additional Bonds**" shall mean any Bonds issued from time to time pursuant to the Indenture.

"**Authorized Representative of the University**" shall mean the President or Vice President for Finance and Treasurer of the University and such other person or persons designated to act on behalf of the University by a certificate signed by its President or Vice President for Finance and Treasurer and filed with the Authority and the Trustee.

"**Bondholder**" or "**holder**" shall mean the registered owner of any Bond.

"**Bonds**" shall mean the 2018A Bonds and any Additional Bonds issued from time to time by the Authority under the Indenture.

"**Business Day**" shall mean any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in the Commonwealth of Virginia.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended, as it applies to the Bonds, including applicable Treasury Regulations and revenue rulings issued thereunder. References in the Indenture to Sections of the Code are to the sections thereof as they exist on the date of the Indenture, but shall include any successor provisions thereof.

"**Defeasance Obligations**" shall mean

- (a) noncallable Government Obligations,
- (b) Government Certificates,
- (c) noncallable obligations of state or local government municipal bond issuers that are rated by S&P or Moody's in the highest rating category established by such rating service without regard to any refinement or gradation of such rating category by numerical modifier or otherwise, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations the maturing principal of and interest on such Government Obligations, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations, and
- (d) evidences of noncallable ownership of a proportionate interest in specified obligations described in subsection (c), which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"**Facilities**" shall mean the higher education, collegiate facilities currently operated by the University on its campus, primarily located in the City of Lexington, Virginia, including fixtures and equipment, and any replacements, modifications, additions or improvements thereto.

"**Fiscal Year**" shall mean, with respect to the University, the 12-month period ending June 30 of each calendar year or such other annual fiscal accounting period for the University as may be established in the

future by its board of trustees and evidenced to the Trustee in a certificate signed by an Authorized Representative of the University.

“Government Certificates” shall mean evidences of ownership of proportionate interest in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Government Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (c) the underlying Government Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Government Obligations” shall mean bonds, notes and other obligations of the United States of America and securities unconditionally guaranteed as to the payment of principal, if applicable, and interest by the United States of America or any agency thereof.

“Investment Obligations” shall mean Government Obligations and

(a) obligations of (i) Federal National Mortgage Associations, (ii) Federal Home Loan Banks, (iii) Federal Financing Bank, (iv) Federal Home Loan Mortgage Corporation, (v) Government National Mortgage Association, (vi) Federal Housing Administration, (vii) Federal Intermediate Credit Banks, (viii) Federal Banks for Cooperatives, and (ix) Federal Land Banks;

(b) evidences of ownership of a proportionate interest in specified Government Obligations or obligations described in clause (a) above, which Government Obligations or obligations described in clause (a) above are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000;

(c) legally authorized bonds, notes and other evidences of indebtedness of any city, county, town, district, authority or other public body situated in any one of the states of the United States, upon which there is no default, rated by both Moody’s and S&P in one of their two highest respective investment grades without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(d) savings accounts, time deposits and certificates of deposit in any bank, including the Trustee, if (i) the credit of such bank is rated by both Moody’s and S&P in one of their two highest respective investment grades without regard to any refinement or gradation of such rating category by numerical modifier or otherwise, or (ii) such accounts or certificates are fully insured by Federal Deposit Insurance Corporation insurance;

(e) negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of "Prime 1" or better by Moody's and "A-1" or better by Standard & Poor's for maturities of one year or less, and a rating of at least "AA" (without regard to any refinement or gradation of such rating category by numerical modifier or otherwise) for maturities over one (1) year;

(f) commercial paper with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States or of any state, rated at least P-1 by Moody’s and at least A-1 by S&P;

(g) bankers’ acceptances rated at least P-1 by Moody’s or at least A-1 by S&P;

(h) savings accounts and certificates of savings and loan associations that are under supervision of the Commonwealth of Virginia and federal associations organized under the laws of the United States of America and under federal supervision, but only to the extent that such accounts and certificates of state or federal associations are fully insured by the Federal Deposit Insurance Corporation or any successor federal agency;

(i) corporate notes of issuing corporations organized under the laws of the United States or of any state, rated at least Aa by Moody's and at least AA by S&P without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(j) guaranteed investment agreements with a commercial bank or trust company (including the Trustee or an affiliate thereof) organized under the laws of any state of the United States of America or any national banking association or a branch of a foreign bank duly licensed under the laws of the United States of America or any state or territory thereof, provided that the bonds or debentures of such commercial banks or trust company or national banking association or branch of a foreign bank are rated by Moody's at the time of the investment not lower than Moody's "Aa" and are rated by S&P at such time not lower than S&P's "AA" or, if the debt obligations of such bank or trust company do not carry a separate rating, if said bank or trust company is the Principal Bank of a bank holding company whose debt obligations are so rated ("Principal Bank" shall mean a bank, the assets of which represent at least 75% of the assets of the holding company of which it is a part);

(k) guaranteed investment agreements with any property and casualty insurance company or life insurance company whose bonds or debentures or claims paying ability is rated by Moody's at the time of the investment not lower than Moody's "Aa" and by S&P at such time not lower than S&P's "AA";

(l) shares of open-end investment funds, provided that i) the fund is registered under the Federal Investment Company Act of 1940, ii) complies with the diversification, quality and maturity requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission, and iii) is rated in the highest rating category by either Moody's or Standard and Poor's, including any such funds administered by the Trustee; and

(m) shares of any state administered pool investment fund in which the Authority is statutorily permitted or required to invest, rated in the highest rating category by either Moody's or S&P; and

(n) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (a) above, which agreements may be entered into with a bank (including without limitation the Trustee, a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Trustee or a custodial agent of the Trustee has possession of the collateral and that the collateral is, to the knowledge of the Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%;

and provided further that either (A) title to and/or possession of such securities is transferred to the Trustee in its capacity as Trustee, (B) the securities are held by a third party (not as agent for the bank or broker/dealer) for the benefit of the Trustee and segregated from securities owned generally by such third party or the bank, (C) a perfected security interest under the Uniform Commercial Code of Virginia or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the holders of the Bonds, or (D) if the repurchase agreement is with the bank serving as Trustee or related to the trust company serving as Trustee, the third party holding such securities holds them as agent for the Trustee as fiduciary for the holders of the Bonds and not as agent for the bank serving as Trustee or related to the trust company serving as Trustee in its commercial capacity or any other party. Any investment in

Government Obligations or in obligations described in (a), (b) and (c) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

“Moody’s” shall mean Moody’s Investors Service or its successor in the business of providing investment rating services, provided that if neither Moody’s nor any such successor is then in such business the references to Moody’s and ratings thereof shall no longer be requirements of the bond documents.

“Net Proceeds” shall mean the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys’ fees, fees and expenses of the Trustee and all other expenses incurred in the collection of such gross proceeds.

“Opinion” or **“Opinion of Counsel”** shall mean a written opinion of an attorney or firm of attorneys acceptable to the Trustee, who may be counsel for the Authority or the University’s General Counsel.

“Outstanding” when used with reference to Bonds shall mean, as of a particular date, all Bonds theretofore issued under the Indenture, except:

- (a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds for the payment of which money, cash or Defeasance Obligations, or a combination of both, sufficient to pay on the date when such Bonds are to be paid or redeemed, the principal of, and the premium, if any, and the interest thereon accruing to such date are held by the Trustee or an escrow agent for the Trustee in trust for the holders of such Bonds. Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal of and the premium, if any, and interest accruing on, such Bonds to such date; or
- (c) Bonds in exchange for or in lieu of which other Bonds have been issued.

“Project” shall mean the Projects financed or refinanced with the 2018A Bonds and, with respect to any Additional Bonds, any subsequent series Project constituting Facilities to be financed or refinanced as “facilities” (within the meaning of the Act) identified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“Project Fund” shall mean the Project Fund created under the Indenture.

“Restricted Pledges” shall mean payments on pledges and other contributions to the University that are restricted by the donors thereof to be expended on any portion of the Project financed or refinanced with proceeds of the related series of Bonds, payments on the related Notes or debt service payments on the related series of Bonds.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor in the business of providing investment rating services, provided that if neither S&P’s nor any such successor is then in such business the references to S&P’s and ratings thereof shall no longer be requirements of the bond documents.

“Supplemental Indenture” shall mean any Supplemental Indenture entered into pursuant to the terms of the Indenture.

THE LOAN AGREEMENT

Payments by the University. The University shall make all payments required by the Note as and when they become due and shall promptly pay all other amounts necessary to enable the Trustee to make the transfers required by the Indenture. The University shall also pay (a) the reasonable fees of the Trustee for services rendered and for expenses reasonably incurred by it under the Indenture and as Trustee, bond registrar and paying agent on the Bonds, (b) the reasonable costs and expenses of the Authority, including the reasonable fees of its counsel and other advisers, directly related to the Project or the Bonds, and an annual fee, and (c) all other amounts that the University agrees to pay under the terms of the Loan Agreement.

The University shall, on behalf of the Authority, rebate or cause to be rebated to the United States certain arbitrage earnings on its non-purpose obligations as required by the Code and any regulations promulgated hereunder.

Maintenance of Corporate Existence. The University shall maintain its corporate existence and its qualification to do business in Virginia and shall not, without the prior consent of the Trustee, sell or transfer any beneficial interest in the University, or dissolve or otherwise dispose of all or substantially all of its assets, consolidate with or merge into another domestic corporation (i.e. a corporation incorporated under the laws of the United States of America or one of the states thereof) or permit one or more other domestic corporations to consolidate with or merge into it; provided, however, that the University may consolidate with or merge into another domestic corporation (i.e., a corporation incorporated under the laws of the United States of America or one of the states thereof), or permit one or more domestic corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation all or substantially all of its assets and thereafter dissolve, or sell or assign all or substantially all of its assets to a governmental unit, if after giving effect to such consolidation, merger, transfer, sale or assignment the surviving, resulting or transferee corporation or governmental unit:

- (a) will not be in default under any covenant under the Loan Agreement;
- (b) is either a “501(c)(3) organization” described in Section 145 of the Code or a “governmental unit” within the meaning of Section 141(b)(6) of the Code, provided that the surviving, resulting or transferee corporation or governmental unit need not qualify as a 501(c)(3) organization or governmental unit if the Trustee has received an Opinion of Bond Counsel that such action will not adversely affect the exemption of interest on the Bonds from gross income from federal income tax purposes;
- (c) if it is not the University, has the power to assume and assumes in writing all of the obligations of the University in the Loan Agreement and in the Notes; and
- (d) if it is not a Virginia corporation or a political subdivision of the Commonwealth of Virginia, either qualifies to do business in Virginia or files with the Trustee a consent to service of process reasonably acceptable to the Trustee.

Events of Default. Each of the following events constitute an Event of Default under the Loan Agreement:

- (a) Failure of the University to make any payment on the Notes when due and payable, whether at maturity, redemption, acceleration or otherwise pursuant to the terms thereof or the Loan Agreement, and the continuation of such failure for three Business Days;
- (b) Failure of the University to observe and perform any of its other covenants, conditions or agreements hereunder for a period of 60 days after notice specifying such failure and requesting that it be remedied, given by the Authority or the Trustee to the University (unless the University and the Trustee shall agree in writing to an extension of such time prior to its expiration), or in the case of any such default that

cannot with due diligence be cured within such 60 day period, failure of the University to proceed promptly to cure the same and thereafter cure such default with due diligence;

(c) Failure of the University to pay generally its debts as they become due and certain other actions or events of bankruptcy of the University.

Certain of the University's obligations (other than its obligations to pay certain fees and expenses, taxes, other governmental charges and utility charges and to maintain insurance, its corporate existence and its tax-exempt status) may be suspended if by reason of force majeure, as defined in the Loan Agreement, the University is unable to perform such obligations.

Remedies. Whenever any Event of Default hereunder shall have occurred and is continuing, the Trustee as the assignee of the Authority:

(a) May and, if there has been an acceleration of the Bonds under the Indenture, shall, declare all amounts payable as principal and interest on the Notes to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) May have access to and inspect, examine and copy the financial books, records and accounts of the University.

(c) May take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition or agreement of the University under the Notes or the Loan Agreement.

Option To Prepay Note. The University shall have the option to prepay the Note in whole at any time, provided that upon the effective date of such prepayment all Bonds and the interest have been paid within the meaning of the defeasance provisions of the Indenture.

The University shall also have the option to prepay the Note in part at any time, so long as all payments then due under the Note have been made. The amount prepaid shall be used if Bonds are then redeemable as provided in the Indenture, for the redemption of Bonds to the extent possible under the Indenture; otherwise, for the defeasance of Bonds as provided in the Indenture.

Amendments. Neither the Loan Agreement nor the Note shall be amended or supplemented except in accordance with provisions of the Indenture.

THE INDENTURE

Provisions for Bonds and Additional Bonds. The Indenture makes provisions for the issuance of the Bonds and all other terms pertaining to the Bonds as described in the Official Statement. The Indenture also makes provision for the issuance of additional bonds ("Additional Bonds") on a parity with the Bonds. Under the Indenture, there is no limit on the amount of Additional Bonds, parity or otherwise, that may be issued.

Assignment and Pledge. As security for the Bonds the Authority assigns and pledges to the Trustee, and grants a security interest to the Trustee, in (a) the Note and the rights of the Authority under the Loan Agreement, except for payments made to the Authority for its expenses, fees, and for any indemnification made to it, (b) the funds, including moneys and instruments therein, held by the Trustee or the University pursuant to the Indenture, and (c) all other property of any kind mortgaged, pledged or hypothecated at any time as and for additional security under the Indenture by the Authority or anyone on its behalf or with its consent.

Application of Proceeds. The Indenture establishes the Project Fund, which has within it an Issuance Expense 2018A Subaccount. Amounts therein may only be disbursed pursuant to the requisition procedure provided in the Indenture to pay costs of issuance related to the 2018A Bonds.

Bond Fund. The Indenture establishes the Bond Fund to be held by the Trustee. There shall be deposited in the Bond Fund accrued interest received upon the issuance of the Bonds, payments received on the Note and all other moneys received by the Trustee with respect to the Bonds. Moneys in the Bond Fund will be used solely for the payment of interest on the Bonds and for the payment of the principal of and premium, if any, on the Bonds, whether at maturity, by acceleration, call for redemption or otherwise.

Investment of Moneys in Funds. Moneys held for the credit of funds and accounts created under the Indenture shall be continuously invested and reinvested by the Trustee, as directed by an Authorized Representative of the University, in Investment Obligations to the extent practicable.

Tax Covenants. Neither the Trustee nor the Authority knowingly shall engage in any activities or take any action that might result in (a) the income of the Authority under the Notes becoming taxable to it, (b) any Bond becoming an “arbitrage bond” within the meaning of Section 148 of the Code, or (c) any interest on any Bond becoming included in the gross income of the recipients thereof under the Code. The Authority shall, upon prompt notice to the University and at its expense, take or cause to be taken all lawful action in its control required of it to ensure that the interest on the Bonds is not included in gross income for federal income tax purposes and not included in alternative minimum taxable income of individuals.

Defaults and Remedies on Default. Each of the following constitutes an “Event of Default” under the Indenture:

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of any Bond (whether at maturity, by acceleration, call for redemption or otherwise);
- (c) Subject to certain cure rights specified in the Indenture, default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture or in the Bonds; or
- (d) An “Event of Default” under the Loan Agreement.

Upon the occurrence and continuation of any Event of Default, the Trustee may, and if requested by the holders of at least 25% in aggregate principal amount of Bonds then outstanding shall, by notice to the Authority, declare the entire unpaid principal of and premium, if any, and interest on the Bonds due and payable and, thereupon, the entire unpaid principal of and premium, if any, and interest on the Bonds shall therefor become due and payable. The Authority will forthwith pay to the holders of the Bonds the entire unpaid principal of and accrued interest on such Bonds, but only from the payments, receipts and proceeds specifically pledged for such purpose in the Loan Agreement.

Supplemental Indentures. The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture in such manner as required (i) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities (Blue Sky) law, or (ii) to prevent the Authority, the Trustee or the University from being subject to the Investment Company Act of 1940, as amended, or any similar federal statute hereafter in effect;

(e) to authorize the issuance of and to secure one or more series of Additional Bonds as provided in and upon compliance with Section 209 to provide for (i) the deposit and disbursement of the proceeds of such Additional Bonds to pay the expenses of the issuance of such Additional Bonds and to pay the cost of all or any part of the facilities to be financed by means of such Additional Bonds or to refund all or part of another series of Bonds, as the case may be, (ii) the payment of the principal of and premium, if any, and interest on such Additional Bonds, and (iii) such other changes necessary in connection with the issuance of such Additional Bonds as shall not, in the opinion of the Trustee which may be based solely on an Opinion of Counsel, prejudice in any material respect the rights of the holders of the Bonds then Outstanding; and

(f) to make any other change that, in the opinion of the Trustee which may be based solely on an Opinion of Counsel, shall not prejudice in any material respect the rights of the holders of Bonds then Outstanding.

Except for the Supplemental Indentures described above, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting (A) an extension of the maturity of the principal of or the interest on any Bond, (B) a reduction in the principal amount of any Bond or the rate of interest thereon, (C) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bonds, or (D) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, without the consent and approval of the holders of all of Bonds then Outstanding.

Amendments to Loan Agreement and Note. The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to any amendment, change or modification of the Loan Agreement or the Notes as may be required:

(a) by the provisions of the Loan Agreement, the Notes or the Indenture;

(b) to cure any ambiguity or formal defect or omission therein;

(c) in connection with the issuance of one or more series of Additional Bonds;

(d) to make change as permitted by the Loan Agreement in connection with the requirements of the Code relating to “rebate”; or

(e) in connection with any other change therein that, in the opinion of the Trustee which may be based solely on an Opinion of Counsel, shall not prejudice in any material respect the rights of the holders of the Bonds then Outstanding.

Resignation or Removal of Trustee. The Trustee may at any time resign from the trusts hereby created by giving 60 days’ notice to the Authority, the University and each owner of Bonds then Outstanding.

Such resignation shall take effect upon the appointment of a successor or temporary Trustee by the Bondholders, the Authority or a court of competent jurisdiction.

The Trustee may be removed at any time by (a) an instrument or concurrent instruments in writing delivered to the Trustee and to the Authority and signed by the holders of a majority in aggregate principal amount of Bonds then Outstanding, or (b) by the Authority at the direction of the University by notice in writing delivered to the Trustee sixty days before the removal date; provided, however, that the Authority shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists that with the giving of notice or the passage of time, or both, would be an Event of Default. The removed Trustee shall return to the University the amount of the Trustee's annual fee allocable to the portion of the then current year remaining after the removal date. Notwithstanding the foregoing, nothing contained in the Indenture shall relieve the University of its obligation to pay the Trustee's expenses incurred to the date of such removal.

Discharge of Indenture. If (a) all Bonds shall have become due and payable in accordance with their terms or otherwise as provided in the Indenture or have been duly called for redemption or irrevocable instructions to call the Bonds or pay them at maturity have been given by the Authority to the Trustee, (b) the Trustee holds cash or Defeasance Obligations registered in the name of the Trustee the interest on which and principal at maturity will be sufficient, as verified by an independent certified public accountant or other consultant reasonably acceptable to the Trustee, (i) to redeem in accordance with the relevant section of the Indenture and in any Supplemental Indenture all Bonds that have been called for redemption on the date set for such redemption, (ii) to pay at maturity all Bonds not irrevocably called for redemption, and (iii) to pay interest accruing on all Bonds prior to their redemption or payment at maturity, and (c) arrangements, satisfactory to the Trustee, have been made to pay to the Trustee its reasonable fees and expenses and any other fees and expenses for which the University is responsible under the Loan Agreement, including any payments to the United States of America required by the Indenture or any Supplemental Indenture and the costs and expenses of canceling and discharging the Indenture, then except as otherwise provided in the Indenture, the Indenture shall cease to be of further effect and the Trustee shall on demand and at the expense of the University execute and deliver to the Authority such instruments in writing acknowledging the satisfaction of the Indenture and as shall be requisite to cancel any liens securing the Indenture, and assign and deliver any property at the time subject to the Indenture that may then be in its possession, except (1) amounts in funds created by the Indenture required to be paid to the University and (2) funds or securities in which such funds are invested that are held by the Trustee for the payment of the Bonds and other fees and expenses described.

Bonds for the payment or redemption of which cash or Defeasance Obligations, the principal of and premium, if any, and interest on which will be sufficient therefor, as determined by the Trustee in reliance on a report of an independent certified public accountant or other consultant reasonably acceptable to the Trustee, shall have been deposited with the Trustee (whether upon or prior to the date of their maturity or their redemption date) shall be deemed to be paid and no longer Outstanding; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

FORM OF PROPOSED BOND COUNSEL OPINION

[To come]

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT**, dated August __, 2018 (the “Disclosure Agreement”), is executed and delivered by The Washington and Lee University (the “University”), in connection with the issuance by the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), of its \$_____ Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the “Bonds”), pursuant to an Indenture of Trust, dated as of _____ 1, 2018 (the “Indenture”), between the Authority _____, as trustee (the “Trustee”). The University hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the University for the benefit of the holders of the 2018A Bonds and in order to assist the purchasers of the 2018A Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission by providing certain annual financial information and material event notices required by the Rule (collectively, “Continuing Disclosure”).

Section 2. Annual Disclosure. (a) The University shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the University, prepared in accordance with generally accepted accounting principles; and

(ii) the financial and operating data with respect to the University of the type described in **Appendix A** to the Authority’s Official Statement dated _____, 2018, with respect to the 2018A Bonds in the tables in the sections “Student Enrollment” (but only the first two tables therein), “Tuition and Fees,” “Student Financial Aid,” “Fund-Raising,” “Endowment and Similar Funds and Funds Held in Trust by Others,” “Outstanding Long-Term Indebtedness,” and “Liquidity”, to the extent such items are not contained in the audited financial statements required by (i) above.

If the financial statements filed pursuant to Section 2(a)(i) are not audited, the University shall file such statements as audited when available.

(b) The University shall provide annually the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) no later than December 1 of each year, commencing December 1, 2018, to the Municipal Securities Rulemaking Board (the “MSRB”).

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The University shall file with the MSRB in a timely manner the notice specifying any failure to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The University shall file with the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 2018A Bonds:

(a) principal and interest payment delinquencies;

- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2018A Bonds, or other material events affecting the tax status of the 2018A Bonds;
- (g) modifications to rights of holders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances of all or any portion of the 2018A Bonds;
- (j) release, substitution, or sale of property securing repayment of the 2018A Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the University;
- (m) the consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

provided that nothing in this Section 3 shall require the University to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the 2018A Bonds or to pledge any property as security for repayment of the 2018A Bonds.

Section 4. Termination. The obligations of the University hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the 2018A Bonds.

Section 5. Amendment. The University may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification and is accompanied by an opinion of counsel nationally-recognized in municipal securities laws that the amendments are permitted under current law. The University shall file in a timely manner a description of any such modification of its obligations hereunder to the MSRB.

Section 6. Defaults. (a) Failure by the University to comply with any covenant or obligation regarding the Continuing Disclosure specified in this Disclosure Agreement shall not constitute an “Event of Default” under the Indenture or under the Loan Agreement, dated as of ____ 1, 2018, between the University and the Authority, as provided therein.

(b) Notwithstanding subparagraph (a), any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the University and the Trustee, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the University's covenant to provide the Continuing Disclosure.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The University may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the University shall not incur any obligation to continue to provide, or to update, such additional information or data, unless it specifically agrees to such obligation.

Section 9. Acknowledgment by University. The University acknowledges and agrees that the Authority is not a material obligated person for purposes of the Rule and, therefore, is not required to provide any Annual Disclosure or notice of the occurrence of any of the events listed in Section 3, with respect to the 2018A Bonds.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

THE WASHINGTON AND LEE UNIVERSITY

By: _____
Vice President for Finance
and Treasurer

**INFORMATION REGARDING THE DEPOSITORY
TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM**

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the 2018A Bonds, payments of principal of and interest on the 2018A Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the 2018A Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the 2018A Bonds. The 2018A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2018A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2018A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2018A Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018A Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2018A Bonds, except in the event that use of the book-entry system for the 2018A Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2018A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2018A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2018A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the 2018A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2018A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2018A Bond certificates will be printed and delivered.

The Authority or the Trustee may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2018A Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Neither the Authority nor the Trustee has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the 2018A Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Agreement of Trust to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the 2018A Bonds, as nominee of DTC, references in this Official Statement to the Owners of the 2018A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Agreement of Trust.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2018A Bonds without the consent of Beneficial Owners or Bondholders.

LOAN AND SECURITY AGREEMENT

Among

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF LEXINGTON, VIRGINIA

And

THE WASHINGTON AND LEE UNIVERSITY

And

CENTURY BANK AND TRUST COMPANY, as Disbursing Agent

And

CENTURY SUBSIDIARY INVESTMENTS, INC. III, as Bondowner

Dated as of [July 1], 2018

And providing for the Issue of

[\$29,000,000]

Industrial Development Authority of the City of Lexington, Virginia
Educational Facilities Revenue Refunding Bonds
(Washington and Lee University)
Series 2018B

Dated the Date of Delivery

TABLE OF CONTENTS

ARTICLE 1 INTRODUCTION AND DEFINITIONS	1
Section 101. Description of the Agreement and the Parties.	1
Section 102. Definitions.....	1
ARTICLE 2 ASSIGNMENT OF REVENUES; DEFEASANCE.....	5
Section 201. The Issuer’s Assignment and Pledge of Revenues.	5
Section 202. Defeasance.	6
ARTICLE 3 THE BORROWING	6
Section 301. The Bonds.	6
Section 302. Application of Bond Proceeds.	16
Section 303. Debt Service Fund.....	17
Section 304. [Reserved.].....	17
Section 305. [Rebate.	17
Section 306. Application of Moneys.	18
Section 307. Loan of Proceeds; Payments by the Borrower.....	19
Section 308. Unconditional Obligation.....	19
Section 309. Redemption of the Bonds.....	20
Section 310. Investments.	20
Section 311. Paying Agent.....	22
Section 312. Unclaimed Moneys.	23
ARTICLE 4 REFUNDING OF REFUNDED BONDS	23
[To come, with net proceeds of bonds to be transferred to W&L for costs of issuance and the balance to effectuate the refunding].....	23
Section 401. [Refunding Fund.	23
Section 402. Borrower’s Obligations to Undertake and Complete Refunding.....	23
Section 403. Use of Refunded Projects.....	23
Section 404. Repair and Current Expenses.....	24
Section 405. Insurance.	24
Section 406. Damage to or Destruction or Taking of the Refunded Projects.....	25
Section 407. Additions and Alterations.	26
Section 408. Right of Access to the Refunded Projects.....	26
ARTICLE 5 [ADDITIONAL BONDS/RESERVED].....	27
ARTICLE 6 DEFAULT AND REMEDIES.....	27
Section 601. Default by the Borrower.	27
Section 602. Remedies for Events of Default.....	28
Section 603. Court Proceedings.....	28
Section 604. Revenues after Default.....	29
Section 605. Bondowner May Perform Obligations.....	29
Section 606. Remedies Cumulative.	29
ARTICLE 7 THE DISBURSING AGENT.	29
Section 701. Corporate Organization, Authorization and Capacity.	29
Section 702. Rights and Duties of the Disbursing Agent.	29
Section 703. Expenses of the Disbursing Agent.	30
Section 704. Resignation or Removal of the Disbursing Agent.	30

Section 705. Successor Disbursing Agent.	31
ARTICLE 8 THE ISSUER	31
Section 801. Corporate Organization, Authorization and Power.	31
Section 802. Covenants as to Payment; Faith and Credit of State Not Pledged.	32
Section 803. Rights and Duties of the Issuer.	32
ARTICLE 9 THE BONDOWNER	34
Section 901. Action by Bondowner.	34
Section 902. Proceedings by the Bondowner.	34
Section 903. Expenses of the Bondowner.	34
ARTICLE 10 THE BORROWER	34
Section 1001. Corporate Organization, Authorization, and Powers.	34
Section 1002. Tax Status.	35
Section 1003. Securities Laws.	35
Section 1004. Maintenance of Corporate Existence.	36
Section 1005. Books and Accounts.	36
Section 1006. Notification of Event of Taxability.	36
Section 1007. Indemnification by Borrower.	36
ARTICLE 11 MISCELLANEOUS	37
Section 1101. Amendment.	37
Section 1102. Successor and Assigns.	37
Section 1103. Notices.	37
Section 1104. Agreement Not for the Benefit of Other Parties.	37
Section 1105. Severability.	37
Section 1106. Counterparts.	38
Section 1107. Captions.	38
Section 1108. Governing Law.	38
Section 1109. Waiver of Jury Trial.	38

ARTICLE 1
INTRODUCTION AND DEFINITIONS

Section 101. Description of the Agreement and the Parties.

This LOAN AND SECURITY AGREEMENT (this “Agreement”) is entered into as of [July 1], 2018, by the Industrial Development Authority of the City of Lexington, Virginia, a political subdivision of the Commonwealth of Virginia (with its successors, the “Issuer”), The Washington and Lee University, a Commonwealth of Virginia nonprofit nonstock corporation (with its successors, the “Borrower”), Century Bank and Trust Company, a Massachusetts chartered bank, as Disbursing Agent (with its successors, the “Disbursing Agent”), and Century Subsidiary Investments, Inc. III, as Bondowner (the “Purchaser,” and with its successors and assigns, the “Bondowner”).

This Agreement provides for the following transactions:

- (a) the Issuer’s issue of the Bonds;
- (b) the Issuer’s loan of the proceeds of the Bonds to the Borrower for the purpose of refinancing the Refunded Bonds;
- (c) the Borrower’s repayment of the loan of Bond proceeds from the Issuer through payment to the Bondowner of all amounts necessary to pay the Bonds; and
- (d) the Issuer’s assignment to the Bondowner of the Revenues to be received hereunder and the rights to receive the same.

In consideration of the mutual agreements contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Borrower, the Bondowner and the Disbursing Agent agree as set forth herein for their own benefit and for the benefit of the Bondowner, provided that any financial obligation of the Issuer hereunder shall not be a general obligation of the Issuer nor a debt or pledge of the faith and credit of the Commonwealth of Virginia (the “State”), but shall be payable solely from the funds and Revenues pledged under this Agreement.

Section 102. Definitions.

In addition to terms defined elsewhere herein, the following terms have the following meanings in this Agreement, unless the context otherwise requires:

- (a) “Act” means the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended from time to time.
- (b) “Authorized Officer” means: (i) in the case of the Issuer, [the Chairman or Vice-Chairman, or any other official of the Issuer so designated by a resolution of the Issuer, and when used with reference to an act or document of the Agency also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Borrower, the [President or Treasurer and Vice President for Finance] and when used with reference to an act

or document of the Borrower, also means any other person authorized to perform the act or execute the document.

(c) “Bank” means Century Bank and Trust Company, a Massachusetts chartered bank.

(d) “Bond Counsel” means Christian & Barton L.L.P., or any attorney at law or firm of attorneys selected by the Borrower and acceptable to the Issuer and the Bondowner of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

(e) “Bond Documents” means the Bonds, this Agreement, the Bond Purchase Agreement, the Commitment, and the Tax Agreement.

(f) “Bond Purchase Agreement” means the Bond Purchase Agreement, dated as of [July __], 2018, by and between the Borrower and the Purchaser.

(g) “Bond Year” means each one-year period ending on [June 30].

(h) “Bondowner” means, collectively, the Purchaser and any subsequent registered owners of the Bonds from time to time as shown in the books kept by the Disbursing Agent as bond registrar and transfer agent.

(i) “Bonds” means the [\$29,000,000] Industrial Development Authority of the City of Lexington, Virginia, Educational Facilities Revenue Refunding Bonds (Washington and Lee University), Series 2018B, dated the date of delivery thereof, and any Bond or Bonds duly issued in exchange or replacement therefor.

(j) “Business Day” means a day on which banks in Boston, Massachusetts are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

(k) “Closing Date” means the date of delivery of the Bonds to the Bondowner against payment therefor.

(l) “Commitment” means the Commitment Letter from the Bank to the Borrower, dated [June __, 2018].

(m) “Date of Taxability” means a date on which interest on the Bonds is no longer excludable from gross income for federal or Massachusetts income purposes as a result of an Event of Taxability.

(n) “Debt Service Fund” means the fund so designated and established pursuant to Section 303.

(o) “Default Rate” means an interest rate per annum equal to the interest rate per annum in effect on the Bonds immediately preceding the Event of Default to which the Default Rate relates, plus 5% per annum.

(p) “Event of Taxability” means any one of the events herein after described. For purposes of this definition, “Bondowner” means any former or current Bondowner:

(i) The issuance by the Internal Revenue Service of a statutory notice of deficiency which asserts that the interest payable on the Bonds is includable in the gross income of the Bondowner for federal income tax purposes or a similar notice issued by the State Department of Taxation with respect to State income tax.

(ii) The issuance to the Bondowner of an opinion (the “Opinion”) of Bond Counsel to the effect that, after the initial issuance of the Bonds, there has been (A) an amendment to the IRC or the regulations promulgated thereunder, or (B) an amendment to the Act or other State law, any of which has the effect of requiring that the interest payable on the Bonds be included in the gross income of the Bondowner for federal or State income tax purposes.

(iii) Any other event caused by, or act or omission of, the Issuer or the Borrower, including, but not limited to, a breach or violation by the Issuer or the Borrower of any covenant contained in any of the documents, agreements, certificates or instruments executed and delivered by or on behalf of the Issuer or the Borrower in connection with the issuance, sale and delivery of the Bonds and the refinancing of the Refunded Projects which would, for any reason, require that the interest payable on the Bonds be includable in the gross income of the Bondowner for federal or State income tax purposes, unless the Borrower furnishes the Issuer and the Bondowner with an unqualified Opinion of Bond Counsel that interest payable on the Bonds is not includable in the gross income of the Bondowner for federal or State, as applicable, income tax purposes.

(q) “Fund” means the Debt Service Fund, the Refunding Fund, or any other fund established with the Disbursing Agent pursuant to this Agreement.

(r) “Government or Equivalent Obligations” means (i) obligations issued or guaranteed by the United States; (ii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Bondowner, in a special account separate from the general assets of such custodian; and (iii) any open-end or closed-end management type investment company or trust registered under 15 U.S.C. §80(a)-1 et seq.; provided that the portfolio of such investment company or trust is limited to obligations described in clause (i) and repurchase agreements fully collateralized by such obligations, and provided further that such investment company or trust shall take custody of such collateral either directly or through a custodian satisfactory to the Bondowner.

(s) “IRC” means the Internal Revenue Code of 1986, as it may be amended and applied to the Bonds from time to time.

(t) “Moody’s” means Moody’s Investors Service, Inc., or any successor rating agency.

(u) “Opinion of Bond Counsel” means an opinion of Bond Counsel to the effect that the matter or action in question will not have an adverse impact on the tax-exempt status of the

Bonds for federal income tax purposes. Any Opinion of Bond Counsel required to be delivered in accordance with the provisions of the Agreement shall be provided at the sole cost and expense of the Borrower.

(v) “Outstanding,” when used to modify Bonds, refers to Bonds issued under this Agreement, excluding: (i) Bonds which have been exchanged or replaced, or delivered to the Disbursing Agent for credit against a principal payment or a sinking fund installment; (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations described in clause (i) or (ii) of the definition thereof bearing interest at such rates, and with such maturities, as will provide sufficient funds to pay or redeem them; provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement.

(w) “Payment Date” means each date on which any principal of, premium, if any, or interest on any Bond is due and payable for any reason.

(x) “Permitted Investment” shall have the meaning assigned in Section 310(c).

(y) “Person” means an individual, corporation, limited liability company, partnership, joint venture, trust or unincorporated organization, or a government or any Issuer or political subdivision thereof.

(z) “Refunded Projects” means, together, the Series 2010 Project and the Series 2015B Project.

(aa) “Refunding Fund” means the fund so designated and established pursuant to Section 401.

(bb) “Purchaser” means Century Subsidiary Investments, Inc. III.

(cc) “Rebate Provision” shall have the meaning set forth in Section 306.

(dd) “Rebate Calculation Date” means [July 1] of each of 2023, 2028, 2033, 2038, 2043 and the maturity date of the Bonds.

(ee) “Refunded Bonds” shall mean the Series 2010 Bonds maturing on January 1 in the years 20__ through 20__, inclusive, and the Series 2015B Bonds maturing on January 1 in the years 20__ through 20__, inclusive.

(ff) “Repurchase Agreement” shall have the meaning assigned in Section 310(c).

(gg) “Revenues” means all debt service payments, rates, mortgage payments, rents, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided hereunder, payable to the Issuer under this Agreement, excluding administrative fees of the Issuer, reimbursements to the Issuer for expenses incurred by the Issuer, and indemnification of the Issuer.

(hh) “S&P” means S&P Global Ratings or any successor rating agency.

(ii) “Series 2010 Bonds” shall mean the \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 issued by the Issuer.

(jj) “Series 2010 Project” means the (1) financing of various capital improvements at the Borrower’s campus, including certain (a) projects associated with the Borrower’s Energy Master Plan, (b) various capital projects from the Borrower’s Annual Capital Projects, ranging from small renovations to investments in technology to infrastructure improvements and replacements of furniture and fixtures, and (c) certain renovations and infrastructure improvements, including replacement of the artificial turf athletic field, modifications to DuPont Hall, development of a classroom at Early Fielding, replacement of air handling units at Lewis Hall, modifications to Northen Auditorium, and addressing space needs as the Colonnade is renovated and/or improving the visitor experience at the campus, and (2) paying costs of issuance of the Series 2010 Bonds.

(kk) “Series 2015B Bonds” shall mean the \$15,000,000 Variable Rate Educational Facilities Revenue Bonds (Washington and Lee University), Series 2015B issued by the Virginia College Building Authority.

(ll) “Series 2015B Project” means the (1) financing of various capital improvements at the campus, primarily consisting of the construction and equipping of apartment and townhouse-style buildings for student housing, and (2) paying costs of issuing the Series 2015B Bonds.

(mm) “Tax Agreement” means the Tax Certificate and Agreement, dated July __, 2018, by and between the Issuer and the Borrower.

(nn) “Taxable Rate” has the meaning set forth in the form of Bonds in Section 301(b).

(oo) “UCC” means the State Uniform Commercial Code.

Words importing persons include firms, associations and corporations, and the singular and plural form of words shall be deemed interchangeable wherever appropriate.

ARTICLE 2 ASSIGNMENT OF REVENUES; DEFEASANCE

Section 201. The Issuer’s Assignment and Pledge of Revenues.

The Issuer assigns and pledges to the Bondowner upon the terms hereof (a) all Revenues to be received from the Borrower or derived from any security provided hereunder, (b) all rights to receive such Revenues and the proceeds of such rights, (c) all funds and investments held from time to time in the funds established under this Agreement, and (d) all of its right, title and interest in this Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth herein. This assignment and pledge does not include: (i) the rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with the Issuer, (ii) the right of the Issuer to any payments or

reimbursements pursuant to Sections 307(e), 803, and 1007, or (iii) the powers of the Issuer as stated herein to enforce the provisions hereof. As further security for its obligations to make payments to the Debt Service Fund, and for its other payment obligations under this Agreement, the Borrower grants to the Bondowner a security interest in its interest in the moneys and other investments held from time to time in the funds and accounts established under this Agreement.

Section 202. Defeasance.

When there are in the Debt Service Fund sufficient funds, or Government or Equivalent Obligations described in clause (i) or (ii) of the definition thereof in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all other amounts due under the Bond Documents have been paid and the rights hereunder and thereunder of the Issuer, the Disbursing Agent and the Bondowner have been provided for, upon written notice from the Borrower to the Issuer and the Bondowner, the Bondowner shall cease to be entitled to any benefit or security under this Agreement except that the Bondowner shall have the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof (including obligations of the Borrower under Sections 305 and 1007), the security interests created by this Agreement (except in such funds and investments) shall terminate, and the Issuer and the Bondowner shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created hereunder; provided, however, that if any Bonds are to be redeemed prior to the maturity thereof, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly given in accordance with this Agreement. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to Section 312 hereof, and moneys held for defeasance shall be invested only as provided above in this section. Any funds or property held by the Disbursing Agent and not required for payment or redemption of the Bonds in full or to pay any other amounts owing under the Bond Documents shall, after satisfaction of all the rights of the Issuer and after allowance for any payments required to be made pursuant to Section 305, be distributed to the Borrower upon such indemnification, if any, as the Issuer and the Disbursing Agent may reasonably require.

ARTICLE 3
THE BORROWING

Section 301. The Bonds.

(a) Details of the Bonds. The Bonds shall be issued in fully registered form and in the original aggregate principal amount of [\$29,000,000], and shall be numbered from R-1 upwards in order of their issuance, or in any other manner deemed appropriate by the Issuer. The Bonds shall be in the minimum denomination of \$100,000. The Bonds shall be dated the date of delivery thereof. Interest on the Bonds until they come due shall be payable commencing on [September] 1, 2018 and on the first (1st) day of each month thereafter, in accordance with the Form of Bonds set forth in Section 301(b). Principal of the Bonds shall be paid in installments on each [July 1], commencing [July 1, 2019], in the amounts set forth on **Exhibit B**.

The Bonds shall be signed on behalf of the Issuer by the manual or facsimile signature of an Authorized Officer, and the corporate seal of the Issuer or a facsimile thereof shall be engraved or otherwise reproduced thereon. The authenticating certificate of the Disbursing Agent shall be manually signed on behalf of the Disbursing Agent.

In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery thereof, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until after such delivery.

The Bonds shall mature on [July 1], 20__, and shall bear interest at the rates per annum as set forth in the Form of Bonds in Section 301(b), below.

The Bonds are subject to special redemption and optional redemption, as described in Section 309 and in the Form of Bonds.

(b) Form of Bonds. The Bonds shall be issued in substantially the following form.

Registered No. R - \$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
Industrial Development Authority of the City of Lexington, Virginia
Educational Facilities Revenue Refunding Bonds
(Washington and Lee University Issue), Series 2018B

MATURITY DATE: [July 1], 20__

DATE OF THIS BOND: _____, 2018
(Date as of which the Bonds were initially issued.)

PAYMENT DATES: [September 1,] 2018 and the first (1st) day of each month thereafter to the MATURITY DATE or earlier redemption in full.

DATE OF REGISTRATION:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THIS BOND DOES NOT CONSTITUTE A GENERAL OBLIGATION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA, OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE LOAN AND SECURITY AGREEMENT REFERRED TO HEREIN. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

The Industrial Development Authority of the City of Lexington, Virginia (the “Issuer”), for value received promises to pay to the REGISTERED OWNER of this bond, or registered assigns, but solely from the moneys to be provided under the Agreement mentioned below, in lawful money of the United States of America, in immediately available funds, the PRINCIPAL AMOUNT, in installments as set forth on **Schedule A** attached hereto, on each [July 1, commencing July 1, 2019], with the remaining principal balance due on the MATURITY DATE, unless paid earlier as provided below, with interest (computed on the basis of a 360-day year based on the actual number of days elapsed) on the PRINCIPAL AMOUNT outstanding from the most recent PAYMENT DATE to which interest has been paid or duly provided for or, if no interest has been paid, from the DATE OF THIS BOND, at the LIBOR Rate, payable on each PAYMENT DATE, until the date on which this bond becomes due, whether at maturity or by acceleration or redemption. Notwithstanding the foregoing, if at any time an Event of Taxability occurs, the interest rate in effect on the Bonds from and after the Date of Taxability shall be the Taxable Rate and following an Event of Default, the interest rate in effect on the Bonds shall be the Default Rate. The Issuer also shall pay to the Bondowner, but only from amounts available under the Agreement, a late charge for any payment of principal or interest not paid within five days following the date such payment is due equal to five percent (5.0%) of the amount of any such payment.

At the option of the Borrower, the rate of interest on the Bonds may be converted, in whole only, to a Periodic Fixed Rate (a “Conversion”) on any date chosen by the Borrower (the “Conversion Date”) following notice to the Bondowner and the Disbursing Agent as provided below, provided that a Conversion from one Periodic Fixed Rate to another Periodic Fixed Rate shall only occur on the day following the end of the Periodic Fixed Rate Period then in effect. The Conversion Date and the Rate Option to be effective on such date shall be selected by the Borrower and communicated to the Bondowner and the Disbursing Agent in a written notice delivered no later than 30 days prior to the Conversion Date, or in the case of a Conversion from the LIBOR Rate to a Periodic Fixed Rate, no later than 10 Business Days prior to the Conversion Date. Thereafter, the Periodic Fixed Rate shall be subject to adjustment on each Adjustment Date, unless converted to another Periodic Fixed Rate by notice to the Bondowner and the Disbursing Agent, as described above. If the Borrower shall fail to provide such notice of Conversion, the Periodic Fixed Rate for the next Periodic Fixed Rate Period shall be calculated based on the Rate Option then in effect.

Unless otherwise defined herein, capitalized terms used in this bond shall have the same meanings assigned to them in the Loan and Security Agreement (the “Agreement”), dated as of

[July 1,] 2018, by and among the Issuer, The Washington and Lee University (the “Borrower”), Century Bank and Trust Company, as Disbursing Agent (the “Disbursing Agent”) and Century Subsidiary Investments, Inc. III, as Bondowner (the “Bondowner”). As used in this bond, the following terms shall have the following meanings:

“Adjusted LIBOR Rate” means a rate per annum determined by dividing (x) LIBOR by (y) a percentage equal to 100% minus the LIBOR Reserve Percentage. The Adjusted LIBOR Rate will be deemed to change on each date when there is a change in the LIBOR Reserve Percentage.

“Adjustment Date” means each Conversion Date and the day immediately following the last day of each Periodic Fixed Rate Period.

“Alternate Rate” means an interest rate per annum equal to the product of the Tax-Exempt Equivalency Factor in effect two Business Days prior to the applicable LIBOR Reset Date multiplied by the sum of (i) the FHLB one-month Regular Classic Advance Rate (the “One-Month FHLB Rate”), as in effect two Business Days prior to the applicable LIBOR Reset Date, or if the One-Month FHLB Rate is not available, a widely-recognized substitute rate available and reported on the Bloomberg Professional Service reflecting an unsecured loan with a one-month tenor between two sophisticated counterparties, each with investment grade credit ratings, plus (ii) 0.75%.

“FHLB” means the Federal Home Loan Bank of Boston.

“ICE” means the Intercontinental Exchange (or any successor administrator of LIBOR).

“LIBOR” means the rate of interest per annum in United States Dollars (rounded upwards, if necessary, at the Bondowner’s option, to the next 100th of one percent) equal to ICE’s LIBOR (“ICE LIBOR”), for a term of one month as published by Bloomberg (or such other commercially available source providing quotations of ICE LIBOR as designated by the Bondowner from time to time) at approximately 11:00 A.M. (London time) on the second London Banking Day prior to the next LIBOR Reset Date; provided however, if more than one ICE LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. If the ICE LIBOR becomes unavailable for any reason, the Bondowner may designate a substitute index after notifying the Borrower; provided, however, such substitute index shall (a) be the one-month index designated by the International Swaps and Derivatives Association to replace one-month LIBOR in its standard interest rate swap master agreements; or (b) if no such replacement rate or index is so designated, as determined by the Bondowner, in its judgement reasonably exercised, then the index shall be the One-Month FHLB Rate; or (c) if the One-Month FHLB Rate is not available, a widely-recognized substitute rate available and reported on the Bloomberg Professional Service reflecting an unsecured loan with a one-month tenor between two sophisticated counterparties, each with investment grade credit ratings.

“LIBOR Rate” means a rate of interest per annum, as determined by the Bondowner, equal to the product of the Tax-Exempt Equivalency Factor in effect as of the applicable LIBOR Reset Date multiplied by the sum of (i) the Adjusted LIBOR Rate as in effect two London Banking Days prior to the applicable LIBOR Reset Date, (ii) plus 0.75%, provided that, if at any

time the Bondowner reasonably determines that maintenance of the outstanding principal balance of this bond bearing interest based on LIBOR would violate any applicable legal requirements, whether or not having the force of law, then the Bondowner shall suspend the availability of the LIBOR Rate and the outstanding principal balance of this bond shall bear interest at the Alternate Rate, such Alternate Rate to take effect on the next LIBOR Reset Date following such determination.

“LIBOR Reserve Percentage” means the maximum aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) under any regulations of the Board of Governors of the Federal Reserve System (the “Board”) or other governmental authority having jurisdiction with respect thereto as issued from time to time and then applicable to assets or liabilities consisting of “Eurocurrency Liabilities,” as currently defined in Regulation D of the Board, having a term approximately equal or comparable to one month.

“LIBOR Reset Date” means [September] 1, 2018 and the first (1st) day of each calendar month thereafter.

“London Banking Day” means a day on which dealings in U.S. dollar deposits are transacted in the London interbank market.

“Notice Date” means the day that is five (5) Business Days prior to an Adjustment Date.

“Periodic Fixed Rate” means a rate of interest per annum equal to one of the following options (each a “Rate Option”), as selected by the Borrower from time to time:

- Option 1: An interest rate per annum equal to the product of the Tax-Exempt Equivalency Factor in effect as of the Notice Date multiplied by the sum of (i) the FHLB 10-Year Amortizing Advance Rate, plus (ii) 0.75%.
- Option 2: An interest rate per annum equal to the product of the Tax-Exempt Equivalency Factor in effect as of the Notice Date multiplied by the sum of (i) the FHLB 15-Year Amortizing Advance Rate, plus (ii) 0.75%.
- Option 3: An interest rate per annum equal to the product of the Tax-Exempt Equivalency Factor in effect as of the Notice Date multiplied by the sum of (i) the FHLB 20-Year Amortizing Advance Rate, plus (ii) 0.75%.

“Periodic Fixed Rate Period” means (a) in the case of Periodic Fixed Rate Option 1, the period commencing on the Adjustment Date and ending on the earlier of (i) the date immediately preceding the date that is 10 years after such Adjustment Date, (ii) the MATURITY DATE, or (iii) the date of redemption in full of the Bonds; (b) in the case of Periodic Fixed Rate Option 2, the period commencing on the Adjustment Date and ending on the earlier of (i) the date immediately preceding the date that is 15 years after such Adjustment Date, (ii) the MATURITY DATE, or (iii) the date of redemption in full of the Bond; and (c) in the case of Periodic Fixed Rate Option 3, the period commencing on the Adjustment Date and ending on the earlier of (i) the date immediately preceding the date that is 20 years after such Adjustment Date, (ii) the MATURITY DATE, or (iii) the date of redemption in full of the Bonds.

“Tax-Exempt Equivalency Factor” means, initially, 0.79; provided, however, that to the extent the maximum marginal statutory rate of federal tax imposed upon income of corporations generally (whether or not the Bondowner is actually taxed at said maximum marginal statutory rate) decreases (or subsequently increases) at any time during the term of the Bonds, then the Tax-Exempt Equivalency Factor shall be increased (or decreased) proportionately, effective upon the effective date of such decrease (or increase), so that (i) if such maximum statutory rate were to decrease to zero, then the factor would increase to 1.0, and (ii) if such maximum statutory rate were to increase, then the factor would decrease proportionately, provided that such factor shall in no event be less than 0.67.

“Taxable Rate” means, if: (i) the LIBOR Rate was in effect when the Event of Taxability occurred, an interest rate per annum equal to the sum of clauses (i) and (ii) of the definition of LIBOR Rate, (ii) the Alternate Rate was in effect when the Event of Taxability occurred, an interest rate per annum equal to the sum of clauses (i) and (ii) of the definition of Alternate Rate, and (iii) a Periodic Fixed Rate was in effect when the Event of Taxability occurred, an interest rate per annum equal to the sum of clauses (i) and (ii) of the definition of the applicable Rate Option in effect at such time.

The Bondowner shall calculate the Periodic Fixed Rate as of each Notice Date, and shall provide written notice to the Disbursing Agent and the Borrower, no later than each Adjustment Date, of the Periodic Fixed Rate to be effective as of such Adjustment Date for the Periodic Fixed Rate Period. If for any reason the applicable FHLB rate is no longer being published on the applicable Adjustment Date, the Bondowner shall select a comparable index with 20 days’ notice (or five Business Days’ notice in the case of a Conversion from the LIBOR Rate to a Periodic Fixed Rate) to the Borrower and the Disbursing Agent, provided that the Bondowner receives, at the expense of the Borrower, an Opinion of Bond Counsel (as defined in the Agreement) with respect to such selection.

The Record Date for payment of interest is the second Business Day preceding the date on which the interest is to be paid; provided that, with respect to overdue interest or interest payable on redemption of this bond other than on a PAYMENT DATE or interest on any overdue amount, the Disbursing Agent may establish a special record date. The special record date may not be more than five days before the date set for payment. The Disbursing Agent will mail notice of a special record date to the Bondowner at least seven days before the special record date. The Disbursing Agent will promptly certify to the Issuer that it has mailed such notice to the Bondowner, and such certificate will be conclusive evidence that such notice was given in the manner required hereby.

This bond is one of a series of bonds (the “Bonds”), in the aggregate principal amount of [\$29,000,000], being issued by the Issuer under and in accordance with the laws of the Commonwealth of Virginia, including the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended, and resolutions duly adopted by the board of directors of the Issuer, which resolutions also authorize the execution and delivery of the Agreement. The Bonds are being issued pursuant to the Agreement. Pursuant to the Agreement, the Issuer is loaning the proceeds of the Bonds to the Borrower for the purpose refinancing the Refunded Projects (as defined in the Agreement). The Borrower has agreed to repay the borrowing in the amounts and at the times necessary to enable the Issuer to pay the

principal, premium, if any, and interest on the Bonds, and the Issuer has assigned its rights to receive such funds to the Bondowner, subject to the provisions of the Agreement. Reference is made to the Agreement for a description of the funds pledged and the rights, limitations of rights, duties, obligations and immunities of the Borrower, the Issuer and the Bondowner, including the order of payments in the event of insufficient funds. The Agreement may be amended to the extent and in the manner provided therein.

In case any Event of Default (as defined in the Agreement) occurs, the principal amount of this bond together with accrued interest may be declared due and payable in the manner and with the effect provided in the Agreement.

This bond may be redeemed, with 20 days' prior written notice to the Disbursing Agent and the Bondowner, in whole or in part at any time at the option of the Borrower, in inverse order of principal installments due, (a) while this bond bears interest at the LIBOR Rate or the Alternate Rate, at a price of par plus accrued interest, plus any applicable LIBOR Breakage Fee (defined below); and (b) while this bond bears interest at a Periodic Fixed Rate, at the following prices (the "Redemption Price") expressed as a percentage of the principal amount redeemed, plus accrued interest to the redemption date:

<u>Period During Which Redeemed</u> (Dates Inclusive)	<u>Redemption Price</u>
[July 1, 2018 to June 30, 2020	105%
July 1, 2020 to June 30, 2022	104
July 1, 2022 to June 30, 2024	103
July 1, 2024 to June 30, 2026	102
July 1, 2026 to June 30, 2028	101
July 1, 2028 and thereafter]	100

While this bond bears interest the LIBOR Rate or the Alternate Rate, upon any redemption of all or any portion of the principal of this bond on any day that is not a PAYMENT DATE (regardless of the source of such redemption and whether voluntary, by acceleration or otherwise), the Borrower shall pay an amount (a "LIBOR Breakage Fee"), as calculated by the Bondowner, equal to the amount of any losses, expenses and liabilities (including, without limitation, any loss of margin and anticipated profits) that the Bondowner may sustain as a result of such redemption. The Borrower understands, agrees and acknowledges that: (i) the Bondowner does not have any obligation to purchase, sell and/or match funds in connection with the use of LIBOR or the One-Month FHLB Rate, as applicable, as a basis for calculating the rate of interest on this bond, (ii) LIBOR or the One-Month FHLB Rate, as applicable, may be used merely as a reference in determining such rate, and (iii) the Borrower has accepted LIBOR and the One-Month FHLB Rate, as applicable, as a reasonable and fair basis for calculating the LIBOR Breakage Fee and other funding losses incurred by the Bondowner. The Borrower further agrees to pay the LIBOR Breakage Fee and other funding losses, if any, whether or not the Bondowner elects to purchase, sell and/or match funds.

The Bonds also are subject to redemption prior to maturity, as a whole or in part at any time, in inverse order of principal installments due, at their principal amounts, without premium, plus accrued interest to the redemption date, (i) from excess proceeds on deposit in the

Refunding Fund created under the Agreement upon completion or termination of the Refunded Projects, and (ii) in the event of a substantial loss to the Refunded Projects, as defined in the Agreement, from insurance or condemnation award proceeds allocable to the Bonds, pursuant to the special redemption provisions in the Agreement.

If less than all of the Outstanding Bonds are to be called for redemption, the Bonds to be redeemed will be selected by the Disbursing Agent by lot.

In the event this bond is selected for redemption, notice will be mailed not less than 20 days prior to the redemption date to the REGISTERED OWNER at its address shown on the registration books maintained by the Disbursing Agent. Failure to mail notice to the owner of any other Bond or any defect in the notice to such an owner shall not affect the redemption of this bond.

If this bond is of a denomination in excess of One Hundred Thousand Dollars (\$100,000), portions of the principal amount in excess of One Hundred Thousand Dollars (\$100,000) may be redeemed. If less than all of the principal amount is to be redeemed, upon surrender of this bond to the Disbursing Agent, there will be issued to the REGISTERED OWNER, without charge, a new Bond or Bonds, at the option of the REGISTERED OWNER, for the unredeemed principal amount.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, the redemption price having been paid or moneys for the redemption having been deposited with the Disbursing Agent, from and after the date fixed for redemption interest on this bond (or such portion) will no longer accrue.

This bond is transferable by the REGISTERED OWNER, subject to the provisions of the Agreement, in person or by its attorney duly authorized in writing, at the office of the Disbursing Agent set forth above, upon surrender of this bond to the Disbursing Agent for cancellation. Upon the transfer, a new Bond or Bonds of the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the office of the Disbursing Agent for a new Bond or Bonds of the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the holder except for applicable taxes or other governmental charges, if any. The Disbursing Agent will not be required to make an exchange or transfer of this bond during the 20 days preceding (i) any date fixed for redemption if this bond (or any part thereof) is eligible to be selected or has been selected for the redemption and (ii) the MATURITY DATE.

The Bonds are issuable only in fully registered form in the minimum denomination of One Hundred Thousand Dollars (\$100,000).

The Issuer, the Disbursing Agent and the Borrower may treat the REGISTERED OWNER as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary.

Neither the members of the Issuer nor any Person executing this bond are liable personally hereon or subject to any personal liability or accountability by reason of the issuance hereof.

This bond will not be valid until the Certificate of Disbursing Agent has been signed by the Disbursing Agent.

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF LEXINGTON, VIRGINIA

(SEAL)

By: _____
Authorized Officer

CERTIFICATE OF DISBURSING AGENT

This bond is one of the Bonds described in the Agreement.

CENTURY BANK AND TRUST COMPANY,
as Disbursing Agent

By: _____
Authorized Signature

ASSIGNMENT

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee

and irrevocably appoints _____ attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

NOTE: The signature to this assignment must correspond with the name as written on the face of

the bond without alteration or enlargement or other change.

Dated:

Signature Guaranteed:

Participant in a Recognized
Signature Guarantee Medallion
Program

By: _____
Authorized Signature

[End of Bond Form]

(c) Replacement of Bonds. Replacement Bonds shall be issued pursuant to applicable law as a result of the destruction, loss or mutilation of the Bonds. The costs of a replacement shall be paid or reimbursed by the applicant, who shall indemnify the Issuer, the Disbursing Agent, and the Borrower against all liability and expense in connection therewith.

(d) Event of Taxability. The Issuer and the Bondowner will afford the Borrower prompt notice of any inquiry or investigation by the Internal Revenue Service or the State Department of Taxation or the receipt of a statutory notice of deficiency or any Opinion of Bond Counsel described in clause (ii) of Section 102[(r)], that are known to the Issuer or the Bondowner, as applicable, and the opportunity, at the Borrower's sole cost and expense, to contest:

(i) the validity of any amendment to the IRC or State law (or any subsequent tax law) which causes the interest on the Bonds to be includable in the gross income of the Bondowner (including any former Bondowner) for federal or State income tax purposes; or

(ii) any challenge to the validity of the tax exemption with respect to the interest on the Bonds, including the right to direct any contest of such challenge (including any administrative audit, administrative appeal and litigation). The right of the Borrower to exercise its rights under this Section 301(d) is subject to the Borrower's provision of whatever security and indemnification the Issuer or the Bondowner shall reasonably request.

The Borrower shall pay to the Bondowner (including any former Bondowner who presents written proof satisfactory to the Disbursing Agent that as of the Date of Taxability, such

person was a Bondowner (a “Former Bondowner”) an amount equal to the amount of interest that would have accrued on the Bonds from the Date of Taxability to the date of the Event of Taxability at the Taxable Rate, less the amount of interest actually paid on the Bonds to the date of the Event of Taxability. The Borrower also shall pay to the Issuer and the Bondowner (including any Former Bondowner), a supplemental payment to reimburse the Issuer and such owner(s) for any interest, penalties or other charges assessed to them, if any, by reason of an Event of Taxability (including any interest penalties or other charges assessed to a Bondowner or Former Bondowner for failure to include interest on the Bonds in such owner’s gross income prior to the date of an Event of Taxability) (hereinafter, “Unpaid Tax Penalties”). The Borrower shall make such payments of Unpaid Tax Penalties to the Issuer and to the Bondowner (including any Former Bondowner) within 30 days of receiving a written request from the Issuer or any such owner. Any Unpaid Tax Penalties that are not paid upon an Event of Taxability shall continue as an obligation of the Borrower, and the payment of all Unpaid Tax Liabilities due and owing shall be required prior to the defeasance of this Agreement pursuant to Section 202.

Notwithstanding the foregoing or any provision of the Form of Bonds as set forth in Section 301(b) to the contrary, if following an Event of Taxability, it is subsequently determined that the interest payable on the Bonds is properly excluded from the gross income of the owners thereof for federal or State income tax purposes, as applicable, then the calculation of the interest rate, as set forth in the Form of Bonds in Section 301(b), shall be determined as if no Event of Taxability had occurred, provided that the interest rate shall be adjusted in order to compensate the Borrower for any increase imposed in the rate of interest on the Bonds from and after the original Date of Taxability. Such adjustment to the interest rate shall be made such that the Borrower shall be fully compensated in not longer than a 12-month period.

(e) Bonds Are Not General Obligations. The Bonds do not now and shall never constitute a general obligation or debt or pledge of the faith and credit of the Issuer, nor a debt or pledge of the faith and credit of the State, and each covenant and undertaking by the Issuer herein and in the Bonds to make payments is not a general obligation of the Issuer or a debt or a pledge of the faith and credit of the State, but is a limited obligation payable solely from the revenues and other funds provided under this Agreement and is a valid claim of the Bondowner only against such revenues and other funds. Nothing herein shall be construed as requiring the Issuer to use any funds or revenues from any source other than the Revenues.

Section 302. Application of Bond Proceeds.

Upon the receipt of the proceeds of the Bonds, such proceeds shall be applied as follows: (a) \$ _____ shall be used to reimburse the Borrower for certain internal advances, (b) the balance (\$ _____) shall be deposited in the Refunding Fund to be applied to the refunding of the Refunded Bonds.

[To come – mechanics of flow of funds at closing to refund the Refunded Bonds]

Section 303. Debt Service Fund.

A Debt Service Fund is hereby established with the Disbursing Agent, and moneys shall be deposited therein as provided in this Agreement. The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal, redemption premium, if any, and interest on the Bonds. The Disbursing Agent shall apply moneys in the Debt Service Fund to the payment of Bonds on each date on which a payment is to be made. Notwithstanding the foregoing, so long as there is only one Bondowner, the Borrower shall make payments of principal and interest due on the Bonds directly to the Bondowner, without deposit into the Debt Service Fund, and in such event no Debt Service Fund shall be established with the Disbursing Agent, except to the extent necessary in accordance with Section 202.

Section 304. [Reserved.]

Section 305. [Rebate.]

(a) Payments of Rebate. No later than 30 days following each Rebate Calculation Date (or any earlier date that may be necessary to make a required payment to the United States under Subsection 305(c)), the Borrower shall compute and certify to the Issuer and the Bondowner in reasonable detail the amount of the Excess (as defined in Subsection 305(b)), if any, as of each such Rebate Calculation Date.

(b) Excess. “Excess” means the sum of:

A. the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph) attributable to the Gross Proceeds of Bonds including those on deposit in the Refunding Fund (but not including those in the Debt Service Fund so long as the conditions described below continue to be met) over

B. the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield (determined in accordance with the Rebate Provision) on the Bonds to which such Gross Proceeds are attributable, plus any income attributable to the Excess described in subparagraph (i) above.

The amount of any calculated Excess shall be reduced by any payments made to the United States pursuant to Subsection 305(c). The terms “Nonpurpose Investment” and “Gross Proceeds” shall have the meanings given in the Rebate Provision and shall be applied as provided therein. Earnings on amounts deposited in the Debt Service Fund shall be excluded from the calculation of any Excess if the gross earnings on such amounts for each Bond Year are less than \$100,000 (or a pro rata portion of \$100,000 in the case of a short Bond Year).

(c) Payment of Rebate to the United States.

(i) No later than 45 days following each Rebate Calculation Date (or any earlier date that may be required to comply with the Rebate Provision), the Borrower

shall cause to be paid to the United States on behalf of the Issuer the full amount of rebate then required to be paid under IRC Section 148(f) (the “Rebate Provision”) as certified by the Borrower in accordance with Paragraph 305(c)(ii). No later than 45 days after the Bonds have been paid in full, the Borrower shall cause to be paid to the United States on behalf of the Issuer the full amount of rebate then required to be paid under the Rebate Provision as certified by the Borrower in accordance with Paragraph 305(c)(ii). Each such payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other similar information reporting form) prepared by the Borrower.

(ii) No later than 15 days prior to each date on which a payment could become due under Paragraph 305(c)(i) (a “Rebate Payment Date”), the Borrower shall deliver to the Issuer and the Bondowner a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to Paragraph 305(c)(i). If the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by (x) a completed Form 8038-T, which is to be signed by an officer of the Issuer, (y) a certification stating that the Form 8038-T is accurate and complete, and (z) the amount required to be paid.

(d) Records. The Borrower shall keep such records as will enable it to fulfill its responsibilities under this section and the Rebate Provision.

(e) Interpretation of this Section. The purpose of this Section 305 is to satisfy the requirements of the Rebate Provision. Accordingly, this section shall be construed so as to meet such requirements. The Borrower covenants that all action taken under this section shall be taken in a manner that complies with the Rebate Provision and that it shall neither take any action nor omit to take any action that would cause the Bonds to be arbitrage bonds by reason of the failure to comply with the Rebate Provision.

(f) Prompt Expenditure of Proceeds: Rebate Alternative. The Borrower may exclude from its computation of an Excess required by Subsection 305(a) any Gross Proceeds that are not subject to rebate pursuant to IRC Section 148(f)(4)(B) or (C) or Treas. Reg. § 1.148-7.

(g) Compliance by the Borrower. To the extent any payment of rebatable arbitrage is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any interest, penalty, or other amount necessary to prevent the Bonds from becoming arbitrage bonds within the meaning of IRC Section 148. The Borrower covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Rebate Provision.]

Section 306. Application of Moneys.

If the moneys provided by the Borrower, including any available moneys in the Debt Service Fund, are not sufficient on any day to pay all principal, redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Debt Service Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall be applied first to the payment of interest,

including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time), and second to the payment of principal and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due). For this purpose interest on overdue principal shall be treated as coming due on the first day of each month.

Section 307. Loan of Proceeds; Payments by the Borrower.

(a) The Issuer shall loan the proceeds of the Bonds to the Borrower for the purposes of refinancing the Refunded Bonds in accordance with the provisions of this Agreement. The Borrower shall repay the loan of Bond proceeds at the times and in the amounts to enable the Issuer to make the payments due on the Bonds as set forth in the Form of Bonds in Section 301(b). The Borrower shall pay on or before each Payment Date, either directly to the Bondowner in accordance with the provisions of Section 303, or to the Disbursing Agent for deposit in the Debt Service Fund, a sum equal to all payments due on the Bonds on each such Payment Date, less amounts already on deposit in the Debt Service Fund, if any, and available, for that purpose. The Borrower shall pay a late charge for any payment of principal or interest not paid within five days following the date such payment is due equal to five percent (5.0%) of the amount of any such payment. All payment made by the Borrower under this Agreement shall be made in lawful money of the United States of America, in immediately available funds.

(b) The payments to be made under the foregoing subsection shall be appropriately adjusted to reflect any earnings on amounts in the Debt Service Fund, and any purchase or redemption of Bonds.

(c) At any time when any principal of the Bonds is overdue, the Borrower also shall have a continuing obligation to pay an amount equal to interest on the overdue principal, as set forth in the Form of Bonds in Section 301(b). Redemption premiums shall not bear interest.

(d) Any payments by the Borrower to the Disbursing Agent for deposit in the Debt Service Fund under this Agreement shall discharge the obligation of the Borrower to the extent of such payments, provided, that if any moneys are invested in accordance with this Agreement and a loss results therefrom so that there are insufficient funds to pay principal and interest on the Bonds when due, the Borrower shall supply the deficiency.

(e) Within 30 days after notice from the Issuer, the Borrower shall pay to the Issuer all expenditures (except general administrative expenses or overhead) reasonably incurred by the Issuer by reason of this Agreement.

Section 308. Unconditional Obligation.

To the extent permitted by law, the obligation of the Borrower to make payments to the Issuer and the Bondowner under this Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim, and shall be a general obligation of the Borrower to which the full faith and credit of the Borrower are pledged.

Section 309. Redemption of the Bonds.

(a) Special Redemption. If moneys are available to redeem Bonds pursuant to Sections 401(g) and Section 406, such moneys (and earnings thereon) shall be used to redeem Bonds within 60 days. The Bonds are subject to redemption pursuant to this subsection as a whole or in part at any time, at their principal amounts, without premium, plus accrued interest to the redemption date, in inverse order of principal installments due, provided that, if less than all of the Bonds Outstanding shall be called for redemption, the Bonds to be so redeemed shall be selected by lot.

(b) Optional Redemption. The Bonds are redeemable prior to maturity at the written direction of the Borrower to the Issuer and the Bondowner. Such redemption shall be in accordance with the terms of the Bonds, as a whole or in part at any time, in inverse order of principal installments due, at redemption price set forth in the Form of Bonds, plus accrued interest to the redemption date.

(c) Payment of Redemption Price and Accrued Interest. Whenever Bonds are called for redemption, the accrued interest thereon shall become due on the redemption date and shall be paid from the Debt Service Fund [or the Debt Service Reserve Fund] to the extent of any available moneys therein. To the extent not otherwise provided, the Borrower shall pay the redemption price of and accrued interest on the Bonds.

(d) Notice of Redemption. When Bonds are to be redeemed, the Borrower shall give notice to the Issuer and the Bondowner, which notice may be conditional and shall identify the Bonds to be redeemed and state the date fixed for redemption. The notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that upon payment of the same to the Bondowner on such date, from and after such date interest thereon shall cease to accrue. The Borrower shall mail or deliver the redemption notice not less than 30 days prior to the date fixed for redemption.

Section 310. Investments.

(a) Pending their use under this Agreement, moneys in the Refunding Fund and the Debt Service Fund may be invested by the Disbursing Agent, at the direction of the Borrower, in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed. Any investments pursuant to this subsection shall be held by the Disbursing Agent as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-611 of the UCC to the extent applicable. The Disbursing Agent shall not be liable for any loss occurring from any investment, sale or conversion to cash made in accordance with the provisions of this Agreement.

(b) Except as set forth below, any interest realized on investments in any Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Fund with respect to which they were earned and any loss shall be charged thereto. Earnings (which for this

purpose include net profit and are after deduction of net loss) on amounts deposited in the Debt Service Fund and the Refunding Fund shall be retained therein.

(c) The term “Permitted Investments” means (i) Government or Equivalent Obligations, (ii) “tax exempt bonds” as defined in IRC § 150(a)(6), other than “specified private activity bonds” as defined in IRC §57(a)(5)(C), rated at least AA or Aa2 by S&P and Moody’s, respectively, or the equivalent by any other nationally recognized rating Issuer, at the time of acquisition thereof or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC §148(b)(2); provided either that the fund has all of its assets invested in obligations of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated AAm or AAm-G if rated by S&P, (iii) certificates of deposit of, banker’s acceptances drawn on and accepted by, and interest bearing deposit accounts of, a bank or trust company which has a capital and surplus of not less than \$50,000,000, (iv) Repurchase Agreements (as defined below), (v) investment agreements with providers rated at least AA- or Aa3 by S&P and Moody’s, respectively, (vi) money market funds rated at least AAm or AAm-G by S&P, and (vii) any other investment acceptable to the Bondowner. The term “Repurchase Agreement” shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than \$50,000,000, or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, sells to, and agrees to repurchase from the Disbursing Agent, obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further, that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Disbursing Agent to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of, or taking possession by, a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Disbursing Agent.

A. Notwithstanding the immediately preceding paragraph, Permitted Investments with respect to the Debt Service Fund shall not include the following:

1. Government or Equivalent Obligations, certificates of deposit and bankers’ acceptances, in each case with yields lower than either (x) the yield available on comparable obligations then offered by the United States Treasury, or (y) the highest yield published or posted by the provider of the Permitted Investments to be currently available from the provider on reasonably comparable investments;

2. Any demand deposit or similar account with a bank, trust company or broker, unless (x) the account is used for holding funds for a short period of time until such funds are reinvested or spent, and (y) substantially all the funds in

the account are withdrawn for reinvestment or expenditure within fifteen (15) days of their deposit therein; or

3. Repurchase Agreements, unless (x) at least three (3) bids are obtained on the proposed Repurchase Agreement from Persons other than those with an interest in the Bonds, (y) the highest yielding Repurchase Agreement for which a qualifying bid is received is purchased, (z) the provider of the Repurchase Agreement certifies that the yield on the Repurchase Agreement is not less than the yield then available from the provider on reasonably comparable repurchase agreements, if any, offered to Persons who are purchasing the agreement from a source other than proceeds of tax-exempt bonds, (xx) the terms of the Repurchase Agreement, including collateral requirements, are reasonable, and (yy) a written record of the yield offered by each bidder is maintained.

Notwithstanding the foregoing, any of the requirements of this paragraph A. shall not apply if the Borrower shall have received an Opinion of Bond Counsel regarding the waiver of such requirements. Permitted Investments shall not include any investment that would cause any of the Bonds to be federally guaranteed within the meaning of IRC §149(b).

(d) Any security interest required by Subsection 310(a) shall be perfected in such manner as may be provided by law. In the case of a Repurchase Agreement, if under applicable law, including the federal Bankruptcy Code, the agreement is recognized as transferring ownership in the underlying securities to the investing party with a right to liquidate the securities and apply the proceeds against the repurchase obligation, all free and clear of the claims of creditors and transferees of the other party, the interest of the investing party shall be regarded as the equivalent of a perfected security interest for the purposes of this subsection. In any case, however, if the underlying securities or the securities subject to the security interest are certificated securities (as opposed to uncertificated or book-entry securities), they shall be delivered to the Disbursing Agent, or to a depository satisfactory to the Disbursing Agent, either as agent for the Disbursing Agent or as bailee with appropriate instructions and acknowledgement, at the time of or prior to the investment, or, if the security interest is perfected without delivery, delivery shall be made within three Business Days. Possession by the Disbursing Agent of the security for an obligation of the Disbursing Agent shall not be deemed to satisfy the requirements of this subsection unless there is an opinion of counsel satisfactory to the Issuer to the effect that such possession satisfies the requirements of this subsection.

(e) The Disbursing Agent may hold undivided interests in Permitted Investments for more than one Fund (for which they are eligible) and may make interfund transfers in kind.

Section 311. Paying Agent.

The Disbursing Agent shall act as paying agent for the Bonds and as Bond registrar and transfer agent.

Section 312. Unclaimed Moneys.

Except as may otherwise be required by applicable law, in case any moneys deposited with the Disbursing Agent for the payment of the principal of, or interest or premium, if any, on any Bond remain unclaimed for three years after such principal, interest or premium has become due and payable, the Disbursing Agent may, and upon receipt of a written request of the Borrower shall, pay over to the Borrower the amount so deposited in immediately available funds, without additional interest, and thereupon the Disbursing Agent and the Issuer shall be released from any further liability with respect to the payment of principal, interest or premium, and the owner of such Bond shall be entitled (subject to any applicable statute of limitations) to look only to the Borrower as an unsecured creditor for the payment thereof.

ARTICLE 4
REFUNDING OF REFUNDED BONDS

[To come, with net proceeds of bonds to be transferred to W&L for costs of issuance and the balance to effectuate the refunding]

Section 401. [Refunding Fund.]

(a) Establishment; Use of Proceeds. A Refunding Fund is hereby established with the Disbursing Agent. Bond proceeds deposited into the Refunding Fund shall be used to pay requisitions approved by the Bondowner pursuant to this Section 401. The moneys in the Refunding Fund and investments held as part of such fund shall be held in trust and, except as otherwise provided in this Agreement, shall be applied solely to refund the Refunded Bonds, either directly or through reimbursement to the Borrower. If there is an Event of Default with respect to any payments due on the Bonds, or to the Issuer or the Disbursing Agent, the Disbursing Agent may use any amounts in the Refunding Fund without requisition to make up the deficiency, and the Borrower shall restore the funds so used.]

(b) Disbursements. [Reserved]

Section 402. Borrower's Obligations to Undertake and Complete Refunding.

(a) Proceeds of the Bonds on deposit in the Refunding Fund shall be used to effectuate the refunding of the Refunded Bonds.

Section 403. Use of Refunded Projects.

(a) Compliance with Law. In the maintenance, improvement and operation of the Refunded Projects, the Borrower covenants that it has complied and will comply with any provisions of the Act applicable to the Borrower, and all applicable building, zoning, land use, environmental protection, labor and employment, sanitary and safety laws, rules and regulations, and all applicable insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this subsection if the Borrower fails to comply with such laws, rules, regulations and requirements during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the security created or intended to be created hereby is not, in the opinion of the Bondowner, unreasonably jeopardized thereby.

(b) Payment of Lawful Charges. The Borrower shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Refunded Projects or any part thereof; but it shall not be a breach of this subsection if the Borrower fails to pay any such item during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund, that the security created or intended to be created hereby is not, in the opinion of the Bondowner, unreasonably jeopardized thereby, and that the Borrower has posted a bond in the amount of the disputed sum, if so required by applicable law.

(c) Permitted Purposes. The Borrower agrees that the Refunded Projects shall be used only for the purposes described in the Act. The Borrower acknowledges that it is fully familiar with the physical condition of the Refunded Projects and that it is not relying on any representation of any kind by the Issuer or the Bondowner concerning the nature or condition thereof. Neither the Issuer nor the Bondowner shall be liable to the Borrower or any other Person for any latent or patent defect in the Refunded Projects.

Section 404. Repair and Current Expenses.

(a) The Borrower agrees that it will maintain and repair the Refunded Projects and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. In the event of damage to or destruction of all or any part of the Refunded Projects from any casualty, unless the Borrower exercises its right under Subsection 406(e), the Borrower shall repair, replace, restore or reconstruct the Refunded Projects to the extent necessary to restore substantially its value and in a manner suitable for its continued use for the purpose for which it was provided; and this obligation shall not be limited by the amount of available insurance proceeds.

(b) The Borrower shall pay all costs of maintaining and operating the Refunded Projects.

Section 405. Insurance.

(a) Coverage. The Borrower (i) shall keep its plant, equipment, furnishings and fixtures (including the Refunded Projects) insured on a full replacement costs basis against fire, lightning and extended coverage perils and against such other risks as are customarily insured against by similar borrowers in the area in an amount equal to the greater of (A) 100% of the insurable value thereof (including replacement cost endorsements) exclusive of excavations and foundations, or (B) in the case of blanket policies, an amount equal to the greater of (i) or the principal amount of the Outstanding Bonds, but in any case not less than the amount necessary to avoid coinsurance; (ii) shall, to the extent required by law, carry workers' compensation insurance, disability insurance and other insurance covering injury, sickness, disability or death of employees; and (iii) shall maintain insurance against liability of the Borrower imposed by law or assumed by contract for injuries to persons, and for death of persons from such injuries in a minimum amount of \$ _____ per occurrence and \$ _____ in the

aggregate per policy year and for damage to property in a minimum amount of \$_____ in the aggregate per policy year.

(b) Policies. All insurance policies carried under clause (i) of Subsection 405(a) shall be made payable to the Bondowner as its interests may appear and otherwise to the Borrower, and shall name the Bondowner as additional insured (as to liabilities coverages). All insurance carried under this section shall be with responsible and reputable companies authorized to transact business in the State, and shall be reasonably acceptable to the Bondowner. All policies of insurance shall contain a provision that prior to cancellation of such insurance, the carrier will give at least 30 days written notice of the proposed cancellation to the Bondowner. When any insurance is to expire other than by cancellation, the duplicate or certificate of the new policy shall be furnished to the Bondowner at least 30 days before such expiration date.

(c) Evidence of Coverage. The policies shall be open to inspection by the Bondowner at all reasonable times. Certificates of insurance describing the policies shall be furnished by the Borrower to the Purchaser at or prior to the delivery of the Bonds, and a complete list describing the policies and certificates in effect as of each [July] 1 shall be furnished by the Borrower to the Bondowner annually, no later than 30 days following such date, together with a certificate of an Authorized Officer of the Borrower certifying that such insurance meets all the requirements of this section. In making this certificate, such Authorized Officer may rely upon certificates of insurance. If any change is made in the insurance as to either the deductible amount or type of coverage, a description and notice of the change shall be immediately furnished to the Bondowner by the Borrower.

Section 406. Damage to or Destruction or Taking of the Refunded Projects.

(a) Recovery of Insurance Proceeds. In the event of damage to or destruction of all or any part of the Refunded Projects, the parties shall cooperate in order to recover any applicable proceeds of insurance required under Subsection 405(a), with the Borrower to have primary responsibility to recover the proceeds. Such proceeds shall be paid to the Disbursing Agent. From such proceeds the Disbursing Agent shall provide for the payment or reimbursement of reasonable expenses of obtaining the recovery. The Disbursing Agent shall then give notice to the Borrower of such expenses and of the amount of the remaining proceeds (the "Net Proceeds").

(b) Payment to Borrower. Subject to the provisions of paragraph (e) below, the Disbursing Agent shall pay to the Borrower the Net Proceeds, or so much thereof as may be needed for the repair, replacement, restoration or reconstruction, at one time or from time to time as directed by the Bondowner, as such funds are required by the Borrower, upon notification by the Borrower as to the amount needed and upon the approval of the Bondowner. Until so paid to the Borrower or transferred under Subsection 406(c), such funds may be invested by the Disbursing Agent as provided in Section 310.

(c) Balance of Net Proceeds. If no repair, replacement, restoration or reconstruction is necessary, or when no further funds are needed for such purposes, the Borrower shall so notify the Disbursing Agent and the Bondowner. Any remaining Net Proceeds shall be applied to the redemption of Bonds pursuant to Section 309(a).

(d) Eminent Domain. In the event of a taking of all or any part of the Refunded Projects by eminent domain, the parties shall cooperate as in Subsection 406(a) in order to recover any applicable proceeds. Such proceeds shall be paid to the Disbursing Agent. The Disbursing Agent shall make appropriate deductions from such proceeds as in the case of insurance proceeds and give notice to the Borrower of such deductions and of the amount of the Net Proceeds. The Net Proceeds shall be dealt with as in Subsection 406(c), unless the Bondowner directs the Borrower or the Borrower elects to defease this Agreement or redeem Bonds pursuant to Subsection 406(e) with that portion of the Net Proceeds allocable to the Bonds, or in the case of a partial taking, unless the Borrower, within 30 days after such notification, gives notice to the Disbursing Agent and the Bondowner of its election to repair, replace, restore, or reconstruct the remaining property, subject to the provisions of Subsection 406(e). In the event of such an election to repair, replace, restore or reconstruct, the foregoing provisions as to insurance proceeds shall apply, and the Borrower shall be obligated to repair, replace, restore or reconstruct the remaining property to the extent necessary to restore the operational utility lost by the taking, and this obligation shall not be limited by the amount of Net Proceeds available.

(e) Election to Obtain Discharge or Redeem Bonds. With respect to any one casualty or series of related casualties, whenever the Net Proceeds of insurance or condemnation awards resulting from damage to or destruction or a taking of all or a portion of the Refunded Projects exceed 25% of the then full insurable value of the Refunded Projects, as determined by a consultant acceptable to the Bondowner, the Bondowner may direct the Borrower or the Borrower may elect to use such Net Proceeds (or a portion thereof exceeding 25% of such insurable value not used or to be used for partial repair, replacement, restoration or reconstruction) to redeem Bonds pursuant to the special redemption provisions of Subsection 309(a). Without limiting the foregoing, if an Event of Default has occurred that has not been waived, the Bondowner may direct the Borrower to apply all insurance or condemnation proceeds to redeem Bonds. In addition, the Borrower may be relieved of its obligation to repair, replace, restore or reconstruct at any time, by taking all action necessary to discharge the lien of this Agreement under Section 202. In order to so redeem Bonds, the Borrower shall give notice of the redemption of Bonds pursuant to Sections 309(a) and (d). In order to discharge the lien of this Agreement as described in this subsection, the Borrower may direct the Disbursing Agent to deposit into the Debt Service Fund all Net Proceeds then held by the Disbursing Agent under this section.

Section 407. Additions and Alterations.

The Borrower may alter, remodel or improve the Refunded Projects, provided that such alteration or remodeling shall not damage the basic structure thereof or materially decrease its value. The Borrower shall not take or permit any action which would cause the Refunded Projects to violate zoning or other land use regulations.

Section 408. Right of Access to the Refunded Projects.

The Issuer and the Bondowner and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Refunded Projects for the purpose of inspection or to carry out their powers hereunder and under the other Bond Documents. The Issuer or the

Bondowner may enter at any time and from time to time during normal business hours pursuant to this section except that, in case of emergency as determined by the Issuer or the Bondowner, as the case may be, the Issuer or the Bondowner may enter at any time.

ARTICLE 5
[ADDITIONAL BONDS/RESERVED]

ARTICLE 6
DEFAULT AND REMEDIES.

Section 601. Default by the Borrower.

(a) Events of Default; Default. “Event of Default” in this Agreement means any one of the events set forth below and “default” means any Event of Default without regard to any lapse of time or notice.

(i) Debt Service. Any principal or premium, if any, of or interest on any Bond shall not be paid when the same becomes due and payable, whether at maturity, by acceleration, upon redemption or otherwise, or the Borrower shall fail to make any payment required of it under Subsections 307(a) or (c), or 309(c), when the same becomes due and payable.

(ii) Other Obligations. The Borrower shall fail (A) to make any other required payment required hereunder within 10 days after the same is due and payable, or (B) to perform its obligations under Section 405(a), or (C) to perform any of its other agreements, covenants or obligations under this Agreement, and such failure is not remedied within 30 days after written notice thereof is given by the Bondowner to the Borrower, provided that if such failure reasonably cannot be cured within such 30-day period and so long as the Borrower commences and diligently proceeds to cure such default within such 30-day period, the period of time to cure such default shall be extended for an additional 30 days.

(iii) Warranties. There shall be a material breach of warranty or representation made herein by the Borrower as of the date it was intended to be effective.

(iv) Voluntary Bankruptcy. The Borrower shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.

(v) Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Borrower or for any substantial part of its property and such trustee or receiver shall not be discharged within 60 days.

(vi) Involuntary Bankruptcy. The Borrower shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a

petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for 60 days.

(vii) Breach of Other Agreements. If (A) an Event of Default shall occur under the Bond Purchase Agreement, or (B) a default shall occur under any other Bond Document, or (C) a breach shall occur (and continue beyond any applicable grace period) with respect to the payment by the Borrower (1) of other indebtedness to the Disbursing Agent or the Bondowner, or (2) with respect to other indebtedness in excess of \$1,000,000, or with respect to the performance of any agreement securing such indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to in this section, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates or is empowered to accelerate any such indebtedness. The Borrower shall notify the Bondowner of any such breach or event immediately upon the Borrower's becoming aware of its occurrence and shall from time to time furnish such information as the Bondowner may reasonably request for the purpose of determining whether a breach or event described in this clause (vii) has occurred.

Section 602. Remedies for Events of Default.

If an Event of Default occurs and is continuing:

(a) Acceleration. The Bondowner may, by written notice to the Borrower and the Issuer, declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Borrower therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

(b) Rights as a Secured Party. The Bondowner may exercise all of the rights and remedies of a secured party under the UCC with respect to securities in the Refunding Fund and the Debt Service Fund, including the right to retain such securities and apply the same against the obligations of the Borrower hereunder.

Section 603. Court Proceedings.

The Bondowner may enforce the provisions of this Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained herein, whether or not an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Issuer or the Borrower of the provisions of this Agreement, including court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Issuer or the Borrower hereunder.

Section 604. Revenues after Default.

The proceeds from the exercise of any rights pursuant to Section 602 shall be held by the Bondowner. After payment or reimbursement of the reasonable expenses of the Bondowner and the Agency in connection therewith, the same, together with any other funds held under this Agreement, shall be applied first to the remaining obligations of the Borrower under the Bond Documents (other than obligations to make payments to the Agency for its own use) in such order as may be determined by the Bondowner in its sole discretion, and second, to any unpaid sums due the Agency for its own use. Any surplus thereof shall be paid to the Borrower so long as the Bonds have been paid in full.

Section 605. Bondowner May Perform Obligations.

If the Borrower fails to observe or perform any covenant, condition, agreement or provision contained in this Agreement with respect to the Refunded Projects (including, without limitation, the insurance, maintenance or repair of the Refunded Projects and the payment of taxes or other governmental charges thereon), whether or not there is an Event of Default hereunder, the Bondowner may perform such covenant, condition, agreement or provision in its own name or in the Borrower's name, and is hereby irrevocably appointed the Borrower's attorney-in-fact for such purpose. The Bondowner shall give at least 10 days' notice to the Borrower before taking action under this section, except that following an Event of Default or in the case of emergency as reasonably determined by the Bondowner, the Bondowner may act on lesser notice or give the notice promptly after, rather than before, taking the action. The reasonable cost of any such action by the Bondowner shall be paid or reimbursed by the Borrower.

Section 606. Remedies Cumulative.

The rights and remedies under this Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law. The failure to insist upon a strict performance of any of the obligations of the Borrower or of the Issuer or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance or of the right to exercise any remedy for the violation or any other violation.

ARTICLE 7
THE DISBURSING AGENT.

Section 701. Corporate Organization, Authorization and Capacity. The Disbursing Agent represents and warrants that it is a Massachusetts chartered bank duly organized and validly existing under the laws of the State, with the capacity to exercise the powers and duties of the Disbursing Agent hereunder, and that by proper corporate action it has duly authorized the execution and delivery of this Agreement.

Section 702. Rights and Duties of the Disbursing Agent.

(a) Moneys to be Held in Trust. All moneys received by the Disbursing Agent under this Agreement (other than amounts received for its own use) shall be held by the Disbursing Agent in trust and applied subject to the provisions of this Agreement.

(b) Accounts. The Disbursing Agent shall keep proper accounts of its transactions hereunder (separate from its other accounts), which shall be open to inspection by the Issuer, the Borrower and the Bondowner and their representatives duly authorized in writing upon reasonable prior written notice to the Disbursing Agent.

(c) Responsibility. The Disbursing Agent shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken in good faith in reliance on such advice. The Disbursing Agent may rely conclusively on any notice, certificate or other document furnished to it under this Agreement and reasonably believed by it to be genuine. The Disbursing Agent shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed under this Agreement or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any action by the Disbursing Agent is called for by this Agreement, the Disbursing Agent may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act. The Disbursing Agent shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any Person except by its own directors, officers, agents and employees. No recourse shall be had by the Borrower, the Issuer or any Bondowner for any claim based on this Agreement, the Bonds, or any agreement securing the same against any director, officer, agent or employee of the Disbursing Agent unless such claim is based upon the bad faith, fraud or deceit of such Person.

(d) Ownership of Bonds. The Disbursing Agent may be or become the owner of or trade in Bonds with the same rights as if it were not the Disbursing Agent.

(e) Surety Bond. The Disbursing Agent shall not be required to furnish any bond or surety.

(f) Financial Obligations. Nothing contained in this Agreement shall in any way obligate the Disbursing Agent to pay any debt or meet any financial obligations to any Person in relation to the Refunded Projects except from moneys received under the provisions of this Agreement or from the exercise of the Disbursing Agent's rights hereunder, other than the moneys received for its own purposes in its capacity as Disbursing Agent.

Section 703. Expenses of the Disbursing Agent.

The Borrower shall pay or reimburse the Disbursing Agent for its reasonable expenses and disbursements, including attorneys' fees, hereunder. Any expenses, reimbursements or other charges which the Disbursing Agent may be entitled to receive from the Borrower hereunder, if not paid when due, shall bear interest at the Default Rate.

Section 704. Resignation or Removal of the Disbursing Agent.

The Disbursing Agent may resign on not less than 30 days' notice given in writing to the Issuer, the Bondowner and the Borrower, but such resignation shall not take effect until a successor has been appointed. The Disbursing Agent will promptly certify to the Issuer that it

has mailed such notice to the Bondowner and such certificate will be conclusive evidence that such notice was given in the manner required hereby. The Disbursing Agent may be removed (i) by written notice from the Bondowner to the Disbursing Agent, the Issuer, and the Borrower; (ii) for cause by the Borrower with the approval of the Issuer, so long as no Event of Default has occurred that has not been waived; or (iii) for cause by the Issuer.

Section 705. Successor Disbursing Agent.

Any corporation or association which succeeds to the business of the Disbursing Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Disbursing Agent under this Agreement, without any further act or conveyance.

In case the Disbursing Agent resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of the Disbursing Agent or of its property is appointed, or if a public officer takes charge or control of the Disbursing Agent, or of its property or affairs, a successor shall be appointed by written notice from the Bondowner to the Issuer and to the Borrower. Any such successor Disbursing Agent shall notify the Issuer and the Borrower of its acceptance of the appointment and, upon giving such notice, shall become Disbursing Agent, vested with all the property, rights and powers of the Disbursing Agent hereunder, without any further act or conveyance. Such successor Disbursing Agent shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Disbursing Agent shall from time to time execute, deliver, record and file such instruments as the incumbent Disbursing Agent may reasonably require to confirm or perfect any succession hereunder.

ARTICLE 8
THE ISSUER

Section 801. Corporate Organization, Authorization and Power.

The Issuer represents and warrants as follows:

- (a) It is a political subdivision of the State, established under the Act, with the power under and pursuant to the Act to execute and deliver this Agreement and to perform its obligations hereunder, and to issue and sell the Bonds pursuant to this Agreement.
- (b) It has taken all necessary action and has complied with all provisions of the Constitution of the State and the Act, required to make this Agreement and the Bonds the valid obligations of the Issuer which they purport to be; and, when executed and delivered by the parties hereto, this Agreement will constitute a valid and binding agreement of the Issuer enforceable in accordance with its terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied.
- (c) When delivered to and paid for by the Purchaser in accordance with the terms of this Agreement and the Bond Purchase Agreement, the Bonds will constitute valid and binding

special obligations of the Issuer enforceable in accordance with their terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied, and will be entitled to the benefits of this Agreement.

(d) The Issuer makes no other representation or warranty, either express or implied, of any nature or kind, including, without limitation, a representation or warranty that interest on the Bonds is or will continue to be exempt from federal or state income taxation.

Section 802. Covenants as to Payment; Faith and Credit of State Not Pledged.

The Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, interest and other charges, if any, on all Bonds at the place, on the dates and in the manner provided herein and in the Bonds; provided, however, that the Bonds do not now and shall never constitute a general obligation of the Issuer or a debt or pledge of the faith and credit of the State, and all covenants and undertakings by the Issuer hereunder and under the Bonds to make payments are special obligations of the Issuer payable solely from the revenues and funds pledged hereunder. The Issuer agrees that the Bondowner may enforce all rights of the Issuer (except those rights not assigned under this Agreement) and all obligations of the Borrower hereunder, whether or not the Issuer is in default hereunder.

Section 803. Rights and Duties of the Issuer.

(a) Remedies of the Issuer. Notwithstanding any contrary provision in this Agreement, the Issuer shall have the right to take any action not prohibited by law or make any decision not prohibited by law with respect to proceedings for indemnity against the liability of the Issuer and its officers, directors, employees and agents and for collection or reimbursement of moneys due to it under this Agreement for its own account. The Issuer may enforce its rights under this Agreement which have not been assigned to the Bondowner by legal proceedings for the specific performance of any obligation contained herein or for the enforcement of any other legal or equitable remedy, and may recover damages caused by any breach by the Borrower of its obligations to the Issuer under this Agreement, including court costs, reasonable attorney's fees and other costs and expenses incurred in enforcing such obligations.

(b) Limitations on Actions. Without limiting the generality of Subsection 803(c), the Issuer shall not be required to monitor the financial condition of the Borrower and shall not have any responsibility or other obligation with respect to reports, notices, certificates or other documents filed with it hereunder.

(c) Responsibility. The Issuer and its officers, directors, employees and agents shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken or omitted to be taken in good faith in reliance on such advice. They may rely conclusively on any communication or other document furnished to it under this Agreement and reasonably believed by it to be genuine. No such Person shall be liable for any action (i) taken in good faith and reasonably believed to be within the discretion or powers conferred upon such Person, or (ii) in good faith omitted to be taken because such Person reasonably believed such

action to be beyond the discretion or powers conferred upon such Person, or (iii) taken pursuant to any direction or instruction by which such Person is governed under this Agreement, or (iv) omitted to be taken by reason of the lack of direction or instruction required for such action, nor shall such Person be responsible for the consequences of any error of judgment reasonably made by such Person. The Issuer shall in no event be liable for the application or misapplication of funds, or for other acts or defaults by any Person except its own directors, officers and employees. When any consent or other action by the Issuer is called for by this Agreement, the Issuer may defer such action pending such investigation or inquiry or receipt of such evidence, if any, as it may require in support thereof. It shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is provided for any expense or liability to be incurred thereby. It shall be entitled to reimbursement for expenses reasonably incurred or advances reasonably made, with interest at the “prime rate” of the Disbursing Agent, as announced from time to time (or, if none, the nearest equivalent), in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act shall be construed as a requirement to act; and no delay in the exercise of any such right or power shall affect the subsequent exercise of that right or power. The Issuer shall not be required to take notice of any breach or default by the Borrower under this Agreement except when given notice thereof by the Bondowner. No recourse shall be had by the Borrower or the Bondowner for any claim based on this Agreement, the Bonds or any agreement securing the same against any director, officer, agent or employee of the Issuer alleging personal liability on the part of such Person unless such claim is based upon the willful dishonesty of or intentional violation of law by such Person. No covenant, stipulation, obligation or agreement of the Issuer contained in this Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, officer, employee or agent of the Issuer in his or her individual capacity, and no Person executing a Bond shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

Without limiting the generality of the foregoing, the Borrower acknowledges that in the event of an examination, inquiry or related action by the Internal Revenue Service with respect to the Bonds or the exclusion of interest thereon from the gross income of the holders thereof for federal income tax purposes, the Issuer may be treated as the responsible party, and the Borrower agrees to respond promptly and thoroughly to the satisfaction of the Issuer to such examination, inquiry or related action on behalf of and at the direction of the Issuer. The Borrower further agrees to pay all costs of counsel selected by the Issuer to represent the Issuer in connection with such examination, inquiry or related action. The Borrower shall indemnify and hold harmless the Issuer against any and all costs, losses, claims, penalties, damages or liability of or resulting from such examination, inquiry or related action by the Internal Revenue Service, including any settlement thereof by the Issuer.

(d) Financial Obligations. Nothing contained in this Agreement is intended to impose any pecuniary liability on the Issuer nor shall it in any way obligate the Issuer to pay any debt or meet any financial obligations to any Person at any time in relation to the Refunded Projects except from moneys received under the provisions of this Agreement or from the exercise of the Issuer’s rights hereunder other than moneys received for its own purposes.

ARTICLE 9
THE BONDOWNER

Section 901. Action by Bondowner.

If there is at any time more than one Bondowner, any request, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by the Bondowner shall, except as otherwise expressly provided, require the concurrence of the registered owners of Bonds representing more than 50% of the principal amount of the Outstanding Bonds and may be contained in and evidenced by one or more writings of substantially the same tenor signed by such Bondowners or their authorized representatives. In taking or refraining from any such actions, each Bondowner may act in its sole discretion.

Section 902. Proceedings by the Bondowner.

The Bondowner may by any available legal proceedings enforce and protect its rights hereunder and under the laws of the State.

Section 903. Expenses of the Bondowner.

The Borrower will prepay or reimburse the Bondowner within 30 days after notice for any expenses and costs (including reasonable attorney's fees) incurred by it in taking any action hereunder at the request of the Borrower or resulting from the failure of the Borrower to pay or perform any of its obligations hereunder or under any other Bond Document, or incurred in the exercise of its rights while a default or an Event of Default exists. Any expenses and costs which the Bondowner may be entitled to receive from the Borrower hereunder, if not paid when due, shall bear interest at the Default Rate.

ARTICLE 10
THE BORROWER

Section 1001. Corporate Organization, Authorization, and Powers.

The Borrower represents and warrants that it is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State, with the power to enter into and perform this Agreement, [that it is an "institution" within the meaning of the Act], and that by proper corporate action it has duly authorized the execution and delivery of this Agreement. The Borrower further represents and warrants that the execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with or constitute a breach of or default under any bond, indenture, note or other evidence of indebtedness of the Borrower, the charter or by-laws of the Borrower, any gifts, bequests or devises, pledged to or received by the Borrower, or any contract, lease or other instrument to which the Borrower is a party or by which it is bound, or cause the Borrower to be in violation of any applicable statute or rule or regulation of any governmental authority.

Section 1002. Tax Status.

(a) The Borrower represents and warrants that (i) it is an organization described in Section 501(c)(3) of the IRC and it is not a “private foundation” as defined in Section 509 of the IRC; (ii) it has received letters from the Internal Revenue Service to that effect; (iii) such letters have not been modified, limited, or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letters; (v) the facts and circumstances which form the basis of such letters continue substantially to exist as represented to the Internal Revenue Service; and (vi) it is exempt from federal income taxes under Section 501(a) of the IRC. The Borrower agrees that it will not take any action or omit to take any action if such action or omission would cause any revocation or adverse modification of such federal income tax status of the Borrower.

(b) The Borrower shall not take or omit to take any action if such action or omission (i) would cause the Bonds to be “arbitrage bonds” under Section 148 of the IRC, (ii) would cause the Bonds to not meet any of the requirements of Section 149 of the IRC, or (iii) would cause the Bonds to cease to be “qualified 501(c)(3) bonds” within the meaning of Section 145 of the IRC.

(c) The Borrower represents and warrants that no arrangement, formal or informal, has been, and covenants that none shall be, authorized, permitted or made for the purchase of any of the Bonds by the Borrower or any “related party” (as defined in Treas. Reg. §1.150-1(b)) in an amount related to the amount loaned by the Issuer to the Borrower.

(d) The Borrower shall not enter into a Hedge Agreement (as hereinafter defined) or any other hedging transaction with respect to the Bonds, without obtaining an Opinion of Bond Counsel. “Hedge Agreement” shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Borrower providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allow the Borrower to manage or hedge payment, rate, spread or similar risk with respect to the Bonds.

(e) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, in no event will the occurrence of an Event of Taxability be a default or an Event of Default under this Agreement, provided that upon the occurrence of an Event of Taxability the interest rate in effect on the Bonds shall be the Taxable Rate, in accordance with the provisions of the Form of Bonds in Subsections 301(b) and 301(d).

Section 1003. Securities Laws.

(a) The Borrower represents and warrants that it is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit; and that no part of its net earnings inure to the benefit of any person, private stockholder or individual, all within the meaning of the Securities Act of 1933, as amended. The Borrower shall not take any action or omit to take any action if such action or omission would change its status as set forth in this section.

(b) In any “Offering” of the Bonds by a “Participating Underwriter,” as those terms are defined in Rule 15c2-12 (the “Rule”) promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”), the Borrower shall at all times take such actions as may be necessary to permit such Participating Underwriter to comply with applicable federal and state securities laws, including the Exchange Act and the Rule, and shall cooperate with the Bondowner to the extent necessary to permit the Bondowner to comply with any obligations imposed on it as a result of the Participating Underwriter’s obligation to comply with applicable federal and state securities laws, including the Exchange Act and the Rule.

Section 1004. Maintenance of Corporate Existence.

The Borrower shall maintain its existence as a nonprofit corporation duly organized and qualified to do business in the State, and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except as provided in the Bond Purchase Agreement.

Section 1005. Books and Accounts.

The Borrower will keep proper accounts of its transactions hereunder (separate from its other accounts), which shall be open to inspection by the Issuer and the Bondowner and their representatives duly authorized in writing at reasonable times and upon reasonable notice.

Section 1006. Notification of Event of Taxability.

The Borrower will notify promptly the Issuer and the Bondowner in writing of the occurrence of any Event of Taxability or any basis therefor, and of any allegation of which the Borrower has or acquires knowledge by any federal or State authority that any such event has occurred.

Section 1007. Indemnification by Borrower.

The Borrower, regardless of any agreement to maintain insurance, will indemnify the Issuer, the Disbursing Agent and the Bondowner against (a) any and all claims by any Person related to the participation of the Issuer, the Disbursing Agent or the Bondowner in the transactions contemplated by this Agreement, including without limitation claims arising out of (i) any condition of the Refunded Projects or the construction, use, occupancy or management thereof; (ii) any accident, injury or damage to any Person occurring in or about or as a result of the Refunded Projects; (iii) any breach by the Borrower of its obligations under this Agreement; (iv) any act or omission of the Borrower, or any of its agents, contractors, servants, employees or licensees; or (v) the offering, issuance, sale or any resale of the Bonds to the extent permitted by law, and (b) all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against the Issuer, the Disbursing Agent or the Bondowner by reason of any such claim, the Borrower will defend the same at its expense upon notice from the Issuer, the Disbursing Agent or the Bondowner, as applicable, and the Issuer, the Disbursing Agent or the Bondowner, as the case may be, will cooperate with the Borrower, at the expense of the Borrower, in

connection therewith. This indemnification shall survive the termination or defeasance of this Agreement.

ARTICLE 11 MISCELLANEOUS

Section 1101. Amendment.

This Agreement may be amended by the parties only with the written consent of the Bondowner. Any amendment of this Agreement shall be accompanied by an opinion of Bond Counsel to the effect that the amendment (i) is permitted by this Agreement, and (ii) unless waived by the Bondowner, will not adversely affect the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes.

Section 1102. Successor and Assigns.

The rights and obligations of the parties to this Agreement shall inure to their respective successors and assigns.

Section 1103. Notices.

Unless otherwise expressly provided, all notices to the Issuer, the Disbursing Agent, the Borrower, and the Bondowner shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, by recognized courier service providing evidence of receipt, or delivered during a Business Day as follows: (a) to the Issuer at _____, attention of _____, (b) to the Disbursing Agent at 400 Mystic Avenue, Medford, Massachusetts, 02155, attention of Gerald S. Algere, Senior Vice President, (c) to the Borrower at 204 West Washington Street, Washington, Virginia 24450, attention of Treasurer and Vice President for Finance, and (d) to the Bondowner at 400 Mystic Avenue, Medford, Massachusetts, 02155, attention of Gerald S. Algere, Senior Vice President, or to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice.

Notice hereunder may be waived prospectively or retrospectively by the Person entitled to the notice, but no waiver shall affect any notice requirement as to other Persons.

Section 1104. Agreement Not for the Benefit of Other Parties.

This Agreement is not intended for the benefit of, and shall not be construed to create rights in, parties other than the Borrower, the Issuer, the Disbursing Agent and the Bondowner.

Section 1105. Severability.

In the event that any provision of this Agreement shall be held to be invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

Section 1106. Counterparts.

This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

Section 1107. Captions.

The captions and table of contents of this Agreement are for convenience only and shall not affect the construction hereof.

Section 1108. Governing Law.

This instrument shall be governed by the laws of the State.

Section 1109. Waiver of Jury Trial.

EACH OF THE BORROWER, THE DISBURSING AGENT AND THE BONDOWNER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTION OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BONDOWNER TO ACCEPT THIS AGREEMENT AND PURCHASE THE BONDS.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal all as of the date first above written.

INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA

By: _____
Authorized Officer

THE WASHINGTON AND LEE UNIVERSITY

By: _____
Name:
Title:

CENTURY BANK AND TRUST COMPANY,
as Disbursing Agent

By: _____
Gerald S. Algere
Senior Vice President

CENTURY SUBSIDIARY INVESTMENTS, INC. III
as Bondowner

By: _____
Gerald S. Algere
Senior Vice President

EXHIBIT A
Form of Requisition

EXHIBIT B

Schedule of Principal Payments

BOS 48605145v1

LOAN AGREEMENT

between

**INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA**

and

THE WASHINGTON AND LEE UNIVERSITY

Dated as of ____ 1, 2018

NOTE: THIS LOAN AGREEMENT AND AN EXECUTED UNSECURED NOTE IN THE FORM AS DESCRIBED HEREIN HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, _____, AS TRUSTEE UNDER AN INDENTURE OF TRUST DATED AS OF ____ 1, 2018, WITH THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE TRUSTEE AT ITS CORPORATE TRUST OFFICE IN [RICHMOND, VIRGINIA.]

TABLE OF CONTENTS

[To Be Updated]

Page

**ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION**

Section 1.1 Definitions..... 2
Section 1.2 Rules of Construction 3

**ARTICLE II
REPRESENTATIONS**

Section 2.1 Representations by Authority 3
Section 2.2 Representations by University 4

**ARTICLE III
FINANCING OF A PROJECT**

Section 3.1 Agreement to Issue Bonds 5
Section 3.2 Loan by the Authority 5
Section 3.3 Agreement to Undertake Project..... 5
Section 3.4 Repayment of Loan..... 5
Section 3.5 University to Provide Funds to Complete Project 6
Section 3.6 Limitation of Authority’s Liability 6
Section 3.7 Compliance with Indenture..... 6
Section 3.8 Inspection of Project 6
Section 3.9 No Security Interest in Project..... 6

**ARTICLE IV
PAYMENTS ON THE NOTES**

Section 4.1 Amounts Payable 6
Section 4.2 Notes Assigned 7
Section 4.3 Default in Payments 7
Section 4.4 Obligations of University Unconditional..... 7
Section 4.5 Advances by Authority or Trustee..... 8
Section 4.6 Rebate Requirement..... 8

**ARTICLE V
SPECIAL COVENANTS**

Section 5.1 Operation and Accreditation..... 8
Section 5.2 Financial Records and Statements 9
Section 5.3 Certificate as to No Default 9
Section 5.4 Maintenance of 501(c)(3) Status..... 9

Section 5.5	Tax Representations and Covenants; Tax Certificate.....	9
Section 5.6	Educational Use of Facilities	10
Section 5.7	Restricted Pledges.....	10
Section 5.8	Indemnification.....	10
Section 5.9	Maintenance and Insurance of Facilities.....	12
Section 5.10	Corporate Existence	12
Section 5.11	Reference to Bonds Ineffective after Bonds Paid and Other Obligations Satisfied.....	13
Section 5.12	Investment of Bond Proceeds	13
Section 5.13	Continuing Disclosure	13

**ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES**

Section 6.1	Event of Default Defined.....	13
Section 6.2	Remedies on Default.....	15
Section 6.3	Application of Amounts Realized in Enforcement of Remedies.....	15
Section 6.4	No Remedy Exclusive.....	15
Section 6.5	Attorney Fees and Other Expenses	15
Section 6.6	No Additional Waiver Implied by One Waiver.....	15

**ARTICLE VII
PREPAYMENT OF THE NOTES**

Section 7.1	Option to Prepay the Notes in Whole	15
Section 7.2	Option to Prepay the Notes in Part	16
Section 7.3	Amount Required for Prepayment.....	16

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1	Term of Loan Agreement.....	16
Section 8.2	Notices	16
Section 8.3	Amendments	17
Section 8.4	Successors and Assigns.....	17
Section 8.5	Severability	17
Section 8.6	Applicable Law; Entire Understanding	17
Section 8.7	Limitation of Liability of Directors of Authority	17
Section 8.8	Counterparts.....	17

Exhibit A - Form of Notes
Exhibit B - Description of Project

This **LOAN AGREEMENT**, made as of the 1st day of _____, 2018, between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Authority”), and **THE WASHINGTON AND LEE UNIVERSITY**, a not-for-profit Virginia non-stock corporation (the “University”);

WITNESSETH:

WHEREAS, the Authority has been duly organized pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), which authorizes the creation of industrial development authorities by the several counties, cities and towns in Virginia and empowers such authorities to acquire, improve, maintain, equip, own and sell and make loans with respect to certain facilities, including facilities for organizations described in Section 501(c)(3) of the Code and further authorizes any such authority to issue its bonds and notes for the purpose of carrying out any of its powers or to refund bonds or notes previously issued for such purposes, to mortgage and pledge any or all of its assets, whether then owned or thereafter acquired, as security for the payment of the principal of and interest on any such bonds and notes and any agreements made in connection therewith and to pledge the revenues and receipts from loans with respect thereto, or from any other source, to the payment of such bonds and notes;

WHEREAS, the University, a not-for-profit Virginia non-stock corporation which is described in Section 501(c)(3) of the Code, is a private, accredited institution of higher education whose primary purpose is to provide collegiate education and not to provide religious training or theological education;

WHEREAS, at the request of the University, the Authority has agreed to assist the University by issuing its revenue bonds for the purpose of (1) financing a portion of the costs of the Series 2018A New Money Project (as defined herein); (2) refunding all or a portion of the the Authority’s \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (the “Series 2010 Bonds”); and (3) financing costs of issuance, funded interest, if any, and reserves, if any, with respect to the Series 2018A Bonds;

WHEREAS, simultaneously with the issuance by the Authority of its Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the “Series 2018A Bonds”) for the purposes set forth above, the Authority will loan the proceeds of the Series 2018A Bonds to the University and the University and the Authority will enter into this Loan Agreement providing, among other things, that the University agrees to repay such loan, and to evidence its payment obligations hereunder the University will execute and deliver to the Authority its promissory note (the “Series 2018A Note”) in a principal amount equal to the aggregate principal amount of the Series 2018A Bonds;

WHEREAS, all things necessary to constitute the Series 2018A Note a valid and binding obligation and to constitute this Loan Agreement a valid and binding agreement securing the payments under the Series 2018A Note have been done and performed and the execution and delivery of the Series 2018A Note and this Loan Agreement, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the Authority and the University are entering into this Loan Agreement to set forth the terms and conditions under which the Authority is making the above-referenced loan as well as the terms and conditions under which the Authority may make additional loans to the University from time to time;

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

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. The following terms shall have the meaning set forth hereinafter. All other defined terms used but not defined herein shall have the same meaning as set forth in the recitals above and Article I of the Indenture unless the context clearly indicates to the contrary.

“Facilities” shall mean the higher education, collegiate facilities currently operated by the University on its campus, primarily located in the City of Lexington, Virginia, including fixtures and equipment, and any replacements, modifications, additions or improvements thereto.

“Fiscal Year” shall mean, with respect to the University, the 12-month period ending June 30 of each calendar year or such other annual fiscal accounting period for the University as may be established in the future by its board of trustees and evidenced to the Trustee in a certificate signed by an Authorized Representative of the University.

“Indenture” shall mean the Indenture of Trust dated as of the date hereof between the Authority and the Trustee, as amended or supplemented from time to time.

“Loan” shall mean, initially, the loan from the Authority to the University under this Loan Agreement to refund the Refunded Bonds and to finance the Series 2018A New Money Project, and any subsequent loan made by the Authority pursuant to the terms of this Loan Agreement.

“Loan Agreement” shall mean this Loan Agreement, including any amendments or supplements thereto.

“Net Proceeds” shall mean the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys’ fees, fees and expenses of the Trustee and all other expenses incurred in the collection of such gross proceeds.

“Prime Rate” shall mean the rate per year announced from time to time by [U.S. Bank National Association,] as its prime rate, with any change in the Prime Rate being effective as of the date such announced prime rate is changed.

“Restricted Pledges” shall mean payments on pledges and other contributions to the University that are restricted by the donors thereof to be expended on any portion of the Project

financed or refinanced with proceeds of the related series of Bonds, payments on the related Notes or debt service payments on the related series of Bonds.

“**Refunded Bonds**” shall mean the Series 2010 Bonds maturing on January 1, 20__ through 20__, inclusive.

“**Series 2018A New Money Project**” shall mean the portion of the Series 2018A Project identified as the Series 2018A New Money Project on Exhibit B to this Loan Agreement.

“**Series 2018A Project**” shall mean the facilities described as such on Exhibit B to this Loan Agreement.

“**Tax Certificate**” shall mean the Tax Certificate and Agreement dated as of _____, 2018, including any amendments thereto, and any other tax certificate executed and delivered in connection with the issuance of Additional Bonds.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Loan Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of Series 2018A Bonds shall not be deemed to refer to or connote the payment of Series 2018A Bonds at their stated maturity.

(c) All references herein to particular articles or sections are references to articles or sections of this Loan Agreement unless otherwise indicated.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations by Authority. The Authority makes the following representations:

(a) The Authority is duly organized under the Act, has the power to enter into the Indenture, the Bond Purchase Agreement and this Loan Agreement and to carry out its obligations thereunder and to issue the Series 2018A Bonds to refund the Refunded Bonds and to finance the Series 2018A New Money Project.

(b) By adoption of a resolution at the duly convened _____, 2018 meeting of the Board of the Authority at which a quorum was present and acting throughout, the Authority has duly authorized the execution and delivery of the Indenture, this Loan Agreement and the

Bond Purchase Agreement and performance of its obligations thereunder and the issuance of the Series 2018A Bonds. Simultaneously with the execution and delivery of this Loan Agreement, the Authority has duly executed and delivered the Indenture and issued and sold the Series 2018A Bonds.

(c) The [Plan of Finance] has been approved by the Authority after a public hearing.

(d) The Authority has not and will not pledge any payment received under this Loan Agreement other than pursuant to and as set forth in the Indenture.

(e) The Authority is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument to the best of its knowledge under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing under the provisions of any such instrument that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder; provided, however, that no representation is expressed concerning previously issued revenue bonds for private parties, the status of which have no material adverse effect on the Authority's power or authority to carry out the transactions contemplated by this Loan Agreement.

(f) The Authority is not (1) in violation of the Act or any existing law, rule or regulation applicable to it or (2) in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which any of its assets are subject; provided, however, that no representation is expressed concerning previously issued revenue bonds for private parties, the status of which have no material adverse effect on the Authority's power or authority to carry out the transactions contemplated by this Loan Agreement. The execution and delivery by the Authority of this Loan Agreement, the Indenture and the Series 2018A Bonds and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the above described documents or other restrictions.

(g) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (1) the issuance and delivery of the Series 2018A Bonds by the Authority, (2) the execution or delivery of or compliance by the Authority with the terms and conditions of this Loan Agreement and the Indenture, or (3) the assignment and pledge by the Authority pursuant to the Indenture of its rights under this Loan Agreement and the revenues and receipts derived from the making of the Loan, including the 2018A Note and the payments thereon by the University, as security for payment of the principal of and premium, if any, and interest on the Series 2018A Bonds. The consummation by the Authority of the transactions set forth in the manner and under the terms and conditions as provided herein will comply with all applicable state, local or federal laws and any rules and regulations promulgated thereunder by any regulatory authority or agency. Notwithstanding the preceding sentences, no representation or warranty is expressed as to any action required under federal or state securities or Blue Sky laws in connection with the purchase or distribution of the Series 2018A Bonds by the Underwriter.

(h) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against the Authority with respect to (1) the organization and existence of the Authority, (2) its authority to make the Loan, execute or deliver this Loan Agreement, the Indenture or the Series 2018A Bonds or the assignment of the 2018A Note, (3) the validity or enforceability of any of such instruments or the transactions contemplated hereby or thereby, (4) the title of any officer of the Authority who executed such instruments, or (5) any authority or proceedings related to the execution and delivery of such instruments on behalf of the Authority. No such authority or proceedings have been repealed, revoked, rescinded or amended, and all are in full force and effect.

(i) The Authority hereby finds that the Series 2018A Project constitutes “authority facilities” under, and the making of the Loan in connection with the financing of the Series 2018A Project is in furtherance of the purposes for which the Authority was organized and will serve the purposes of the Act.

Section 2.2 Representations by University. The University makes the following representations:

(a) The University is a not-for-profit, accredited educational institution within the Commonwealth of Virginia, the primary purpose of which is to provide collegiate education and not to provide religious training or theological education.

(b) The University is a not-for-profit Virginia nonstock corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, has the power to enter into this Loan Agreement and the transactions contemplated hereunder and by proper corporate action has duly authorized the execution and delivery of this Loan Agreement and the Series 2018A Note and the performance of its obligations hereunder and thereunder.

(c) The University is (1) a “501(c)(3) organization” described in Section 145 of the Code and exempt from federal taxation pursuant to Section 501(a) of the Code and (2) not a “private foundation” within the meaning of Section 509(a) of the Code. The University has conducted its operations and filed all required reports and documents with the Internal Revenue Service so as to maintain such status. The University is organized and operated exclusively for benevolent, fraternal, charitable or reformatory purposes, and not for pecuniary profit, and no part of its earnings inures to the benefit of any person, private stockholder or individual.

(d) The University is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any such agreement that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(e) There is no litigation at law or in equity or any proceeding before any governmental agency involving the University pending or, to the knowledge of the University, threatened against the University in which any liability of the University is not adequately covered by insurance or for which adequate reserves are not provided or for which any judgment or order would have a material adverse effect upon the business or assets of the University or

affect its existence or authority to do business, the construction or operation of the Series 2018A Project, the validity of this Loan Agreement or the Series 2018A Note or the performance of its obligations hereunder and thereunder.

(f) The execution and delivery of this Loan Agreement and the Series 2018A Note, the performance by the University of its obligations hereunder and thereunder and the consummation of the transactions herein contemplated do not and will not conflict with, or constitute a breach or result in a violation of, the University's articles of incorporation or bylaws, any agreement or other instrument to which the University is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the University or its property.

(g) The University has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by the University as a condition precedent to the issuance of the Series 2018A Bonds, the execution and delivery of this Loan Agreement and the Series 2018A Note and the performance by the University of its obligations hereunder and thereunder, or required as of the date hereof for the acquisition, construction and equipping of facilities financed or refinanced by the Series 2018A Project. The University will operate the facilities financed or refinanced as part of the Series 2018A Project as "authority facilities" within the meaning of the Act until payment of the Series 2018A Bonds in full.

(h) The University will continue to provide, as its primary business, collegiate educational services, until payment of the Series 2018A Bonds.

ARTICLE III

FINANCING OF A SERIES 2018A PROJECT

Section 3.1 Agreement to Issue Bonds. The Authority shall issue and sell the Series 2018A Bonds and deposit the proceeds with the Trustee to be used as provided in the Indenture.

Section 3.2 Loan by the Authority. Upon the terms and conditions of this Loan Agreement and the Indenture, the Authority shall lend to the University the proceeds of the sale of the Series 2018A Bonds. The Loan from the sale of the Series 2018A Bonds shall be made by depositing and transferring proceeds of such sale in accordance with Section 204 of the Indenture. Proceeds of the sale of any Additional Bonds shall be deposited in accordance with the provisions of the applicable supplement to the Indenture.

Section 3.3 Agreement to Undertake the Series 2018A Project. The University shall use the Loan to finance or refinance the acquisition, construction, renovation and equipping of the facilities identified on Exhibit B, which may be amended from time to time by the University in connection with the issuance of Additional Bonds or by delivery of a revised Exhibit B to the Trustee, together with an Opinion of Bond Counsel that the revisions to Exhibit B will not impair the exclusion of interest on the related series of Bonds from gross income for federal income tax purposes. If requested by the Trustee after an Event of Default hereunder, the

University will assign to the Trustee any contract relating to construction of the Series 2018A Project.

(a) The University agrees, in carrying out such obligations, to:

(i) obtain all licenses, permits and consents required for the construction and operation of the Series 2018A Project; and

(ii) bring any action or proceeding against any person with respect to the Project as the University shall deem proper.

(b) No such contract with respect to the Series 2018A Project shall obligate the Authority to pay money other than from the proceeds of the Series 2018A Bonds.

Section 3.4 Repayment of Loan. Prior to or contemporaneously with the issuance of the Series 2018A Bonds, to evidence its obligations to repay the Loan, the University shall deliver the Series 2018A Note in substantially the form as Exhibit A and executed by the University's President or Vice President for Finance and Treasurer to the Authority for assignment to the Trustee as security for the payment of the Series 2018A Bonds. The University's obligation to repay any subsequent increases in the amount of the Loan by the sale of Additional Bonds shall be evidenced by Additional Notes to be assigned to the Trustee pursuant to the Indenture.

Section 3.5 University to Provide Funds to Complete Series 2018A Project. If the proceeds derived from the Loan are not sufficient to pay in full the Cost of the Project, the University shall pay such moneys as are necessary to provide for payment in full of such Cost. The University shall not be entitled to any reimbursement from the Authority or the Trustee for Costs of the Series 2018A Project not paid with the proceeds of the Series 2018A Bonds nor shall it be entitled to any abatement, diminution or postponement of its payments hereunder or under the Notes.

Section 3.6 Limitation of Authority's Liability. Notwithstanding anything herein to the contrary, any obligation the Authority may incur hereunder in connection with the Loan or the undertaking of the Series 2018A Project for the payment of money shall not be deemed to constitute a general obligation of the Authority but shall be payable solely from the revenues and receipts derived by it from or in connection with the Loan, the Series 2018A Project or otherwise under this Loan Agreement, including payments received under the Notes.

Section 3.7 Compliance with Indenture. At the request of the University, the Authority shall (a) cause requisitions for payments from the Project Fund to be filed in accordance with the Indenture, (b) at any time moneys held pursuant to the Indenture are sufficient to effect redemption of the Series 2018A Bonds and if the same are then redeemable under the Indenture, take all steps that may be necessary to effect redemption thereunder, and (c) take any other action required by the Indenture.

Section 3.8 Inspection of Project. The Authority, the Trustee and their duly authorized agents shall have the right at all reasonable times and upon reasonable notice to the

University to enter upon any part of the Series 2018A Project and to examine and inspect the same to determine compliance by the University with the terms of this Loan Agreement.

Section 3.9 No Security Interest in Project. This Loan Agreement is not intended to create and does not create in the Authority a security interest in any part of the Facilities or in any part of the Series 2018A Project financed or refinanced by the Loan as security for the payment of amounts payable hereunder or under the Notes.

ARTICLE IV

PAYMENTS ON THE NOTES

Section 4.1 Amounts Payable. (a) The University shall make all payments required by the Notes as and when they become due and shall promptly pay all other amounts necessary to enable the Trustee to make the transfers required by Article V of the Indenture.

(b) The University shall also pay, as and when the same become due:

(i) To the Trustee, its reasonable fees for services rendered and for expenses reasonably incurred by it as Trustee under the Indenture and as bond registrar and paying agent on the Series 2018A Bonds, including the reasonable fees and disbursements of its counsel, the reasonable fees and expenses of any other paying agents and all other amounts that the University herein assumes or agrees to pay, including any cost or expense necessary to cancel and discharge the Indenture upon payment of the Series 2018A Bonds.

(ii) To the Authority, its reasonable costs, fees and expenses directly related to the Series 2018A Bonds and the Project, including the reasonable fees and expenses of its counsel, such other fees and expenses of the Authority, not directly related to the Project, but attributable to the Authority's financing of industrial or commercial projects; a reasonable share of the cost of any audit of the funds of the Authority, including the cost of collection (provided, however, that such amount shall not equal or exceed an amount which would cause the "yield" on a particular Note, this Agreement or any other "acquired purpose obligation" to be "materially higher" than the "yield" on the related series of Series 2018A Bonds, as such terms are defined in the Code).

(iii) Amounts described in Section 4.6.

(iv) All other amounts that the University agrees to pay under the terms of this Loan Agreement.

Section 4.2 Notes Assigned. It is understood and agreed that all payments on the Notes, as well as the Authority's rights under this Loan Agreement (other than the right to payment of expenses pursuant to Section 4.1(b), the right to enforce compliance with Section 4.6, the right to indemnification pursuant to Section 5.8, and the right to receipt of notices pursuant to Section 8.2) are being assigned to the Trustee as security for the Series 2018A Bonds. The University consents to such assignment and agrees to pay directly to the Trustee for the account of the Authority all amounts required of the University under the Notes, and hereby agrees that, as to the Trustee, its obligation to make such payments shall be absolute and shall

not be subject to any defense or any right of set-off, counter-claim, recoupment, assignment or any breach that the University may have or assert against the Authority, the Trustee, any holder of the Series 2018A Bonds or any other person.

Section 4.3 Default in Payments. If the University should fail to make any payments required by the Notes or this Loan Agreement when due, the University shall pay to the Trustee interest thereon until paid at a rate equal to the highest rate on any Series 2018A Bonds then Outstanding or, in case of the payment of any amounts not to be used to pay principal of or interest on Series 2018A Bonds at a rate equal to the Prime Rate plus one percent per year.

Section 4.4 Obligations of University Unconditional. The obligation of the University to make the payments on the Notes and to observe and perform all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or the Trustee. Subject to the right to prepay the Notes as provided therein, the University shall not suspend or discontinue any payment on the Notes or hereunder or fail to observe and perform any of its other covenants, conditions or agreements hereunder for any cause, including without limitation, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title to any part or all of the Facilities or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Facilities, 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 Trustee to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with the Indenture or this Loan Agreement. The University may, after giving to the Authority and the Trustee 10 days' notice of its intention to do so, at its own expense and in its own name, or in the name of the Authority if procedurally required, prosecute or defend any action or proceeding or take any other action involving third persons that the University reasonably deems necessary to secure or protect any of its rights hereunder. In the event the University takes any such action, the Authority shall cooperate fully with the University and shall take all necessary action to substitute the University for the Authority in such action or proceeding if the University shall so request.

Section 4.5 Advances by Authority or Trustee. If the University shall fail to make any payment or perform any act required of it hereunder, the Authority or the Trustee (subject to the provisions of Article XI of the Indenture), without prior notice or demand on the University and without waiving or releasing any obligation or 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 Trustee and all costs, fees and expenses so incurred shall be payable by the University on demand as an additional obligation under the Note, together with interest thereon at the Prime Rate plus one percent per year until paid.

Section 4.6 Rebate Requirement. (a) Except with respect to earnings on funds and accounts covered by the exceptions provided by Section 148(f)(4) of the Code, the University shall, at its sole expense on behalf of the Authority, determine and pay to the United States the amount of the "rebateable arbitrage" as of each such computation date calculated pursuant to Section 148(f) of the Code and regulations thereunder (the "Rebate Amount") as and when due

in accordance with the “rebate requirement” described in Section 148(f) of the Code and Treasury Regulations thereunder, including without limitation, Treasury Regulations Section 1.148. The University shall retain records of all such determinations until six years after Payment of the Series 2018A Bonds.

(b) Notwithstanding anything contained herein to the contrary, no such payment will be required if the University receives and delivers to the Authority and the Trustee an Opinion of Bond Counsel that such payment is not required under the Code to prevent any Series 2018A Bonds from becoming “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Neither the Authority nor the Trustee shall have any responsibility with respect to computation or payment of any Rebate Amount and neither shall be liable to the University by way of contribution, indemnification, counterclaim, set-off or otherwise for any payment made or expense incurred by the University pursuant to this section or the Indenture.

ARTICLE V

SPECIAL COVENANTS

Section 5.1 Operation and Accreditation. Until payment of the Notes in full, the University shall continuously operate the Facilities as an educational institution whose primary purpose is to provide collegiate education and not to provide religious training or theological education, and shall take all action necessary to maintain its accreditation by the Commission on Colleges of the Southern Association of Colleges and Schools or comparable accrediting body.

Section 5.2 Financial Records and Statements. The University shall maintain proper books of record and account of its business and affairs, in which full and correct entries shall be made in accordance with generally accepted accounting principles applicable to nonprofit institutions of primary and secondary education. The University will have an annual audit made by independent certified public accountants of recognized standing and upon written request shall furnish to the Trustee and to the Authority financial statements of the University for such Fiscal Year prepared in accordance with generally accepted accounting principles applicable to nonprofit institutions of collegiate education, all in reasonable detail and certified by such accountants, together with a certificate of such accountants substantially to the effect that in making the examination necessary for their audit they have obtained no knowledge of any violation of any of the terms or provisions of the Notes or this Loan Agreement or of the occurrence of any condition, event or act that, with or without notice or lapse of time or both, would constitute an event of default hereunder or thereunder, or if such accountants have obtained knowledge of any such violation, condition, event or act, they shall specify in such certificate all such violations, conditions, events and acts and the nature and status thereof, it being understood that such accountants shall not be liable with respect to such certificate, directly or indirectly, to anyone for failure to obtain knowledge of, or, except in respect of accounting matters, to recognize, any such violation, condition, event or act.

The University authorizes and directs the Trustee to provide, at the expense of the University, copies of the financial statements of the University furnished to the Trustee to any Bondholder who requests the same in writing.

Section 5.3 Certificate as to No Default. Upon written request, the University shall deliver to the Authority and the Trustee within 120 days after the close of a Fiscal Year a certificate signed by an Authorized Representative of the University stating that (a)(1) the University is not in default under the Notes or this Loan Agreement, and (2) the University has no knowledge of any violation of any of the terms or provisions of the Notes or this Loan Agreement or of the occurrence of any condition, event or act that, with or without notice or lapse of time or both, would constitute an event of default hereunder or thereunder, or (b) if it is in default, specifying the nature and period of default and what action the University is taking or proposes to take to cure such default.

Section 5.4 Maintenance of 501(c)(3) Status. The University shall file all required reports and documents with the Internal Revenue Service so as to maintain its status as an organization described in Section 501(c)(3) of the Code, shall not operate its Facilities in any manner and shall not engage in any activities or take any action that might reasonably be expected to result in the University ceasing to be a “501(c)(3) organization” within the meaning of Section 145 of the Code. The University shall promptly notify the Trustee and the Authority of any loss of its status as a “501(c)(3) organization” or of any investigation, proceeding or ruling that might result in such loss of status.

Section 5.5 Tax Representations and Covenants; Tax Certificate. The University acknowledges having read the Indenture and the Tax Certificate and agrees to perform all duties imposed upon it by the Indenture, by the Tax Certificate and by the Code to preserve the exclusion of the interest payable on the Series 2018A Bonds from federal income taxation. Insofar as the Indenture and the Tax Certificate make representations or covenants by, or to be performed by, the University, as to the expenditure or use of proceeds of Bonds, investment restrictions, ownership of the Series 2018A Project or any Project, the amount of outstanding tax exempt obligations issued for the benefit of the University or related parties, and otherwise, or impose duties and responsibilities upon the University, they are specifically incorporated herein by reference.

Section 5.6 Educational Use of Facilities. The University shall use the facilities financed or refinanced by the Series 2018A Bonds exclusively as facilities whose primary purpose is to provide collegiate education and not to provide religious or theological education, such facilities being for use as academic, student residences, recreational or inter-collegiate athletic facilities or administration buildings, facilities or any other structure or application usual and customary to a collegiate educational campus other than chapels and their like.

Section 5.7 Restricted Pledges. The University shall apply all Restricted Pledges promptly as follows: (a) to costs of the Series 2018A Project consistent with the terms of such Restricted Pledges in excess of such costs paid or to be paid from proceeds of the related series of Series 2018A Bonds, (b) to purchase related series of Series 2018A Bonds in the secondary market, or (c) to the payments on the related Notes made pursuant to Section 4.1(a) that will be applied to pay debt service on the related series of Series 2018A Bonds within the 13 months immediately succeeding receipt of such Restricted Pledge, and for no other purpose. Such Restricted Pledges to be applied to payments on the Notes shall be delivered immediately upon receipt to the Trustee for deposit in the Bond Fund. The University shall direct the Trustee to

apply any earnings on such deposits to payment of the next installment of interest on the Series 2018A Bonds.

In the event that a Restricted Pledge or any portion thereof exceeds (a) the costs of the Series 2018A Project in excess of such costs paid or to be paid from proceeds of the related series of Bonds, or (b) the payments on the related Notes to be applied to pay debt service on the related series of Bonds due in the 13 months immediately succeeding receipt by the University of such Restricted Pledge, such Restricted Pledge or portion thereof shall either (1) be delivered to the Trustee for deposit in an account of the Bond Fund and invested at a restricted yield in accordance with the provisions of Section 501 of the Indenture or (2) utilized in a manner that, in an Opinion of Bond Counsel, delivered to the Trustee, will not adversely affect the exclusion of interest on the related series of Bonds from gross income for federal income tax purposes.

Section 5.8 Indemnification. (a) The University shall at all times protect, indemnify and save harmless the Authority and the Trustee (collectively, the “Indemnitees”) from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (hereinafter referred to as “Damages”), including without limitation (1) all amounts paid in settlement of any litigation commenced or threatened against the Indemnitees, if such settlement is effected with the written consent of the University, (2) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever, commenced or threatened against the University, the Series 2018A Project or the Indemnitees, (3) any judgments, penalties, fines, damages, assessments, indemnities or contributions, and (4) the reasonable fees of attorneys, auditors, and consultants, provided that the Damages arise out of:

(i) failure by the University or its officers, employees or agents, to comply with the terms of this Loan Agreement or the Notes, and any agreements, covenants, obligations, or prohibitions set forth therein;

(ii) any action, suit, claim or demand contesting or affecting the title of the Facilities;

(iii) any breach by the University of any representation or warranty set forth in this Loan Agreement or the Notes, or any certificate delivered by the University pursuant thereto, and any claim that any representation or warranty of the University contains or contained any untrue or misleading statement of fact or omits or omitted to state any material facts necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(iv) any action, suit, claim, proceeding or investigation of a judicial, legislative, administrative or regulatory nature arising from or in connection with the construction, acquisition, ownership, operation, occupation or use of the Facilities or the Project, the financing of the Series 2018A Project or the Authority’s issuance of the Series 2018A Bonds; or

(v) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the University, the

Facilities or the Indemnites that might adversely affect the validity, enforceability or tax-exempt status of interest on the Series 2018A Bonds, this Loan Agreement or the Notes, or the performance by the University or any Indemnitee of any of their respective obligations thereunder; provided that such indemnity shall be effective only to the extent of any loss that may be sustained by the Indemnites in excess of the proceeds net of any expenses of collection, received by them or from any insurance carried with respect to such loss and provided further that the benefits of this section shall not inure to any person other than the Indemnites.

(b) If any action, suit or proceeding is brought against the Indemnites for any loss or damage for which the University is required to provide indemnification under this section, the University, upon request, shall at its expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by the University and approved by the Indemnites, which approval shall not be unreasonably withheld, provided that such approval shall not be required in the case of defense by counsel designated by any insurance company undertaking such defense pursuant to any applicable policy of insurance. If an Indemnitee shall have reasonably concluded that there may be defenses available to it that are in conflict with those available to the University or to other Indemnites (in which case the University shall not have the right to direct the defense of such action on behalf of such Indemnitee), such Indemnitee may engage separate counsel and the reasonable legal and other expenses incurred by such Indemnitee shall be born by the University. The obligations of the University under this section shall survive any termination of this Agreement, including prepayment of the Notes.

(c) Nothing contained herein shall require the University to indemnify the Authority for any claim or liability resulting from its gross negligence or willful, wrongful acts or the Trustee for any claim or liability resulting from its negligence (under the standard of care set forth in Article XI of the Indenture) or its willful, wrongful acts.

(d) All references in this section to the Authority and the Trustee, including references to Indemnites, shall include their directors, officers, employees, representatives and agents.

Section 5.9 Maintenance and Insurance of Facilities. (a) The University shall, at its own expense, keep the Facilities in as reasonably safe condition as its operations shall permit and shall keep the Facilities in good repair and operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs, renewals and replacements. The University shall comply, in all material respects, with all laws applicable to the Facilities.

(b) The University shall, at its own expense, continuously maintain insurance in connection with the Facilities and the University's operations against such risks as are customarily insured against by organizations of the same general type, including without limitation insurance for property damage, liability for bodily injury, liability for property damage and workers' compensation.

(c) In lieu of insurance written by commercial insurance companies, the University may maintain a program of self-insurance or participate in reasonable group risk financing programs, including without limitation sponsored insurance programs, risk pools, risk retention

groups, purchasing groups and captive insurance companies, and in state or federal insurance programs; provided an independent insurance consultant makes a written determination that such insurance coverage is an acceptable substitute for the insurance required in paragraph (b) above.

Section 5.10 Corporate Existence. The University shall maintain its corporate existence and its qualification to do business in Virginia and shall not, without the prior consent of the Trustee, sell or transfer any beneficial interest in the University, or dissolve or otherwise dispose of all or substantially all of its assets, consolidate with or merge into another domestic corporation (i.e. a corporation incorporated under the laws of the United States of America or one of the states thereof) or permit one or more other domestic corporations to consolidate with or merge into it; provided, however, that the University may consolidate with or merge into another domestic corporation (i.e., a corporation incorporated under the laws of the United States of America or one of the states thereof), or permit one or more domestic corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation all or substantially all of its assets and thereafter dissolve, or sell or assign all or substantially all of its assets to a governmental unit, if after giving effect to such consolidation, merger, transfer, sale or assignment the surviving, resulting or transferee corporation or governmental unit:

(a) will not be in default under any covenant under this Loan Agreement;

(b) is either a “501(c)(3) organization” described in Section 145 of the Code or a “governmental unit” within the meaning of Section 141(b)(6) of the Code, provided that the surviving, resulting or transferee corporation or governmental unit need not qualify as a 501(c)(3) organization or governmental unit if the Trustee has received an Opinion of Bond Counsel that such action will not adversely affect the exemption of interest on the Series 2018A Bonds from gross income from federal income tax purposes;

(c) if it is not the University, has the power to assume and assumes in writing all of the obligations of the University herein and in the Notes; and

(d) if it is not a Virginia corporation or a political subdivision of the Commonwealth of Virginia, either qualifies to do business in Virginia or files with the Trustee a consent to service of process reasonably acceptable to the Trustee.

Section 5.11 Reference to Series 2018A Bonds Ineffective after Bonds Paid and Other Obligations Satisfied. Upon payment of the Series 2018A Bonds and upon payment of all obligations under this Agreement and the Notes, subject to Section 8.1, all references in this Agreement to the Series 2018A Bonds, the Trustee and the Authority shall be ineffective, and neither the Trustee, the holder of the Notes, the Authority nor the holders of any of the Series 2018A Bonds shall thereafter have any rights hereunder except as provided in Sections 4.1(b), 4.6 and 5.8.

Section 5.12 Investment of Bond Proceeds. The University may, at any time, give to the Trustee written directions respecting the investment of any money required to be invested under the Indenture, subject, however, to the provisions of Section 801 of the Indenture, and the Trustee shall then invest such money as so directed by the University. The Trustee may request, in writing, direction or authorization of the University with respect to the proposed investment of

money under the provisions of the Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the University will either approve such proposed investment or give written directions to the Trustee respecting the investment of such money.

Section 5.13 Continuing Disclosure. Pursuant to the Continuing Disclosure Agreement, the University has undertaken all responsibility for compliance with continuing disclosure requirements, and neither the Authority nor the Trustee shall have any liability to the Bondholders or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the University or the dissemination agent or any obligated person to comply with any continuing disclosure undertaking shall not be considered an Event of Default hereunder.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Event of Default Defined. Each of the following events shall be an Event of Default:

(a) Failure of the University to make any payment on the Notes when due and payable, whether at maturity, redemption, acceleration or otherwise pursuant to the terms thereof or this Loan Agreement, and the continuation of such failure for three Business Days;

(b) Failure of the University to observe and perform any of its other covenants, conditions or agreements hereunder for a period of 60 days after notice specifying such failure and requesting that it be remedied, given by the Authority or the Trustee to the University (unless the University and the Trustee shall agree in writing to an extension of such time prior to its expiration), or in the case of any such default that cannot with due diligence be cured within such 60 day period, failure of the University to proceed promptly to cure the same and thereafter cure such default with due diligence;

(c) (1) Failure of the University to pay generally its debts as they become due, (2) commencement by the University of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or similar law, (3) consent by the University to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the University or any substantial part of its property, or to the taking possession by any such official of any substantial part of the property of the University, (4) making by the University of any assignment for the benefit of creditors generally, or (5) taking of corporate action by the University in furtherance of any of the foregoing;

(d) The (1) entry of any decree or order for relief by a court having jurisdiction over the University or its property in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or similar law, (2) appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar

official for the University or any substantial part of its property, or (3) entry of any order for the termination or liquidation of the University or its affairs; or

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

The foregoing provisions of subsection (b) are subject to the limitation that if by reason of force majeure the University is unable in whole or in part to observe and perform any of its covenants, conditions or agreements hereunder, other than its obligations contained in Sections 4.1, 4.6, 5.1, 5.4, 5.5, 5.6, 5.8, 5.10 and 5.11, the University shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall include without limitation acts of God; strikes, lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University. The University shall remedy with all reasonable dispatch the cause or causes preventing the University from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the University not in its best interests.

Section 6.2 Remedies on Default. Whenever any Event of Default hereunder shall have occurred and is continuing, the Trustee as the assignee of the Authority:

(a) May and, if there has been an acceleration of the Series 2018A Bonds under the Indenture, shall, declare all amounts payable as principal and interest on the Notes to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) May have access to and inspect, examine and copy the financial books, records and accounts of the University.

(c) May take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition or agreement of the University under the Notes or this Loan Agreement.

Section 6.3 Application of Amounts Realized in Enforcement of Remedies. Any amounts collected pursuant to action taken under Section 6.2 hereof shall be applied in accordance with the provisions of the Indenture, or, if payment of the Series 2018A Bonds shall have been made, shall be applied according to the provisions of Section 1005 of the Indenture.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee 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 omission 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, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 6.5 Attorney Fees and Other Expenses. Upon an Event of Default, the University on demand shall pay to the Authority and the Trustee the reasonable fees and expenses of their attorneys and other reasonable fees and expenses incurred by either of them in the collection of payments under the Notes or the enforcement of any other obligations of the University.

Section 6.6 No Additional Waiver Implied by One Waiver. If either party or its assignee waives a default by the 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 default hereunder.

ARTICLE VII

PREPAYMENT OF THE NOTES

Section 7.1 Option to Prepay the Notes in Whole. The University shall have the option to prepay any Note in whole, with any applicable premium, and terminate this Loan Agreement before payment of the applicable series of Bonds, provided, however, that the covenants in Sections 5.1, 5.4, 5.5, 5.6, 5.8 and 5.10 shall continue until the final maturity date of all Bonds or the earlier redemption date on which provision for payment for all Bonds has been made and provided further that the covenant in Section 4.6 shall continue for six years after actual final payment of all the Series 2018A Bonds. In the case of such prepayment, the Authority shall cause the Trustee to redeem the related series of Bonds as provided in Section 301 of the Indenture or any applicable section of a Supplemental Indenture.

Section 7.2 Option to Prepay the Notes in Part. The University shall have the option to prepay any Note in part, with any applicable premium. The amount so prepaid shall, so long as all payments then due under such Note have been made (a) if the related series of Bonds are then redeemable as provided in Section 301 of the Indenture or any applicable section of the Supplemental Indenture, be used to redeem Bonds to the extent possible under such section, and (b) if Bonds are not then redeemable, be transferred to the Bond Fund.

Section 7.3 Amount Required for Prepayment. To prepay any Note in whole or in part under this Article VII, the University shall pay to the Trustee, for deposit in the Bond Fund, an amount of cash and Defeasance Obligations that will be sufficient (1) in the case of prepayment in whole, to discharge the lien of the Indenture pursuant to Section 901 thereof, and (2) in the case of prepayment in part, to cause any related series of Bonds (or portion thereof) that will be paid with the prepayment to no longer be Outstanding under the Indenture. If the University has prepaid any Note, as provided above, the University shall not direct the expenditure of any funds from such prepayment in the Bond Fund for any purpose other than the payment of principal of or premium, if any, or interest on the related series of Bonds to be paid.

The University shall instruct the Trustee to give the notice of redemption required by Section 303 of the Indenture if any of the Series 2018A Bonds are to be paid other than at maturity.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Term of Loan Agreement. This Loan Agreement shall be effective upon its execution and delivery and, subject to earlier termination upon prepayment in full of the Notes and other amounts described in Article III, shall expire on the date of the last maturity of any Bonds, or if payment of the Notes has not been made on such date, when payment of the Notes shall have been made, provided, however, that the covenants in Sections 5.5 and 5.8 shall continue until the final maturity date of all Bonds or the earlier redemption date on which provision for payment for all Bonds has been made and the covenant in Section 4.6 shall continue for six years thereafter. Upon payment of the Notes, the Authority shall cause the Trustee to redeem the Series 2018A Bonds as provided in Section 301 of the Indenture and any applicable section in the supplemental Indenture.

Section 8.2 Notices. All demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when personally delivered to the person who is to receive the same or mailed by first class registered or certified mail, postage prepaid, to his address as set forth in Section 1404 of the Indenture. A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given hereunder by either the Authority or the University to the other shall also be given to the Trustee.

Section 8.3 Amendments. Neither the Notes nor this Loan Agreement shall be amended or supplemented except in accordance with the provisions of Article XIII of the Indenture.

Section 8.4 Successors and Assigns. This Loan Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 8.5 Severability. If any provision of this Loan Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 8.6 Applicable Law; Entire Understanding. The Notes and this Loan Agreement shall be governed by the applicable laws of the Commonwealth of Virginia without regard to its conflict of law rules. The Notes and this Loan Agreement express the entire understanding, and none of the agreements between the parties may be modified except in writing signed by the parties.

Section 8.7 Limitation of Liability of Directors of Authority. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, representative or agent of the Authority in his individual capacity and neither the directors of the Authority nor any officer

thereof executing the Series 2018A Bonds shall be personally liable on the Series 2018A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, representative or agent of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Loan Agreement or the Act, provided such director, officer, employee, representative or agent does not act in bad faith.

Section 8.8 Counterparts. This Loan 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, except that to the extent, if any, that this Loan Agreement shall constitute personal property under the Uniform Commercial Code of Virginia, no security interest in this Loan Agreement may be created or perfected through the transfer or possession of any counterpart of this Loan Agreement other than the original counterpart, which shall be the counterpart containing the receipt therefor executed by the Trustee following the signatures to this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed in their respective corporate names as of the date first above written.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA**

By: _____
Chairman

THE WASHINGTON AND LEE UNIVERSITY

By: _____
Vice President for Finance and Treasurer

RECEIPT

Receipt of the foregoing original counterpart of the Loan Agreement dated as of ____ 1, 2018, between the Industrial Development Authority of the City of Lexington, Virginia, and The Washington and Lee University is hereby acknowledged this ____ day of ____, 2018.

[U.S. BANK NATIONAL ASSOCIATION,] as
Trustee

By: _____
Title:

Form of Notes

Promissory Note

\$ _____, 20__

The Washington and Lee University, a not-for-profit Virginia non-stock corporation within the Commonwealth of Virginia (the “University”), for value received, hereby promises to pay to the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA** (the “Authority”) or assigns, in installments on _____ in years and amounts as set forth below, the principal sum of

_____ DOLLARS

together with interest on the unpaid principal at the rates set forth below, payable from the date hereof semiannually on each _____ and _____, beginning _____, 20__, until the principal amount of this Note is paid in full. Such interest shall be computed at rates (computed on the basis of a 360-day year of twelve 30-day months) on the then outstanding principal amount hereof, and this Note shall mature in installments on _____ in years and amounts, as follows:

Year	Amount	Rate	Year	Amount	Rate
-------------	---------------	-------------	-------------	---------------	-------------

Payments of principal and interest shall be made not less than five Business Days (as defined in the Indenture described below) before each _____ and _____ on which such principal and interest is due until the principal amount of this Note is paid in full. Anything herein to the contrary notwithstanding, any amount at any time held by the Trustee, hereinafter defined, in the Bond Fund referred to in the Indenture, hereinafter defined, and available for such purpose shall, at the request of the University, be credited against the next succeeding payment hereunder and shall reduce the payment to be made by the University.

The Authority, by the execution of the Indenture and the assignment form at the foot of this Note, is assigning this Note and the payments hereunder to [U.S. Bank National Association, Richmond, Virginia,] or its successor in trust (the “Trustee”), acting pursuant to an Indenture of Trust dated as of _____ 1, 2018, as it may be supplemented or amended (the “Indenture”), between the Authority and the Trustee as security for the \$_____ Educational Facilities Revenue Bonds (The Washington and Lee University), Series 2018A Bonds (the “Series 2018A Bonds”), issued by the Authority pursuant to the Indenture. In addition to the payments of principal and interest specified above, the University also shall pay such additional amounts, if

any, that, together with amounts on deposit in the Bond Fund, may be necessary to provide for the payment when due of principal of (whether at maturity, by acceleration or call for redemption or otherwise) and premium, if any, and interest on the Series 2018A Bonds. All payments hereunder shall be made in lawful money of the United States of America directly to the Trustee for the account of the Authority pursuant to such assignment and shall be applied as provided in the Indenture.

This Note is issued pursuant to a Loan Agreement dated as of ____ 1, 20__, as it may be amended (the "Loan Agreement"), between the University and the Authority, under which the Authority is lending the proceeds of the Series 2018A Bonds to the University. All the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this Note. The University shall have the option to prepay this Note, but only on the terms and conditions and in the manner specified in Article VII of the Loan Agreement.

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

IN WITNESS WHEREOF, the University has caused this Note to be executed in its corporate name by its duly authorized officer, all as of the date first above written.

THE WASHINGTON AND LEE UNIVERSITY

By: _____
Vice President for Finance and Treasurer

ASSIGNMENT

The Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), hereby irrevocably assigns, without recourse, the foregoing Note to [U.S. Bank National Association, Richmond, Virginia,] as Trustee under the Indenture described in the Note, and hereby directs the maker of the Note to make all payments thereunder directly to the Trustee at its corporate trust office in Richmond, Virginia, or at such other place as the Trustee may direct in writing. Such assignment is made to secure payment of the Authority’s \$_____ Educational Facilities Revenue and Refunding Bonds (The Washington and Lee University), Series 2018A, issued pursuant to the Indenture.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA**

By: _____
Chairman

Project Description

The Series 2018A Project consists of:

(1) financing any or all of the following capital improvements, renovations or replacements, all located on the University's campus in the City of Lexington, Virginia, including: (a) the renovation, construction and equipping of Woods Creek Apartments, including but not limited to an upgrade and/or replacement of the mechanical systems of the three buildings, modification and improvements of exteriors, energy efficiency enhancements, and interior revitalizations, to include new kitchens and baths and improved furnishings and finishes (b) the acquisition, construction and equipping of the Duchossois Athletic and Recreation Center Construction, along with the rebuild of the current Warner Center including but not limited to the renovation and expansion of the existing Fitness Center, new locker rooms, the development and renovation of four sport courts including the competition venue, the development of a new Athletics Hall of Fame, four squash courts, three racquetball courts, and indoor golf simulation and putting spaces (the "Series 2018A New Money Project");

(2) refunding all or a portion of the \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010, issued by the Authority; and

(3) financing costs of issuance, funded interest, if any, and reserves, if any, with respect to the Series 2018A Bonds.

INDENTURE OF TRUST

between

**INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA**

and

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

Dated as of ____ 1, 2018

**\$ ____
Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University),
Series 2018A**

Table of Contents

Page

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 101.	Definitions.....	2
Section 102.	Rules of Construction	8

ARTICLE II AUTHORIZATION, PROCEEDS, DETAILS, EXECUTION, AUTHENTICATION, REGISTRATION AND DELIVERY OF BONDS

Section 201.	Authorization of Series 2018A Bonds	9
Section 202.	Details of Series 2018A Bonds	9
Section 203.	Delivery of Series 2018A Bonds	9
Section 204.	Application of Series 2018A Bond Proceeds.....	10
Section 205.	Form of Bonds	11
Section 206.	Payment of Bonds	11
Section 207.	Execution of Bonds.....	11
Section 208.	Authentication of Bonds	11
Section 209.	Additional Bonds	11
Section 210.	Registration of Transfer and Exchange of Bonds; Persons Treated as Owners	14
Section 211.	Charges for Exchange and Registration of Transfer.....	14
Section 212.	Temporary Bonds.....	14
Section 213.	Mutilated, Lost, Stolen or Destroyed Bonds.....	14
Section 214.	Cancellations and Disposition of Bonds	15
Section 215.	Book-Entry Only System.....	15

ARTICLE III REDEMPTION OF BONDS

Section 301.	Redemption Dates and Prices	16
Section 302.	Selection of Bonds for Redemption	16
Section 303.	Notice of Redemption	16

ARTICLE IV PROJECT FUND

Section 401.	Creation of Project Fund.....	17
Section 402.	Cost of Project.....	18
Section 403.	Issuance Expenses.....	18
Section 404.	Payments from Project Fund.....	19
Section 405.	Disposition of Balance in Project Fund	21

Table of Contents
(continued)

Page

**ARTICLE V
REVENUES AND FUNDS**

Section 501.	Creation of Bond Fund.....	21
Section 502.	Use of Moneys in Bond Fund.....	22
Section 503.	Non-Presentation of Bonds.....	23
Section 504.	Trustee's and Authority's Fees, Costs and Expenses.....	23
Section 505.	Moneys to be held in Trust.....	23
Section 506.	Disposition of Balance in Bond Fund.....	23
Section 507.	Accounts within Funds.....	24

**ARTICLE VI
GENERAL COVENANTS AND PROVISIONS**

Section 601.	Payment of Bonds.....	24
Section 602.	Covenants and Representations of Authority.....	24
Section 603.	Further Assurances.....	25
Section 604.	Inspection of Books.....	25
Section 605.	Rights under Loan Agreement and Notes.....	25
Section 606.	Prohibited Activities.....	25
Section 607.	Reports by Trustee.....	25

**ARTICLE VII
ARBITRAGE REBATE**

Section 701.	Arbitrage Rebate.....	25
--------------	-----------------------	----

**ARTICLE VIII
SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS**

Section 801.	Investment of Funds.....	26
Section 802.	Valuation.....	27
Section 803.	Security for Deposits.....	27
Section 804.	Investments through Trustee's Bond Department.....	27

**ARTICLE IX
DISCHARGE OF INDENTURE**

Section 901.	Discharge of Indenture; Payment of Bonds.....	28
--------------	---	----

Table of Contents
(continued)

Page

ARTICLE X
DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 1001.	Events of Default	29
Section 1002.	Acceleration	29
Section 1003.	Other Remedies; Rights of Bondholders	29
Section 1004.	Right of Bondholders To Direct Proceedings	30
Section 1005.	Application of Moneys	30
Section 1006.	Remedies Vested in Trustee.....	31
Section 1007.	Limitations on Suits	31
Section 1008.	Unconditional Right To Receive Principal and Premium, if any, and Interest.....	32
Section 1009.	Termination of Proceedings.....	32
Section 1010.	Waivers of Events of Default.....	32
Section 1011.	Notice of Defaults; Opportunity to Cure Defaults	33

ARTICLE XI
THE TRUSTEE

Section 1101.	Acceptance of Trusts.....	33
Section 1102.	Fees, Charges and Expenses of Trustee	36
Section 1103.	Notice Required of Trustee.....	37
Section 1104.	Intervention by Trustee	37
Section 1105.	Merger or Consolidation of Trustee.....	37
Section 1106.	Resignation of Trustee	37
Section 1107.	Removal of Trustee.....	37
Section 1108.	Appointment of Successor Trustee; Temporary Trustee	38
Section 1109.	Concerning any Successor Trustee	38
Section 1110.	Right of Trustee To Pay Taxes and Other Charges	38
Section 1111.	Trustee Protected in Relying on Resolutions, Etc	39
Section 1112.	Successor Trustee as Paying Agent, Registrar and Custodian of Funds.....	39
Section 1113.	Removal and Resignation Not To Affect Fees	39
Section 1114.	Patriot Act Requirements.....	39

ARTICLE XII
SUPPLEMENTAL INDENTURES

Section 1201.	Supplemental Indentures Not Requiring Consent of Bondholders.....	39
Section 1202.	Supplemental Indentures Requiring Consent of Bondholders.....	40
Section 1203.	Consent of University and Opinion of Counsel Required	41
Section 1204.	Amendment without Consent of Authority.....	41

Table of Contents
(continued)

Page

ARTICLE XIII
AMENDMENTS TO LOAN AGREEMENT AND NOTES

Section 1301.	Amendments to Loan Agreement and Notes Not Requiring Consent of Bondholders	41
Section 1302.	Amendments to Loan Agreement and Notes Requiring Consent of Bondholders	42
Section 1303.	Opinion of Counsel Required	42
Section 1304.	Amendment to Arbitrage Provisions	42

ARTICLE XIV
MISCELLANEOUS

Section 1401.	Consents, Etc., of Bondholders.....	42
Section 1402.	Limitation of Rights	43
Section 1403.	Limitation of Liability of Members, etc., of Authority.....	43
Section 1404.	Notices	43
Section 1405.	Information to Bondholders	44
Section 1406.	Successors and Assigns.....	44
Section 1407.	Severability	44
Section 1408.	Applicable Law	44
Section 1409.	Counterparts	44

Exhibit A: Form of Series 2018A Bond

Exhibit B: Form of Requisition

This **INDENTURE OF TRUST** (this “Indenture”) dated as of _____ 1, 2018, between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Authority”), and [**U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States, with a corporate trust office in Richmond, Virginia,] as Trustee (in such capacity herein, together with any successor in such capacity, called the “Trustee”);

WITNESSETH:

WHEREAS, the Authority has been duly organized pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), which authorizes the creation of industrial development authorities by the several counties, cities and towns in the Commonwealth;

WHEREAS, the Act authorizes the Authority to finance or refinance the acquisition, construction, equipping, expansion, enlargement and improvement of facilities for use by nonprofit organizations described in Section 501(c)(3) of the Code, to loan funds to such organizations, to issue its revenue bonds for such purposes and to refund bonds previously issued for such purposes;

WHEREAS, The Washington and Lee University (the “University”), a not-for-profit Virginia non-stock corporation which is described in Section 501(c)(3) of the Code, exempt from taxation pursuant to Section 501(a) of the Code, is a private, accredited institution of higher education whose primary purpose is to provide collegiate education and not to provide religious training or theological education;

WHEREAS, at the request of the University, the Authority has agreed to assist the University by issuing its revenue bonds for the purpose of (1) financing a portion of the costs of the Series 2018A New Money Project (as defined below); (2) refunding all or a portion of the \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (the “Series 2010 Bonds”), issued by the Authority; and (3) financing costs of issuance, funded interest, if any, and reserves, if any, with respect to the Series 2018A Bonds;

WHEREAS, simultaneously with the issuance by the Authority of its Educational Facilities Revenue Bonds (Washington and Lee University), Series 2018A (the “Series 2018A Bonds”) for the purposes set forth above, the University and the Authority will enter into a Loan Agreement dated as of the date of this Indenture (the “Loan Agreement”), and to evidence its payment obligations thereunder, the University will execute and deliver to the Authority its promissory note (the “Series 2018A Note”) in a principal amount equal to the aggregate principal amount of the Series 2018A Bonds;

WHEREAS, the Series 2018A Bonds and the Trustee’s certificate of authentication thereon are to be in substantially the form attached to this Indenture as Exhibit A, with appropriate variations, omissions and insertions as permitted or required by this Indenture;

WHEREAS, the Authority is entering into this Indenture to set forth the terms and conditions under which the Authority is issuing the Series 2018A Bonds as well as the terms and conditions under which the Authority may issue Additional Bonds from time to time;

WHEREAS, the Authority is securing the payment of the Series 2018A Bonds and any Additional Bonds by assigning its rights as registered owner of the Series 2018A Note and any Additional Notes (as hereinafter defined) and certain of its rights under the Loan Agreement; and

WHEREAS, all things necessary to make the Series 2018A Bonds, when authenticated by the Trustee and issued as in this Indenture provided, valid and binding limited obligations of the Authority and to constitute this Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the Series 2018A Bonds and any Additional Bonds have been done and performed and the execution and delivery of this Indenture and the execution and issuance of the Series 2018A Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE PROVIDES that as security for payment of the principal of and premium, if any, and interest on the Bonds and for the funds that may be advanced by the Trustee pursuant to this Indenture, the Authority does hereby pledge and assign to, and grant a security interest to the Trustee in the following described property:

A. The Notes (as hereinafter defined) and all rights of the Authority under the Loan Agreement (except for certain rights to (1) payment of expenses pursuant to Section 4.1(b)(ii) thereof, (2) payment of rebate pursuant to Section 4.6 thereof, (3) receipt of notices pursuant to Section 8.2 thereof and (4) indemnification pursuant to Section 5.8 thereof), and all other revenues and receipts derived by the Authority therefrom and thereunder.

B. The funds, including moneys and investments, held by the Trustee pursuant to this Indenture.

C. Any other property of every name and nature from time to time mortgaged, pledged, assigned or hypothecated as and for additional security under this Indenture by the Authority or by anyone in its behalf or with its consent in favor of the Trustee, which is hereby authorized to receive all such property at any time and to apply and hold the same subject to the terms of this Indenture.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in such trust and their assigns forever.

IN TRUST, however, for the equal and proportionate benefit and security of the holders from time to time of the Bonds without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others, upon the terms and conditions hereinafter stated.

The Authority covenants and agrees with the Trustee and with the respective holders from time to time of the Bonds or any part thereof as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions. The following words and terms as used in this Indenture shall have the following meanings unless a different meaning clearly appears from the context. All other defined terms but not defined in this Indenture shall have the same meaning set forth in Article I of the Loan Agreement unless the context clearly indicates to the contrary.

“Act” shall mean the Industrial Development and Revenue Bond Act, Chapter 49 of Title 15.2, Code of Virginia, of as amended.

“Additional Bonds” shall mean any Bonds issued from time to time pursuant to Section 209.

“Additional Note” shall mean any promissory note of the University issued in connection with any Additional Bonds.

“Authority” shall mean the Industrial Development Authority of the City of Lexington, Virginia, its successors and assigns.

“Authorized Representative of the Authority” shall mean the Chairman or Vice-Chairman of the Authority or such other person or persons as may be designated to act on behalf of the Authority by a certificate signed by its Chairman or Vice-Chairman and filed with the University and the Trustee.

“Authorized Representative of the University” shall mean the President or Vice President for Finance and Treasurer of the University and such other person or persons designated to act on behalf of the University by a certificate signed by its President or Vice President for Finance and Treasurer and filed with the Authority and the Trustee.

“Bond Counsel” shall mean a firm of attorneys nationally recognized on the subject of municipal bonds, which may be counsel to the Authority, the University or the Trustee, and reasonably acceptable to the Authority and the Trustee.

“Bond Fund” shall mean the Bond Fund created by Section 501.

“Bondholder” or **“holder”** shall mean the registered owner of any Bond.

“Bonds” shall mean the Series 2018A Bonds and any Additional Bonds issued by the Authority from time to time under this Indenture.

“Business Day” means any day other than a Saturday, Sunday or day on which the New York Stock Exchange or banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in the Commonwealth of Virginia, New York City, or in any city in which is located the designated corporate trust office of the Trustee.

“Code” shall mean the Internal Revenue Code of 1986, as amended, as it applies to the Bonds, including applicable Treasury Regulations and revenue rulings issued thereunder. References in this Indenture to Sections of the Code are to the sections thereof as they exist on the date of the Indenture, but shall include any successor provisions thereof.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the University and the Trustee, as dissemination agent, dated as of ____ 1, 2018, relating to the Series 2018A Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

“Cost” and **“Cost of the Project”** shall mean the “Cost of the Project” as set forth in Section 402.

“Defeasance Obligations” shall mean

- (i) noncallable Government Obligations,
- (ii) Government Certificates,

(iii) noncallable obligations of state or local government municipal bond issuers that are rated by S&P or Moody’s in the highest rating category established by such rating service without regard to any refinement or gradation of such rating category by numerical modifier or otherwise, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations the maturing principal of and interest on such Government Obligations, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations, and

(iv) evidences of noncallable ownership of a proportionate interest in specified obligations described in subsection (iii), which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

“DTC” shall mean the Depository Trust Company, New York, New York, its successors and assigns.

“Event of Default” shall mean any of the events enumerated in Section 1001.

“Government Certificates” shall mean evidences of ownership of proportionate interest in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Government Obligations” shall mean bonds, notes and other obligations of the United States of America and securities unconditionally guaranteed as to the payment of principal, if applicable, and interest by the United States of America or any agency thereof.

“Indenture” shall mean this Indenture, including any supplements or amendments to this Indenture as permitted by the terms of this Indenture.

“Interest Payment Date” shall mean dates on which interest payments on the Bonds are due to Bondholders. With respect to the Series 2018A Bonds, Interest Payment Date shall mean any January 1 or July 1.

“Issuance Expenses” shall have the meaning set forth in Section 403.

“Issuance Expense Account” shall mean the account in the Project Fund created by Section 401.

“Investment Obligations” shall mean Government Obligations and

(a) obligations of (i) Federal National Mortgage Associations, (ii) Federal Home Loan Banks, (iii) Federal Financing Bank, (iv) Federal Home Loan Mortgage Corporation, (v) Government National Mortgage Association, (vi) Federal Housing Administration, (vii) Federal Intermediate Credit Banks, (viii) Federal Banks for Cooperatives, and (ix) Federal Land Banks;

(b) evidences of ownership of a proportionate interest in specified Government Obligations or obligations described in clause (a) above, which Government Obligations or obligations described in clause (a) above are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000;

(c) legally authorized bonds, notes and other evidences of indebtedness of any city, county, town, district, authority or other public body situated in any one of the states of the United States, upon which there is no default, rated by both Moody’s and S&P in one of their two highest respective investment grades without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(d) savings accounts, time deposits and certificates of deposit in any bank, including the Trustee, if (i) the credit of such bank is rated by both Moody’s and S&P in one of their two highest respective investment grades without regard to any refinement or gradation of such rating category by numerical modifier or otherwise, or (ii) such accounts or certificates are fully insured by Federal Deposit Insurance Corporation insurance;

(e) negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of “Prime 1” or better by Moody’s and “A-1” or better by Standard & Poor’s for maturities of one year or less,

and a rating of at least “AA” (without regard to any refinement or gradation of such rating category by numerical modifier or otherwise) for maturities over one (1) year;

(f) commercial paper with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States or of any state, rated at least P-1 by Moody’s and at least A-1 by S&P;

(g) bankers’ acceptances rated at least P-1 by Moody’s or at least A-1 by S&P;

(h) savings accounts and certificates of savings and loan associations that are under supervision of the Commonwealth of Virginia and federal associations organized under the laws of the United States of America and under federal supervision, but only to the extent that such accounts and certificates of state or federal associations are fully insured by the Federal Deposit Insurance Corporation or any successor federal agency;

(i) corporate notes of issuing corporations organized under the laws of the United States or of any state, rated at least Aa by Moody’s, and at least AA by S&P without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(j) guaranteed investment agreements with a commercial bank or trust company (including the Trustee or an affiliate thereof) organized under the laws of any state of the United States of America or any national banking association or a branch of a foreign banks duly licensed under the laws of the United States of America or any state or territory thereof, provided that the bonds or debentures of such commercial banks or trust company or national banking association or branch of a foreign bank are rated by Moody’s at the time of the investment not lower than Moody’s “Aa” and are rated by S&P at such time not lower than S&P’s “AA” or, if the debt obligations of such bank or trust company do not carry a separate rating, if said bank or trust company is the Principal Bank of a bank holding company whose debt obligations are so rated (“Principal Bank” shall mean a bank, the assets of which represent at least 75% of the assets of the holding company of which it is a part);

(k) guaranteed investment agreements with any property and casualty insurance company or life insurance company whose bonds or debentures or claims paying ability is rated by Moody’s at the time of the investment not lower than Moody’s “Aa” and by S&P at such time not lower than S&P’s “AA”;

(l) shares of open-end investment funds, provided that i) the fund is registered under the Federal Investment Company Act of 1940, ii) complies with the diversification, quality and maturity requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission, and iii) is rated in the highest rating category by either Moody’s or S&P, including any such funds administered by the Trustee;

(m) shares of any state administered pool investment fund in which the Authority is statutorily permitted or required to invest, rated in the highest rating category by either Moody's or S&P; and

(n) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (a) above, which agreements may be entered into with a bank (including without limitation the Trustee, a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Trustee or a custodial agent of the Trustee has possession of the collateral and that the collateral is, to the knowledge of the Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

and provided further that either (A) title to and/or possession of such securities is transferred to the Trustee in its capacity as Trustee, (B) the securities are held by a third party (not as agent for the bank or broker/dealer) for the benefit of the Trustee and segregated from securities owned generally by such third party or the bank, (C) a perfected security interest under the Uniform Commercial Code of Virginia or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the holders of the Bonds, or (D) if the repurchase agreement is with the bank serving as Trustee or related to the trust company serving as Trustee, the third party holding such securities holds them as agent for the Trustee as fiduciary for the holders of the Bonds and not as agent for the bank serving as Trustee or related to the trust company serving as Trustee in its commercial capacity or any other party. Any investment in Government Obligations or in obligations described in (a), (b) and (c) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

“Letter of Representations” shall mean the Blanket Letter of Representations dated [May 18, 1995,] between the Authority and DTC.

“Loan Agreement” shall mean the Loan Agreement between the Authority and the University dated the date of this Indenture, including any amendments thereto as permitted in this Indenture.

“Moody’s” shall mean Moody’s Investors Service or its successor in the business of providing investment rating services, provided that if neither Moody’s nor any such successor is then in such business the references to Moody’s and ratings thereof shall no longer be requirements of the bond documents.

“Notes” shall mean the Series 2018A Note and any Additional Notes.

“Opinion” or **“Opinion of Counsel”** shall mean a written opinion of an attorney or firm of attorneys acceptable to the Trustee, who may be counsel for the Authority or the University’s General Counsel.

“Outstanding” when used with reference to Bonds shall mean, as of a particular date, all Bonds theretofore issued under this Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation.

(ii) Bonds for the payment of which money, cash or Defeasance Obligations, or a combination of both, sufficient to pay on the date when such Bonds are to be paid or redeemed, the principal of, and the premium, if any, and the interest thereon accruing to such date are held by the Trustee or an escrow agent for the Trustee in trust for the holders of such Bonds, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal of and the premium, if any, and interest accruing on, such Bonds to such date.

(iii) Bonds in exchange for or in lieu of which other Bonds have been issued.

“Project” shall mean the Series 2018A Project and, with respect to any Additional Bonds, any subsequent series Project constituting Facilities to be financed or refinanced as “facilities” (within the meaning of the Act) identified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“Project Fund” shall mean the Project Fund created by Section 401.

“Record Date” shall mean the fifteenth (15th) day (whether or not a Business Day) of the month preceding each Interest Payment Date.

“Refunded 2010 Bonds” shall mean the Series 2010 Bonds maturing on January 1 in the years 20__ through 20__, inclusive.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor in the business of providing investment rating services, provided that if neither S&P’s nor any such successor is then in such business the references to S&P’s and ratings thereof shall no longer be requirements of the bond documents.

“Series 2010 Bonds” shall mean the \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 issued by the Authority.

“Series 2018A Project” shall mean the facilities described as such on Exhibit B to the Loan Agreement.

“Series 2018A Bonds” shall mean the \$_____ Educational Facilities Revenue Bonds (Washington and Lee University), Series 2018A, authorized to be issued by the Authority in Section 201.

“Series 2018A Note” shall mean the unsecured promissory note of the University in the original principal amount of \$_____, dated _____, 2018, issued to the Authority pursuant to the

Loan Agreement in consideration of the loan of the proceeds of the Series 2018A Bonds to the University.

“**Supplemental Indenture**” shall mean any supplemental indenture entered into pursuant to Article XII.

“**Trustee**” shall mean [U.S. Bank National Association,] or its successors and assigns serving as such under this Indenture.

“**Underwriter**” shall mean, with respect to the Series 2018A Bonds, Wells Fargo Bank, National Association and its respective successors.

“**University**” shall mean The Washington and Lee University, a not-for-profit Virginia nonstock corporation and an institution of collegiate education in the Commonwealth of Virginia, its successors and assigns.

“**Virginia Code**” shall mean the Code of Virginia of 1950, as amended.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(c) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture unless otherwise indicated.

(d) The headings and Table of Contents in this Indenture are solely for convenience of reference and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(e) All references in this Indenture to the payment of Bonds are references to payment of principal of and premium, if any, and interest on Bonds and all references to the payment of principal of Bonds are references to payment of principal of and applicable premium, if any, on the Bonds.

ARTICLE II

AUTHORIZATION, PROCEEDS, DETAILS, EXECUTION, AUTHENTICATION, REGISTRATION AND DELIVERY OF BONDS

Section 201. Authorization of Series 2018A Bonds. There are authorized to be issued a series of revenue bonds of the Authority in the aggregate principal amount of \$_____.

Section 202. Details of Series 2018A Bonds. The Series 2018A Bonds authorized in Section 201 shall be designated “Educational Facilities Revenue Bonds (Washington and Lee University), Series 2018A.” Such Bonds shall be issuable only as registered Bonds in denominations of \$5,000 and multiples thereof, shall be numbered R-1 upward, shall be dated _____, 2018, shall bear interest at the rates, payable on _____ 1, 2018, and thereafter semiannually on each January 1 and July 1, until payment, and shall mature on January 1 in years and amounts as follows:

Interest on the Bonds shall be calculated on the basis of a year of 360 days and 12 months of 30-days each. All interest determinations and calculations shall be made by the Trustee.

Each Series 2018A Bond shall bear interest at the rate set forth above from _____, 2018, if such Bond is authenticated prior to _____, 2018, or (b) otherwise from the January 1 or July 1 that is, or immediately precedes, the date on which such Bond is authenticated, unless payment of interest is in default, in which case such Bond shall bear interest from the date to which interest has been paid.

Section 203. Delivery of Series 2018A Bonds. The Trustee shall authenticate and deliver the Series 2018A Bonds when there have been filed with or delivered to it the following:

(a) A certified copy of a resolution or resolutions of the Authority authorizing the execution and delivery of this Indenture, the Loan Agreement and the assignment of the Series 2018A Note and the issuance, sale, execution and delivery of the Series 2018A Bonds.

(b) A certified copy of a resolution or resolutions of the University’s Board of Trustees or the Executive Committee of the Board of Trustees authorizing the execution and delivery of the Loan Agreement and the Series 2018A Note and the taking of all action necessary or desirable in connection with the transactions contemplated thereby.

(c) An original executed counterpart of this Indenture.

(d) An original executed counterpart of the Loan Agreement.

(e) The Series 2018A Note duly authorized and executed by the University and assigned to the Trustee.

(f) Internal Revenue Service Form 8038 completed by the Authority with respect to the Series 2018A Bonds.

(g) An Opinion of Counsel that (1) the University is an organization described in Section 501(c)(3) of the Code, and not a private foundation within the meaning of Section 509(a) of the Code, and (2) the Loan Agreement and the Series 2018A Note have been duly authorized, executed and delivered by the University and are enforceable against the University, subject to bankruptcy and equitable principles.

(h) An Opinion of Counsel that the Loan Agreement has been properly executed and delivered by the Authority and is valid and enforceable against the Authority in accordance with its terms, and that the Series 2018A Note has been duly assigned to the Trustee.

(i) An Opinion of Bond Counsel, subject to customary exceptions and qualifications, that the issuance of the Series 2018A Bonds has been duly authorized, that the Series 2018A Bonds are valid and binding limited obligations of the Authority, that the Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority, and that the interest on the Series 2018A Bonds is excludable from gross income for purposes of federal income taxation and is exempt from taxation by the Commonwealth of Virginia.

(j) A request and authorization of the Authority, signed by its Chairman or Vice Chairman, to the Trustee to authenticate and deliver the Series 2018A Bonds to such purchaser or purchasers named therein upon payment to the Trustee for the account of the Authority of a specified sum plus accrued interest, if any, to the date of delivery.

(k) Such other documentation as the Authority may reasonably request.

Section 204. Application of Series 2018A Bond Proceeds. Simultaneously with the delivery of the Series 2018A Bonds, the Trustee shall deposit, or cause the transfer of, the net proceeds (\$____) of the Series 2018A Bonds as follows:

(a) \$____ to the Project Fund Series 2018A Account;

(b) \$____ to the Issuance Expense 2018A Subaccount therein; and

(c) [\$____ to [U.S. Bank National Association,] as bond trustee for the Series 2010 Bonds to provide for the defeasance and redemption of the Refunded 2010 Bonds.]

Section 205. Form of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A with such variations, omissions and insertions as permitted or required by this Indenture.

Section 206. Payment of Bonds. Principal of and premium, if any, on Bonds shall be payable to the registered owners upon the surrender of such Bonds at the designated corporate trust office of the Trustee. Interest shall be payable by check or draft mailed to the registered owners at their addresses as they appear on the registration books kept by the Trustee at the close of business on the Record Date preceding such Interest Payment Date; provided, however, that if Bonds are registered in the name of a securities depository or its nominee or at the option of any other registered owner of at least \$1,000,000 principal amount of Bonds, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner by the Record Date for such interest payment. Principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues and receipts derived from payments made under the Note or otherwise pledged to the payment thereof as hereinafter provided.

If any principal of or interest on any Bond is not paid when due (whether at maturity, by acceleration or call for redemption or otherwise), then the overdue installments of principal and,

to the extent permitted by law, interest shall bear interest until paid at the same rate set forth in such Bond.

Section 207. Execution of Bonds. The Bonds shall be signed by the manual or facsimile signature of the Chairman or Vice Chairman of the Authority and its seal shall be affixed thereto or a facsimile thereof shall be printed thereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary. If any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution thereof shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Section 208. Authentication of Bonds. The Bonds shall bear a certificate of authentication, substantially in the form set forth in Exhibit A, and shall not be valid until the Trustee shall have duly executed the certificate of authentication and inserted the date of authentication thereon. The Trustee shall authenticate each Bond with the signature of an authorized person or employee, but it shall not be necessary for the same representative to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to any right or benefit under this Indenture, and such certificate on any Bond issued under this Indenture shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions of this Indenture.

Section 209. Additional Bonds. (a) Subject to receipt by the Trustee of the documents listed in (b) and (c) of this Section, the Authority may issue one or more series of Additional Bonds (1) to pay the cost of acquiring, constructing or equipping any Project, (2) to pay the cost of completing any Project, (3) to refund all or part of a series of Bonds or other bonds, whether or not issued by the Authority, the proceeds of which were loaned to the University, (4) to pay costs incurred in connection with the issuance and sale of any Additional Bonds, (5) to fund interest on Additional Bonds issued therefor prior to, during, and for a period not exceeding one year after completion of construction of the Project, (6) to establish reserves with respect to Additional Bonds, (7) to pay other "Costs" (as defined in the Act) in connection with the financing or refinancing of the Project, or (8) for any combination of such purposes. Each series of Additional Bonds shall be issued pursuant to a Supplemental Indenture and shall be equally and ratably secured under this Indenture with the Series 2018A Bonds and any other series of Additional Bonds, without preference, priority or distinction of any Bonds over any other Bonds. Unless provided otherwise in a Supplemental Indenture, all such Additional Bonds shall be in substantially the form set forth in Exhibit A, but shall be of such denomination or denominations, bear such date or dates, bear interest at such rate or rates, have such maturity date or dates, redemption dates and redemption premiums, contain an appropriate series designation and be issued at such price as shall be approved by the Authority and the University.

(b) Each Supplemental Indenture with respect to a series of Additional Bonds shall contain provisions for the application of the proceeds of such Bonds, details of such series, any mandatory or optional redemption features thereof, the creation of an account and interest expense subaccount, if necessary, in the Project Fund and any other provisions as may be

determined by the Authority. All other matters with respect to such series may be provided for by reference to the provisions of this Indenture.

(c) The Trustee shall authenticate and deliver such Additional Bonds when there have been filed with and delivered to it the following:

(1) A certificate of an Authorized Representative of the Authority, dated as of the date of delivery of such Additional Bonds and signed by its Chairman or Vice Chairman, stating that as of the date of such certificate to the best of the knowledge of the signer, no event or condition has happened or existed, or is happening or existing, that constitutes, or that, with notice or lapse of time or both, would constitute, an Event of Default by the Authority under the Indenture;

(2) A certificate of an Authorized Representative of the University, dated as of the date of delivery of such Additional Bonds, requesting the issuance and approving the terms of the Additional Bonds and stating either that (A) as of the date of such certificate no event or condition is happening or existing that constitutes, or that, with notice or lapse of time or both, would constitute, an Event of Default under the Loan Agreement or (B) if any such event or condition is happening or existing, specifying such event or condition and stating in detail reasonably acceptable to the Trustee that such event or condition will be corrected promptly after the issuance of such Additional Bonds;

(3) A certified copy of a resolution or resolutions of the Authority authorizing (A) the execution and delivery of supplement to the Loan Agreement with respect to such Additional Bonds, (B) the execution and delivery of a Supplemental Indenture, and (C) the issuance, award, execution and delivery of such Additional Bonds;

(4) A certified copy of a resolution or resolutions of the University authorizing (A) the execution and delivery of supplement to the Loan Agreement with respect to such Additional Bonds and (B) the execution and delivery of an Additional Note with respect to such Additional Bonds;

(5) If such Additional Bonds are for the purpose of refunding all or part of one or more series of Bonds or other bonds issued by the Authority, the proceeds of which were loaned to the University:

(A) Irrevocable instructions from the Authority, at the direction of the University, to redeem or pay at maturity all obligations to be refunded; and

(B) For refundings to occur more than 90 days after the issuance of such Additional Bonds for such purpose, computations, either prepared by or on behalf of the University and verified by an independent certified public accountant or prepared by an independent certified public accountant or other consultant reasonably acceptable to the Trustee, showing that the proceeds (excluding accrued interest) of such Additional Bonds, together with any other moneys deposited with the Trustee for such purpose, shall be sufficient to provide

for the payment of the obligations to be refunded either at the date of refunding or at maturity and the expenses incident to such refunding;

(6) An original executed counterpart of a Supplemental Indenture authorizing the issuance of such Additional Bonds and providing for the application of the proceeds of such Bonds, the details of such Bonds, any mandatory or optional redemption features thereof, the creation of necessary funds or accounts and any other provisions as may be determined by the Authority;

(7) An original executed counterpart of an amendment to the Loan Agreement in connection with such Additional Bonds;

(8) An executed Additional Note issued in a principal amount equal to the principal amount of such Additional Bonds, assigned by the Authority to the Trustee;

(9) An Opinion or Opinions of Counsel that the Supplemental Indenture has been properly authorized, executed and delivered by the Authority;

(10) An Opinion or Opinions of Counsel that the amendment to the Loan Agreement and the Additional Note with respect to such Additional Bonds have been properly authorized, executed and delivered by the Authority and the University, as applicable;

(11) An Opinion of Bond Counsel, subject to customary exceptions and qualifications, that the issuance of such Additional Bonds is permitted under the terms of this Indenture and has been duly authorized and that the issuance of such Additional Bonds will not affect adversely any exclusion from gross income for Federal income tax purposes of any Bonds then Outstanding; and

(12) A request and authorization of the Authority, signed by its Chairman or Vice Chairman, directing the Trustee to authenticate and deliver such Additional Bonds to such person or persons named therein upon payment to the Trustee for the account of the Authority of a specified sum plus accrued interest to the date of delivery.

The proceeds of such Additional Bonds shall be paid to and deposited by the Trustee as provided in the Supplemental Indenture referred to in subsection (6) above.

Section 210. Registration of Transfer and Exchange of Bonds; Persons Treated as Owners. The Trustee shall act as Bond Registrar and in such capacity shall maintain registration books for the registration or exchange of Bonds. Upon surrender of any Bonds at the designated corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such Bond may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate as the Bonds surrendered for exchange, and registered in the name or names as requested by the then registered owner thereof or his duly authorized attorney or legal representative. The Authority shall execute and the Trustee shall authenticate any Bonds necessary to provide for exchange of Bonds pursuant to this Section.

Prior to due presentment for registration of transfer of any Bond, the Trustee shall treat the registered owner as the person or entity exclusively entitled to (a) payment of principal and premium, if any, and interest and (b) the exercise of all other rights and powers of the owner, except that all interest payments shall be made to the person or entity shown as owner on the registration books of the Trustee, as Bond Registrar, on the 1st day of the month in which occurs an interest payment date.

Section 211. Charges for Exchange and Registration of Transfer. Any exchange of or registration of transfer of Bonds shall be at the expense of the University, except that the Trustee, as Bond Registrar, may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

Section 212. Temporary Bonds. Prior to the preparation of Bonds in definitive form the Authority may issue temporary Bonds in registered form and in such denominations as the Authority may determine, but otherwise in substantially the form set forth in Exhibit A, with appropriate variations, omissions and insertions. If the Authority initially issues temporary bonds, the Authority promptly shall prepare, execute and deliver to the Trustee, before the first interest payment date, Bonds in definitive form, and thereupon, upon surrender of Bonds in temporary form, the Trustee shall authenticate and deliver in exchange therefor Bonds in definitive form of the same maturity having an equal aggregate principal amount. Until exchanged for Bonds in definitive form, Bonds in temporary form shall be entitled to the lien and benefit of this Indenture.

Section 213. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond has been mutilated, lost, stolen or destroyed, the Authority shall cause to be executed, and the Trustee shall authenticate and deliver to the registered owner thereof, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost, stolen or destroyed Bond; provided, however, that the Authority and the Trustee shall so execute and deliver only if the holder has paid the reasonable expenses and charges of the Authority and the Trustee in connection therewith and, in the case of a lost, stolen or destroyed Bond, (a) has filed with the Authority and the Trustee evidence satisfactory to them that such Bond was lost, stolen or destroyed and (b) has furnished to the Authority and the Trustee indemnity satisfactory to them. If any such Bond has matured or been called for redemption, instead of issuing a new Bond the Trustee may pay the same without the surrender thereof.

Section 214. Cancellations and Disposition of Bonds. All Bonds that have been surrendered for exchange pursuant to Section 210, paid (whether at maturity, by acceleration, call for redemption or otherwise), purchased pursuant to Section 502, or delivered to the Trustee by the Authority for cancellation shall not be reissued, and the Trustee shall, unless otherwise directed by the Authority, retain such Bonds for the period of time as may be required by governmental regulations, and thereafter cremate, shred or otherwise dispose of such Bonds. The Trustee shall deliver to the Authority a certificate of any such cremation, shredding or other disposition.

Section 215. Book-Entry Only System. (a) Initially, one bond certificate for each maturity will be issued to DTC, which is designated as the securities depository for the Series

2018A Bonds, or its nominee, and immobilized in its custody. Beneficial owners of the Series 2018A Bonds will not receive physical delivery of the Series 2018A Bonds. So long as DTC is acting as securities depository for the Series 2018A Bonds, a book-entry system shall be employed, evidencing ownership of the Series 2018A Bonds in principal amounts of \$5,000 or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest on the Series 2018A Bonds shall be payable in federal funds to DTC or its nominee as registered owner of the Series 2018A Bonds. Principal, premium, if any, and interest shall be payable by the Trustee in lawful money of the United States of America.

(b) Transfer of principal and interest payments to participants of DTC shall be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Authority and the Trustee shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

(c) In the event that (1) DTC determines not to continue to act as securities depository for the Series 2018A Bonds by giving notice to the Authority and the Trustee discharging its responsibilities under this Indenture, (2) the Trustee or the Authority determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interest of the Authority, or (3) the Trustee or the Authority determines that continuation of the book-entry system of evidencing ownership and transfer of ownership of the Series 2018A Bonds is not in the best interest of the Authority or the beneficial owners of the Series 2018A Bonds, the Trustee and the Authority shall discontinue the book-entry system with DTC. If the Trustee or the Authority fails to identify another qualified securities depository to replace DTC, the Trustee shall authenticate and deliver replacement bonds in the form of fully registered certificates to the beneficial owners or to the DTC participants on behalf of beneficial owners, as shown on the records provided by DTC or DTC participants, substantially in the form as set forth above with such variations, omissions or insertions as are necessary or desirable in the delivery of replacement certificates in printed form. The Series 2018A Bonds would then be registrable and exchangeable as set forth in Section 210.

So long as DTC is the securities depository for the Series 2018A Bonds (1) it shall be the registered owner of the Series 2018A Bonds, (2) transfers of ownership and exchanges shall be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants, and (3) references in this Indenture to holders of the Series 2018A Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of the Series 2018A Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption Dates and Prices. (a) The Series 2018A Bonds maturing on or after January 1, 20__ are subject to redemption prior to maturity at the option of the Authority (as directed by an Authorized Representative of the University), in whole or in part (in any

integral multiple of \$5,000) at any time on or after January 1, 20__, upon payment of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the date fixed for redemption.

(b) [The Series 2018A Bonds shall also be subject to redemption in whole or in part on any date, at the option of the University, from the proceeds of casualty insurance or condemnation awards, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, plus accrued interest to the redemption date, if all or any part of the Series 2018A Project is damaged or destroyed or taken through the exercise of the power of eminent domain and the Authority has delivered to the Trustee a certificate of the University to the effect that the University has determined not to use such proceeds to replace or rebuild the damaged, destroyed or taken property. In the event of a redemption in part pursuant to this paragraph, the University shall redeem the Series 2018A Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of the Series 2018A Bonds of such maturity bears to the total principal amount of the Series 2018A Bonds then outstanding.]

(c) [Mandatory Sinking Fund Payments. The Series 2018A Bonds maturing on January 1, 20__, are required to be redeemed prior to maturity in part in accordance with the sinking fund requirements of the Indenture on January 1 in years and amounts, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
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(d) Additional Bonds shall be subject to redemption as provided in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 302. Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the series and maturities of the Bonds to be redeemed shall be selected by an Authorized Representative of the University. If less than all of a maturity of Bonds is to be redeemed, the Trustee shall select the Bonds to be redeemed by lot in such manner as the Trustee in its discretion may determine, each \$5,000 portion of principal amount being counted as one Bond for this purpose. If a portion of a Bond having a principal amount of more than \$5,000 shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

If the University exercises any option to prepay the Notes under Article VII of the Loan Agreement or requests any redemption of Bonds permitted under this Indenture and sufficient amounts are in the funds created in this Indenture, the Trustee shall, in the name of the Authority, redeem Bonds as then permitted or required at the earliest practicable date permitted under this Indenture.

Section 303. Notice of Redemption. (a) If less than all Bonds of a series are to be redeemed, and subject to subsection (b) of this Section, the Bonds to be redeemed shall be identified by reference to the series designation, date of issue, serial numbers and maturity date. Each notice of redemption shall specify: (1) the date fixed for redemption, (2) the principal amount of Bonds or portions thereof to be redeemed, (3) the applicable redemption price, (4) the place or places of payment, including the address and a contact person and telephone number, upon presentation and surrender of the Bonds, (5) that payment of the principal amount and premium, if any, will be made upon presentation and surrender of the Bonds to be redeemed, unless provided otherwise in an applicable Supplemental Indenture, (6) that interest accrued to the date fixed for redemption will be paid as specified in such notice, (7) that on and after such date interest on Bonds which have been redeemed will cease to accrue, (8) the certificate and CUSIP numbers of the Bonds to be redeemed and if less than the face amount of any such Bond is to be redeemed, the principal amount to be redeemed, (9) the issuance and maturity dates and interest rates of the Bonds to be redeemed, and (10) any conditions to the redemption of the Bonds as may be described in the notice of redemption, which conditions and conditional notices are hereby specifically authorized. Notice of redemption of any Bonds shall be mailed at the times and in the manner set forth in subsection (b) of this Section.

(b) Except as provided otherwise in an applicable Supplemental Indenture, any notice of redemption shall be sent by the Trustee not less than 30 nor more than 60 days prior to the date set for redemption (1) by first class, registered or certified mail to the holder of each such Bond to be redeemed in whole or in part at its address as it appears on the registration books maintained by the Trustee, (2) by registered, certified or overnight mail, or by telecopy, to all organizations registered with the Securities and Exchange Commission as securities depositories, and (3) to at least one information service of national recognition which disseminates redemption information with respect to tax-exempt securities. In preparing and delivering such notice, the Trustee shall take into account, to the extent applicable, the prevailing tax-exempt securities industry standards. Failure to give any notice specified in (1) of this subsection, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure or defect has occurred. Failure to give any notice specified in (2) or (3) of this subsection, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (1) of this subsection is given correctly.

(c) On or before the date fixed for redemption, funds shall be deposited with the Trustee to pay the principal of and premium, if any, and interest accrued thereon to the redemption date on the Bonds called for redemption. Upon the happening of the above conditions, the Bonds thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture.

ARTICLE IV

PROJECT FUND

Section 401. Creation of Project Fund. (a) There is created and established with the Trustee a trust fund to be designated the “Industrial Development Authority of the City of

Lexington, Virginia Project Fund: Washington and Lee University.” With respect to each series of Bonds issued under this Indenture, an account shall be created within the Project Fund, separate and apart from all other moneys in such Fund.

(b) There is hereby created and ordered established within the Project Fund created by Section 401(a), an account to be designated the “Project Fund Series 2018A Account.”

Section 402. Cost of Project. The “Cost of the Project” may include the following:

(a) The cost of labor, materials, machinery and equipment as payable to contractors, builders and materialmen in connection with the acquisition, construction and equipping of the Project, including the actual cost of lands, rights-of-way, easements and interests acquired or used for or in connection with the Project;

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

(c) Expenses necessary or incident to determining the feasibility or practicability of undertaking the Project, the fees and expenses of architects, engineers and management consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and expenses of architects and engineers for preparation of plans, drawings and specifications and for administration of the construction contract or contracts for the Project, as well as for the performance of all other duties of architects and engineers in relation to the acquisition, construction and equipping of the Project;

(d) Expenses of administration, supervision and inspection properly chargeable to the Project, costs of development of the Project, legal expenses and fees of the Authority in connection with the acquisition, construction or equipping of the Project, cost of abstracts and reports on titles to real estate, owners title insurance premiums, cost of managing investments of moneys deposited in the funds created under this Indenture and all other items of expense, including those of the Authority, incident to the acquisition, construction, modification, equipping and placing of such Project in operation;

(e) Interest on the Bonds during and for a period not exceeding one year after completion of the Project; and

(f) Any other cost relating to the Project that is set forth in Section 15.2-4902 of the Act (other than costs of issuance for the Bonds); and

(g) Reimbursement to the University for any costs described above paid by it, whether before or after the execution of this Indenture; provided, however, reimbursement for any expenditures made prior to the execution of this Indenture shall only be permitted for expenditures meeting the requirements of applicable Treasury Regulations, including but not limited to Treasury Regulations Section 1.150-2 or any successor Treasury Regulations provided that no reimbursement proceeds shall be used for excluded purposes under Treasury Regulations Section 1.150-2.

Section 403. Issuance Expenses. With respect to each series of Bonds issued under this Indenture, an Issuance Expense Subaccount shall be created within the related Project Fund Account, separate and apart from all other moneys in such Account. Moneys in each Issuance Expense Subaccount shall be used by the Trustee for the payment of Issuance Expenses for the related Bonds, but only to the extent of the amount deposited in such Issuance Expense Subaccount; provided, however, that any amounts remaining on deposit in the related Issuance Expense Subaccount after 180 days from the issuance of the related Bonds shall be transferred to the related Series Project Fund Account or to the related Series account in the Bond Fund, as directed by an Authorized Representative of the University.

There is hereby created the Issuance Expense 2018A Subaccount. All earnings on amounts in the Issuance Expense 2018A Subaccount and any amount remaining therein one hundred and eighty (180) days following the issuance of the Series 2018A Bonds shall be transferred to the Project Fund Account to be applied to costs of the Series 2018A New Money Project.

“**Issuance Expenses**” with respect to each series of Bonds may include, without limitation, the following:

(a) Legal fees and expenses incurred in connection with the issuance and sale of such series of Bonds, including fees and expenses of Bond Counsel, counsel to the bond underwriter, counsel to the University, counsel to the Trustee and counsel to the Authority;

(b) Financial advisor, verification agent, underwriting fees or placement fees incurred in connection with the issuance and sale of such series of Bonds;

(c) Expenses incurred in connection with obtaining a rating for such series of Bonds, including any travel expenses and fees or premiums in connection with obtaining any credit enhancement;

(d) Trustee fees incurred in connection with the issuance and sale of such series of Bonds;

(e) Accounting and any verification agent fees incurred in connection with the issuance and sale of such series of Bonds;

(f) Printing costs, including expenses incurred in connection with printing such series of Bonds, the preliminary and final official statements or other offering documents with respect to such series of Bonds; and

(g) All other costs incurred by the Authority, the Trustee or the University in connection with the issuance of such series of Bonds that would constitute “issuance costs” for purposes of Section 147(g) of the Code.

Section 404. Payments from Project Fund. The Trustee shall use moneys in each Project Fund Account solely to pay the Cost of the Project and shall pay Issuance Expenses only with amounts in the Issuance Expenses Subaccount. Before any payment shall be made from any Project Fund Account, there shall be filed with the Trustee:

(a) A requisition, substantially in the form of Exhibit B to this Indenture, signed by an Authorized Representative of the University, stating:

- (1) the name of the person, firm or corporation to whom the payment is due;
- (2) the amount to be paid; and
- (3) the purpose in reasonable detail for which the obligation to be paid was incurred.

(b) Except for purposes of a requisition from an Issuance Expenses Subaccount, a certificate attached to the requisition, signed by an Authorized Representative of the University, stating that:

(1) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released or discharged or will be released or discharged upon payment of the requisition;

(2) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(3) such requisition contains no amount representing any “Issuance Expenses” (as defined in Section 403 hereof) or constituting an issuance cost under Section 147(g) of the Code; provided, however, that such costs may be included if the requisition is accompanied by an Opinion of Bond Counsel that the payment of the amount in the requisition will not adversely affect the exemption of interest on the related series of Bonds for federal income tax purposes;

(4) the payment of such requisition, together with the payment of all prior requisitions, will not result in more than 5% of the proceeds of the Bonds being used directly or indirectly in any trade or business carried on by any person who is not a “501(c)(3) organization” or a “governmental unit” within the meaning of Section 145 of the Code or in any unrelated trade or business of a 501(c)(3) organization;

(5) the obligation stated on the requisition has been incurred in or about the acquisition, construction or equipping of the Project, each item is a proper charge against the Project Fund, the obligation has not been the basis for a prior requisition that has been paid; and

(6) as of the date of such certificate no event or condition has happened or existed or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Loan Agreement, or, if such an event or condition has happened or existed, or is happening or exists, the specific nature

and date of the occurrence of such event or condition and describing the action the University has taken, is taking or proposes to take with respect thereto.

(c) An invoice or other appropriate evidence of the obligation described in the requisition required by subsection (a) above.

Upon receipt of each such requisition and accompanying certificate the Trustee shall within two business days make payment from the Project Fund in accordance with such requisition; provided, however, that if such certificate states any Event of Default exists under the Loan Agreement, the Trustee shall not be required to make such payment absent written direction from the holders of a majority in aggregate principal amount of Bonds then Outstanding. All such payments shall be made by check or draft payable either (i) directly to the person, firm or corporation to be paid, (ii) to both the University and such person, firm or corporation, or (iii) upon receipt of evidence that the University has previously paid such amount, to the University.

Separate requisitions, with accompanying certificates and invoices, shall be submitted for payment of Issuance Expenses.

Section 405. Disposition of Balance in Project Fund. (a) When the Project shall have been completed and the Trustee shall have received a certificate of an Authorized Representative of the University in compliance with subsection (b) of this Section, any moneys remaining in the related Project Fund Account, in excess of the amount to be reserved for payment of unpaid items of the Cost of such Project, shall, at the direction of an Authorized Representative of the University, either (i) be deposited in the Bond Fund and used to pay principal of the related Bonds at the earliest practicable date or (ii) be applied to the Cost of any other Project; provided, however, that the University has provided the Trustee with an Opinion of Bond Counsel that such use will not affect adversely the exclusion of interest on the related Bonds from gross income for federal income tax purposes.

(b) The certificate required pursuant to subsection (a) of this Section shall include the following information: (1) the date of completion of such Project, (2) what items of the Cost of such Project, if any, have not been paid and for the payment of which moneys should be reserved in the related Project Fund Account, (3) a statement that such Project has been completed substantially in compliance with Section 3.3 of the Loan Agreement and in compliance with all laws, ordinances, building codes, rules, regulations or agreements applicable thereto, and (4) a statement that all certificates of occupancy or other permits necessary for the use of such Project as contemplated by the Loan Agreement have been issued or obtained.

ARTICLE V

REVENUES AND FUNDS

Section 501. Creation of Bond Fund. There is hereby created and ordered established with the Trustee a trust fund to be designated the “Industrial Development Authority of the City of Lexington, Virginia Bond Fund: Washington and Lee University.” Any amount received by the Authority as accrued interest on the Series 2018A Bonds from their date to the date of their

delivery shall be deposited in the Bond Fund as provided in Section 204. There also shall be deposited in the Bond Fund, as and when received, (a) all payments on the Notes and (b) all other moneys with respect to the Bonds received by the Trustee under and pursuant to any of the provisions of the Loan Agreement or this Indenture that are required to be paid in the Bond Fund. So long as any of the Bonds are Outstanding, the Authority shall deposit, or cause to be deposited, promptly in the Bond Fund sufficient moneys from receipts derived by it from the Loan Agreement and the Notes to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable. Nothing in this Indenture shall be construed as requiring the Authority to use any funds or receipts from any source other than funds and receipts derived from the Loan Agreement and the Notes for such purpose.

At the direction of the University, the Trustee shall create accounts within the Bond Fund and shall deposit amounts transferred in such Fund in accounts therein as instructed by the University, including but not limited to an account in which Restricted Pledges shall be deposited. Restricted Pledges shall be applied as directed by the University to pay debt service on the particular series of Bonds issued for the Project to which such Restricted Pledges relate. To the extent that such Restricted Pledges, together with all other amounts on deposit in the Bond Fund when such amounts are received by the Trustee, exceed the amount of debt service charges on the related series of Bonds due or expected to be paid in the 13 months immediately succeeding receipt by the University of such Restricted Pledges, such excess Restricted Pledges shall be invested as directed by the University but in any event (i) at a “yield” not in excess of the “yield” on the Bonds, computed in accordance with Section 148 of the Code, or (ii) in investments described in Section 103(a) of the Code other than specified private activity bonds, as defined in Section 57(a)(5)(C) of the Code, unless the Trustee has received an Opinion of Bond Counsel allowing other investments of such Restricted Pledges to be made without affecting adversely the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

Section 502. Use of Moneys in Bond Fund. Moneys in the Bond Fund shall be used solely for the payment of the interest on the Bonds and for the payment of the principal of and premium, if any, on the Bonds, whether at maturity, by acceleration, call for redemption or otherwise.

The Trustee shall provide for sinking fund redemption of Bonds in accordance with Sections [301(c) and] 303 or the applicable section of a Supplemental Indenture authorizing the issuance of Additional Bonds; provided, however, that on or before the 70th day next preceding any such sinking fund payment date the Authority, or the University on behalf of the Authority, may:

(a) pay to the Trustee for deposit in the Bond Fund, as an advance payment on the Notes, such amount as the University may determine, accompanied by a certificate signed by an Authorized Representative of the University directing the Trustee to apply amounts on deposit in the Bond Fund to the purchase of Bonds required to be redeemed on such sinking fund payment date, and the Trustee shall thereupon use all reasonable efforts to expend such amount as nearly as may be practicable in the purchase of such Bonds at a price not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date; or

(b) deliver to the Trustee for cancellation Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(c) instruct the Trustee to apply a credit against the Authority's sinking fund redemption obligation for any such Bonds that previously have been redeemed (other than through the operation of the sinking fund) and canceled by the Trustee but not theretofore applied as a credit against any sinking fund redemption obligation.

Upon the occurrence of any of the events described in subsection (a), (b) or (c) of this Section, the Trustee shall credit against the Authority's sinking fund redemption obligation on the next sinking fund payment date the amount of such Bonds so purchased, delivered or previously redeemed. Any principal amount of such Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date shall similarly reduce the principal amount of the Bonds to be redeemed on the next sinking fund payment date. On the date notice of such sinking fund redemption is given pursuant to Section 303 or any applicable section of a Supplemental Indenture authorizing the issuance of Additional Bonds, any amounts remaining in the Bond Fund in excess of the amount required to fulfill the remaining required sinking fund redemption obligation on such sinking fund payment date shall be used to redeem Bonds at the earliest date permitted pursuant to Section 301, and if such date shall be more than 13 months after the date of deposit of such amounts, such amounts shall be invested only in accordance with the advice of Bond Counsel.

Section 503. Non-Presentment of Bonds. (a) If any Bond is not presented for payment when the principal thereof becomes due (whether at maturity, upon acceleration, call for redemption or otherwise), all liability of the Authority to the holder thereof for the payment of such Bond shall be completely discharged if funds sufficient to pay such Bond and the interest due thereon shall be held by the Trustee for the benefit of such holder. It shall thereafter be the duty of the Trustee to hold such funds subject to subsection (b) below, without liability for interest thereon, for the benefit of such holder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond.

(b) Notwithstanding any provision of this Indenture to the contrary, amounts held by the Trustee for the payment of principal of and premium, if any, or interest on any Bonds left unclaimed for five years after the date for final payment of such Bonds (whether at maturity, acceleration, call for redemption or otherwise) shall be disposed of by the Trustee in accordance with Virginia Code Section 55-210.12 or any successor provision of law. Holders of such Bonds shall thereafter be entitled to look only to their remedies under Chapter 11.1, Title 55, of the Virginia Code or successor provision, and all liability of the Authority and the Trustee with respect to such amounts shall cease.

Section 504. Trustee's and Authority's Fees, Costs and Expenses. All reasonable fees and expenses of the Trustee and reasonable costs and expenses of the Authority directly related to the financing of the Project are, to the extent not paid from the Issuance Expense Account, to be paid by the University under Section 4.1(b) of the Loan Agreement.

Section 505. Moneys to be held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture shall be held by the Trustee in trust and, except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the trust estate and be subject to the lien of this Indenture.

Section 506. Disposition of Balance in Bond Fund. After payment in full of the Bonds or provision for payment thereof pursuant to Section 901, and after payment of the fees and expenses of the Trustee and other amounts required to be paid under this Indenture and the costs, fees, and expenses of the Authority and any other amounts required to be paid by the University under the Notes, or the Loan Agreement, including amounts to be paid pursuant to Section 4.6 of the Loan Agreement, all amounts remaining in the Bond Fund in excess of the amounts used as described in Section 901 shall be paid to the University.

Section 507. Accounts within Funds. The Trustee shall, at the direction of the University, create accounts within any fund established by this Indenture and shall deposit amounts transferred to such fund in accounts therein as directed by an Authorized Representative of the University. In making transfers from any such fund, the Trustee shall draw on accounts therein as directed by an Authorized Representative of the University so long as required transfers can be made consistent with such directions. Notwithstanding the name of such accounts, all accounts shall be pledged equally and ratably to the Bonds.

ARTICLE VI

GENERAL COVENANTS AND PROVISIONS

Section 601. Payment of Bonds. The Authority shall promptly pay when due, or cause to be paid, the principal of, whether at maturity, by acceleration, call for redemption or otherwise, and premium, if any, and interest on the Bonds, to the Trustee for payment to the registered owners of the Bonds on the dates and in the manner provided in this Indenture and in the Bonds; provided, however, that such obligations are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from and under the Loan Agreement and the Notes, which receipts are hereby pledged and assigned specifically to such purposes in the manner and to the extent provided in this Indenture. The Bonds, the premium, if any, and interest thereon shall not be a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the City of Lexington. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City of Lexington, shall be liable on the Bonds or obligated to pay the principal of or the premium, if any, or the interest thereon 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 and the City of Lexington, is pledged to the payment of the principal of or the premium, if any, or the interest on the Bonds or other costs incident thereto.

Section 602. Covenants and Representations of Authority. The Authority shall observe and perform all covenants, conditions and agreements on its part contained in this Indenture, in every Bond executed, authenticated and delivered under this Indenture and in all

proceedings of its board of directors pertaining thereto; provided, however, that the liability of the Authority under any such covenant, condition or agreement for any breach or default by the Authority thereof or thereunder shall be limited solely to the revenues and receipts derived from and under the Loan Agreement and the Notes. The Authority represents that it is duly authorized under the Constitution and laws of the Commonwealth of Virginia, including particularly and without limitation the Act, to issue the Bonds and to execute this Indenture, to assign the Loan Agreement and the Notes, and to pledge the revenues and receipts in the manner and to the extent set forth in this Indenture; that all action on its part with respect to the issuance of the Bonds and the execution and delivery of this Indenture duly and effectively has been taken; and that the Bonds in the possession of the owners thereof are and will be valid and enforceable limited obligations of the Authority according to the terms thereof except as limited by bankruptcy laws and other laws affecting creditors' rights generally and by usual equity principles.

Section 603. Further Assurances. The Authority shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental to this Indenture and such further acts, instruments and transfers as the Trustee may reasonably require to better assure, transfer, convey, pledge and assign to the Trustee all the rights assigned hereby and the revenues and receipts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Authority shall cooperate with the Trustee and the holders in protecting the rights and security of the holders.

Section 604. Inspection of Books. All books and accounts in the possession of the Authority relating to the Loan Agreement, the Notes, the revenues and receipts derived therefrom and the security therefor, or the University and any and all transactions contemplated by this Indenture shall during normal business hours upon reasonable notice be open to inspection by the Trustee, the University, the holders of 25% in aggregate principal amount of Bonds then Outstanding and their respective accountants and agents as the foregoing parties may from time to time designate.

Section 605. Rights under Loan Agreement and Notes. The Authority grants to the Trustee the right to enforce, in its name or in the name of the Authority, for and on behalf of the Bondholders, regardless of whether the Authority is in default under this Indenture, all rights of the Authority and all obligations of the University under and pursuant to the Loan Agreement and the Notes except for rights of the Authority not assigned to the Trustee.

Section 606. Prohibited Activities. Neither the Trustee nor the Authority knowingly shall engage in any activities or take any action that might result in (a) the income of the Authority under the Notes becoming taxable to it, (b) any Bond becoming an "arbitrage bond" within the meaning of Section 148 of the Code, or (c) any interest on any Bond becoming included in the gross income of the recipients thereof under the Code. The Authority shall, upon prompt notice to the University and at its expense, take or cause to be taken all lawful action in its control required of it to ensure that the interest on the Bonds is not included in gross income for federal income tax purposes and not included in alternative minimum taxable income of individuals.

Section 607. Reports by Trustee. The Trustee shall make annual reports to the Authority (but only as and if requested) and the University of all moneys received and expended by it.

ARTICLE VII

ARBITRAGE REBATE

Section 701. Arbitrage Rebate. Upon request by the Authority or the University, the Trustee shall, at the expense of the University, provide the requesting party within fifteen Business Days such reports and information with respect to investments and earnings thereon of any amounts held under this Indenture as may be reasonably requested to comply with any rebate requirements pursuant to Section 148 of the Code and with Section 4.6 of the Loan Agreement.

ARTICLE VIII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 801. Investment of Funds. Money held for the credit of funds and accounts created under this Indenture shall be continuously invested and reinvested by the Trustee, as directed in writing or orally and promptly confirmed in writing by the Authorized Representative of the University, in Investment Obligations to the extent practicable. No sale or disposition of any obligation in which funds are held under this Indenture shall be required prior to the maturity or repurchase date thereof because (a) such obligation has ceased to be an Investment Obligation due to failure of such obligation or the obligor thereunder to continue to be rated by S&P or Moody's in the investment grade required in the definition of "Investment Obligation," or (b) after the acquisition thereof such obligation has been rated by S&P or Moody's in a lower investment grade than required in the definition of "Investment Obligations." Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended.

Moneys held in the following Funds shall be invested in obligations described in this Section of the following maturities:

- (1) Project Fund - not later than the dates on which such moneys will be needed to pay Costs of the Project or Issuance Expenses; and
- (2) Bond Fund - not later than the dates on which such moneys will be needed to pay principal of and premium, if any, or interest on Bonds.

No Investment Obligations in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Obligations are deposited. For the purposes of this section, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligation or other obligation.

The Authorized Representative of the University may, at any time, give to the Trustee directions in writing or orally and promptly confirmed in writing respecting the investment of

any money required to be invested under this Indenture, subject, however, to the provisions of this Article, and the Trustee shall then invest such money under this Section as so directed by the Authorized Representative of the University. The Trustee may request, in writing, direction or authorization of the Authorized Representative of the University with respect to the proposed investment of money under the provisions of this Indenture pursuant to Section 5.12 of the Loan Agreement and, upon receipt of such directions, the Trustee shall, subject to the provisions of this Article, invest such money in accordance with such directions.

Investment Obligations acquired with money and credited to any fund or account established under this Indenture shall be held by or under the control of the Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held and, except as otherwise provided in Articles IV or V of this Indenture, the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account. The Trustee shall sell or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of money between two or more of the funds or accounts established pursuant to Articles IV or V of this Indenture is permitted or required, such payment or transfer may be made in whole or in part by the transfer of one or more Investment Obligations at a value determined in accordance with this Article VIII, provided that the Investment Obligations transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer.

Section 802. Valuation. For the purpose of determining the amount on deposit in any fund or account Investment Obligations shall be valued (a) at face value if such Investment Obligations mature within six months from the date of valuation thereof, and (b) if such Investment Obligations mature more than six months after the date of valuation thereof, at the price at which such Investment Obligations are redeemable by the holder at his option if so redeemable, or, if not so redeemable, at the market value of such obligations.

The Trustee shall value the Investment Obligations in the funds and accounts established under this Indenture at any time requested by an Authorized Representative of the University on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee), provided, however, that the Trustee shall not be required to value the Investment Obligations more than once in any calendar quarter.

Section 803. Security for Deposits. All moneys in the funds created by this Indenture which are on deposit with any bank or trust company in Virginia shall be continuously secured in the manner required by the Virginia Security for Public Deposits Act, Chapter 44, Title 2.2 of the Virginia Code or any successor provision of law.

Section 804. Investments through Trustee's Bond Department. The Trustee may make investments permitted by Section 801 through its own bond department or the bond department of any affiliated entity.

ARTICLE IX

DISCHARGE OF INDENTURE

Section 901. Discharge of Indenture; Payment of Bonds. (a) If (1) all Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Indenture or have been duly called for redemption or irrevocable instructions to call the Bonds or pay them at maturity have been given by the Authority to the Trustee, (2) the Trustee holds cash or Defeasance Obligations registered in the name of the Trustee the interest on which and principal at maturity will be sufficient, as verified by an independent certified public accountant or other consultant reasonably acceptable to the Trustee, (A) to redeem in accordance with the relevant section of this Indenture and in any Supplemental Indenture all Bonds that have been called for redemption on the date set for such redemption, (B) to pay at maturity all Bonds not irrevocably called for redemption, and (C) to pay interest accruing on all Bonds prior to their redemption or payment at maturity, and (3) arrangements, satisfactory to the Trustee, have been made to pay to the Trustee its reasonable fees and expenses and any other fees and expenses for which the University is responsible under the Loan Agreement, including any payments to the United States of America required by this Indenture or any Supplemental Indenture and the costs and expenses of canceling and discharging this Indenture, then except as hereinafter provided, this Indenture shall cease to be of further effect and the Trustee shall on demand and at the expense of the University execute and deliver to the Authority such instruments in writing acknowledging the satisfaction of this Indenture and as shall be requisite to cancel any liens securing this Indenture, and assign and deliver any property at the time subject to this Indenture that may then be in its possession, except (i) amounts in funds created by this Indenture required to be paid to the University under Section 506 and (ii) funds or securities in which such funds are invested that are held by the Trustee for the payment of the Bonds and other fees and expenses described in clause (3) above.

(b) Notwithstanding the cancellation and discharge of this Indenture and the lien thereof as provided in this Article, (1) the Trustee shall nevertheless retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided in this Indenture and (2) upon proceeding under bankruptcy laws, or otherwise as described in Section 6.1(c), (d) or (e) of the Loan Agreement the trust created under this Indenture shall be reactivated and the Trustee shall have an obligation to enforce and receive the payments required to be provided by the Loan Agreement, all in accordance with and subject to the provisions of this Indenture, including Sections 1101(k) and 1102, except only those provisions pertaining to the liens granted by the granting clause of this Indenture.

(c) Bonds for the payment or redemption of which cash or Defeasance Obligations, the principal of and premium, if any, and interest on which will be sufficient therefor, as determined by the Trustee in reliance on a report of an independent certified public accountant or other consultant reasonably acceptable to the Trustee, shall have been deposited with the Trustee (whether upon or prior to the date of their maturity or their redemption date) shall be deemed to be paid and no longer Outstanding; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 1001. Events of Default. Each of the following shall be an Event of Default:

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of any Bond (whether at maturity, by acceleration, call for redemption or otherwise);
- (c) Subject to the provisions of Section 1011, default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under this Indenture or the Bonds; or
- (d) An “Event of Default” under the Loan Agreement.

Section 1002. Acceleration. Upon the occurrence and continuation of an Event of Default the Trustee may and, if requested by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding, shall, by notice to the Authority, declare the entire unpaid principal of and premium, if any, and interest on Bonds due and payable and, thereupon, the entire unpaid principal of and premium, if any, and interest on the Bonds shall forthwith become due and payable. Upon any declaration set forth in this Section the Authority will forthwith pay or cause to be paid to the holders of Bonds the entire unpaid principal of and accrued interest on such Bonds, but only from the payments, receipts and proceeds specifically pledged in this Indenture for such purpose.

Section 1003. Other Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default the Trustee may, but shall be under no obligation to, proceed to protect and enforce its rights and the rights of the Bondholders by mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any agreement contained in this Indenture.

Upon the occurrence and continuation of an Event of Default, if requested to do so by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding and if arrangements satisfactory to it have been made for the payment or reimbursement of expenses as provided in Section 1101(k), the Trustee shall exercise such one or more of the rights and powers conferred by this Article as shall have been so requested of the Trustee.

No remedy conferred by this Indenture upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders under this Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such

default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under this Indenture, whether by the Trustee pursuant to Section 1010 or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 1004. Right of Bondholders To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 1005. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the expenses, liabilities and advances incurred or made by the Trustee and its fees and expenses and the expenses of the Authority in carrying out this Indenture, the Loan Agreement and the Note, be deposited in the Bond Fund and applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First--To the payment to the persons or entities entitled thereto of all installments of interest then due on the Bonds, including to the extent permitted by law interest on overdue installments of interest, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons or entities entitled thereto, without any discrimination or preference except as to any difference in respective rates of interest specified in the Bonds; and

Second--To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds at the respective rates specified therein from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal and premium, if any, ratably, according to the amount of such principal and premium, if any, due on such date, to the persons or entities entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons or entities entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then subject to the provision of subsection (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 1006. Remedies Vested in Trustee. All rights of action (including without limitation the right to file proof of claims, which right is hereby expressly granted) under this Indenture, the Loan Agreement, the Notes or any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding or proof of claim instituted or filed by the Trustee shall be brought or filed in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondholders, and any recovery of judgment shall be for the equal benefit of the owners of the Outstanding Bonds, subject to the provisions of Section 1005.

Section 1007. Limitations on Suits. Except to enforce the rights given under Sections 1002 and 1008, no holder of any Bond shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy under this Indenture, unless (a) a default has occurred and is continuing of which the Trustee has been notified as provided in Section 1101(h) or of which by such Section it is deemed to have notice, (b) such default has become an Event of Default and the holders of at least 25% in aggregate principal amount of Bonds then Outstanding have made request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) they have offered to make arrangements for the payment or reimbursement of expenses as provided in Section 1101(k), (d) the Trustee has for 30 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names, (e) no direction inconsistent with such written request has been given to the Trustee during such 30 day period by the holders of a majority in aggregate principal amount of Bonds then Outstanding, and (f) notice of such action, suit or proceeding is given to

the Trustee; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right under this Indenture except in the manner provided in this Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in this Indenture and for the equal benefit of the holders of all Bonds. The notification, request and offer of arrangements for the payment or reimbursement of expenses set forth above, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy under this Indenture.

Section 1008. Unconditional Right To Receive Principal and Premium, if any, and Interest. Nothing in this Indenture shall, however, affect or impair the right of any Bondholder to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or (subject to Section 1002) upon the same being declared due prior to maturity as provided in this Indenture, or the obligation of the Authority to pay the principal of and premium, if any, and interest on each Bond issued under this Indenture to the respective holders thereof at the time, place, from the source and in the manner expressed in this Indenture and in the Bonds.

Section 1009. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Authority and the Trustee shall be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1010. Waivers of Events of Default. The Trustee may, based solely on an Opinion of Counsel, waive any Event of Default under this Indenture and its consequences and rescind any declaration of acceleration of principal of and interest on the Bonds, and shall do so upon the written request of the holders of (a) a majority in aggregate principal amount of the Bonds in respect to which default in the payment of principal and/or premium, if any, and/or interest exists, or (b) a majority in aggregate principal amount of Bonds then Outstanding in the case of any other default; provided, however, that

(1) there shall not be waived without the consent of the holders of all Bonds then Outstanding (A) any default in the payment when due of the principal of Bonds, or (B) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission,

(i) there shall have been paid or provided for all arrears of interest, all arrears of principal and premium, if any, and all expenses of the Trustee in connection with such default, and

(ii) in case of any such waiver or rescission or in case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Trustee on account of any such default, the Authority, the Trustee and the

Bondholders shall be restored to their former positions and rights under this Indenture respectively, and

(2) no declaration of maturity under Section 1102 made at the request of the holders of at least 25% in aggregate principal amount of Bonds then Outstanding shall be rescinded unless requested by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding.

No such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Section 1011. Notice of Defaults; Opportunity to Cure Defaults. The Trustee shall notify the Authority as promptly as practicable of the occurrence of any default specified in Section 1001(a) or (b). Anything in this Indenture to the contrary notwithstanding, no default specified in Section 1001(c) on the part of the Authority shall constitute an Event of Default until (a) notice of such default shall be given (1) by the Trustee to the Authority and the University or (2) by the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding to the Trustee, the Authority and the University, and (b) the Authority and the University shall have had 60 days after such notice to correct such default or cause such default to be corrected, and shall not have corrected such default or caused such default to be corrected within such period; provided, however, if any default specified in Section 1001(c) shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the University within such period and diligently pursued until such default is corrected.

With regard to any alleged default concerning which notice is given to the University under this section, the University may perform any covenant, condition or agreement, the nonperformance of which is alleged in such notice to constitute a default, in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

ARTICLE XI

THE TRUSTEE

Section 1101. Acceptance of Trusts. The Trustee hereby accepts the trusts and obligations imposed upon it by the Indenture, the Loan Agreement and the Notes, and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the Loan Agreement and as a corporate trustee ordinarily would perform such duties under a corporate indenture. Upon the occurrence and continuation of an Event of Default (which has not been waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and

skill in its exercise as a corporate trustee under a corporate indenture ordinarily would exercise or use in the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers of this Indenture and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust of this Indenture and the duties under this Indenture, and may in all cases be reimbursed under this Indenture for reasonable compensation paid to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust of this Indenture. The protection provided to the Trustee under this Indenture shall extend to its directors, officers, agents and employees. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith and in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital in this Indenture or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the validity of the execution by the Authority of this Indenture or of any supplements to this Indenture or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under this Indenture or intended to be secured by this Indenture, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority or on the part of the University, except as hereinafter set forth. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment made by it in accordance with Article VIII.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered under this Indenture. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action that any Bondholder may be entitled to take with like effect as if such bank or trust company were not, or such director(s), officer(s), employee(s) or agent(s) were not affiliated with, the Trustee. To the extent permitted by law, such bank or trust company also may receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, requisition, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed (i) by an Authorized Representative of the Authority or such other person or persons as may be designated for such purposes by resolution of the Authority, or (ii) by an Authorized Representative of the University or by such other person or persons as may be designated for

such purposes by resolution of the University's Board of Trustees, as sufficient evidence of the facts therein contained. Prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by such subsection it is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary or Assistant Secretary of the Authority or the University under its respective seal to the effect that a resolution in the form therein set forth or attached to the certificate has been adopted by the Board of Directors of the Authority or the Board of Trustees of the University, as the case may be, as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default under this Indenture, except failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Section 206, the occurrence of an Event of Default under Section 1001(a) or (b), failure by the University to make any payments under the Notes or failure by the Authority or the University to file with the Trustee any document required by this Indenture or the Loan Agreement to be so filed, unless the Trustee shall be notified, in writing, of such default by the Authority or by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of such trusts and powers or otherwise in respect of its rights and obligations under this Indenture.

(j) Notwithstanding anything elsewhere contained in this Indenture, the Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Trustee in respect of the authentication of any Bonds, the withdrawal of any moneys or any action whatsoever within the purview of this Indenture, such showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms of this Indenture, as it may deem necessary or appropriate, in reliance on such advice or Opinion(s) of Counsel as it may determine to be prudent.

(k) Before taking any action under this Indenture the Trustee may require that satisfactory indemnity be furnished to it for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken, except liability that results from its negligence or willful default. No provision of this Indenture requires the Trustee to expend its own funds or otherwise incur any financial liability in the performance of any of its duties under this Indenture, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(l) All moneys received by the Trustee shall, until used or applied or invested as provided in this Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received under this Indenture except such as may be agreed upon.

(m) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising or caused, directly or indirectly by circumstances beyond its reasonable control including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under any such circumstances.

(n) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture, the Loan Agreement or any other document reasonably related to the Bonds, sent by the Authority or the University by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Authority and the University, respectively, shall provide the Trustee with an incumbency certificate listing Authorized Representatives of the Authority or Authorized Representatives of the University, respectively, with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from such listing. If the Authority or the University elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance on and compliance with such instructions, notwithstanding that such instructions may conflict with or be inconsistent with a subsequent written instruction. The Authority and the University each agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and potential misuse of such communications by third parties.

Section 1102. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for such fees, charges and expenses as specifically may be agreed upon with the University and, absent such agreement, for reasonable fees for services rendered under this Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services rendered under this Indenture. Upon an Event of Default, Trustee shall have a first lien, with right of payment prior to payment on account of principal of or premium, if any, or interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by Trustee. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default under this Indenture caused by the occurrence of an "Event of Default" specified in Section 6.1(d), (e) or (f) of the Loan Agreement, the expenses and the compensation for the services are intended to constitute

expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 1103. Notice Required of Trustee. If the University shall fail to make any payment under any Note on the day such payment is due and payable, the Trustee shall give notice thereof by telephone or telecopy to the University and to the Authority promptly after the Trustee becomes aware of any such failure. In the event of (a) failure by the Authority to cause any of the payments to be made to the Trustee as required by Section 206 or (b) notification to the Trustee by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding of any Event of Default under this Indenture, then the Trustee shall give notice thereof to each registered owner of Bonds.

Section 1104. Intervention by Trustee. In any judicial proceeding to which the Authority or the University is a party and that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, the Trustee may intervene on behalf of the Bondholders and, subject to Section 1101(k), shall do so if requested by the holders of at least 25% in aggregate principal amount of Bonds then Outstanding.

Section 1105. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and become successor Trustee under this Indenture and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to this Indenture, anything in this Indenture to the contrary notwithstanding.

Section 1106. Resignation of Trustee. The Trustee may at any time resign from the trusts hereby created by giving 60 days' notice to the Authority, the University and each owner of Bonds then Outstanding. Such resignation shall take effect upon the appointment of a successor or temporary Trustee by the Bondholders, the Authority or a court of competent jurisdiction.

Section 1107. Removal of Trustee. The Trustee may be removed at any time by (a) an instrument or concurrent instruments in writing delivered to the Trustee and to the Authority and signed by the holders of a majority in aggregate principal amount of Bonds then Outstanding, or (b) by the Authority at the direction of the University by notice in writing delivered to the Trustee sixty days before the removal date; provided, however, that the Authority shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists that with the giving of notice or the passage of time, or both, would be an Event of Default. The removed Trustee shall return to the University the amount of the Trustee's annual fee allocable to the portion of the then current year remaining after the removal date. Notwithstanding the foregoing, nothing contained in this Indenture shall relieve the University of its obligation to pay the Trustee's expenses incurred to the date of such removal.

Section 1108. Appointment of Successor Trustee; Temporary Trustee. In case the Trustee under this Indenture shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting under this Indenture, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed (a) by the Authority at the direction of the University if no Event of Default has occurred and is continuing or (b) by the holders of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by the Authority or such holders, as applicable; provided, however, that in case of such vacancy the Authority, by an instrument signed by its Chairman or Vice Chairman and attested by its Secretary or Assistant Secretary under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner provided above; and any such temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to this Section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (x) a trust company or bank within or without the Commonwealth of Virginia, in good standing and having a reported capital, surplus and undivided profits of not less than \$50,000,000, or (y) a subsidiary trust company under the Trust Subsidiary Act, Title 6.1, Article 3.1, of the Virginia Code, whose parent Virginia bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Virginia Code Section 6.1-32.7(a) or any successor provision of law, and whose capital, surplus and undivided profits, together with that of its parent Virginia bank or bank holding company, as the case may be, is not less than \$50,000,000.

Section 1109. Concerning any Successor Trustee. Every successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment under this Indenture, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Authority, or its successor, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor under this Indenture; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee under this Indenture to its successor. Should any instrument in writing from the Authority be reasonably required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 1110. Right of Trustee To Pay Taxes and Other Charges. In case any tax, assessment or governmental or other charge on any part of the University's facilities is not paid as required in this Indenture, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the holders under this Indenture arising in consequence of such failure. Any amount at any time so paid under this section, with interest thereon from the date of payment at the rate equal to 15% per year shall become additional indebtedness secured by this Indenture and such indebtedness shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues and receipts collected from the property conveyed in this Indenture, if not otherwise caused to be

paid, but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of 10% in aggregate principal amount of Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 1111. Trustee Protected in Relying on Resolutions, Etc. The resolutions, requisitions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property, the withdrawal of cash under this Indenture or the taking of any other action by the Trustee as provided under this Indenture.

Section 1112. Successor Trustee as Paying Agent, Registrar and Custodian of Funds. In the event of a change in the office of Trustee the predecessor Trustee that has resigned or been removed shall cease to be paying agent and registrar for the Bonds and custodian of the funds created under this Indenture, and the successor Trustee shall become such paying agent and custodian.

Section 1113. Removal and Resignation Not To Affect Fees. No resignation or removal of the Trustee shall affect the obligation of the University to pay the Trustee fees that have accrued prior to the effective date of such resignation or removal and reasonable expenses of transferring funds, records and other necessary items and information to the successor Trustee under this Indenture.

Section 1114. Patriot Act Requirements. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, the Trustee will require documentation from the Authority and each non-individual person such as a business entity, a charity, a trust, or other legal entity, including the University, verifying its formation as a legal entity. The Trustee may also request financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Authority agrees to provide its reasonable cooperation in such matters and to cause such other business entities, charities, trusts, or other legal entities to provide such reasonable cooperation if requested by the Trustee.

ARTICLE XII

SUPPLEMENTAL INDENTURES

Section 1201. Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(c) to subject to this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture in such manner as required (1) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities (Blue Sky) law, or (2) to prevent the Authority, the Trustee or the University from being subject to the Investment Company Act of 1940, as amended, or any similar federal statute hereafter in effect;

(e) to authorize the issuance of and to secure one or more series of Additional Bonds as provided in and upon compliance with Section 209 to provide for (1) the deposit and disbursement of the proceeds of such Additional Bonds to pay the expenses of the issuance of such Additional Bonds and to pay the cost of all or any part of the facilities to be financed by means of such Additional Bonds or to refund all or part of another series of Bonds, as the case may be, (2) the payment of the principal of and premium, if any, and interest on such Additional Bonds, and (3) such other changes necessary in connection with the issuance of such Additional Bonds as shall not, in the opinion of the Trustee which may be based solely on an Opinion of Counsel, prejudice in any material respect the rights of the holders of the Bonds then Outstanding; and

(f) to make any other change that, in the opinion of the Trustee based solely on an Opinion of Counsel, shall not prejudice in any material respect the rights of the holders of Bonds then Outstanding.

Section 1202. Supplemental Indentures Requiring Consent of Bondholders. Except for the Supplemental Indentures authorized by Section 1201 and subject to the terms and provisions contained in this Section, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental to this Indenture as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing in this Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, (b) a reduction in the principal amount of any Bond or the rate of interest thereon, (c) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bonds, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, without the consent and approval of the holders of all of Bonds then Outstanding.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon arrangements satisfactory to it to provide for payment or reimbursement of any expenses, cause notice of the proposed execution of such Supplemental Indenture to be sent by first class mail to the registered owner of each Bond at his address as it appears in the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by the Authority

following the giving of such notice, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have consented to the execution thereof as provided in this Indenture, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Indenture shall be deemed to be modified and amended in accordance therewith.

Anything contained in this Indenture to the contrary notwithstanding, the Authority, the University and the Trustee may enter into and execute any indenture supplemental to this Indenture upon receipt of the consent of the holders of all Bonds.

Bonds owned or held by or for the account of the Authority, the University or any person controlling, controlled by or under common control with either of them shall not be deemed Outstanding for the purpose of consent or any calculation of Bonds provided for in this Article. At the time of any such calculation the Authority shall furnish the Trustee a certificate of an officer of the Authority, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 1203. Consent of University and Opinion of Counsel Required. The Trustee shall not consent to any indenture supplemental to this Indenture pursuant to this Article unless (a) the University has consented to such amendment (provided no such consent shall be required after an Event of Default) and (b) there shall have been filed with the Trustee an Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms and that upon execution it will be a valid and binding obligation of the party or parties executing it and that such supplemental indenture will not affect adversely the exclusion from gross income of interest on the Bonds for federal income tax purposes, which Opinion of Counsel, to the extent appropriate, may rely on another Opinion of Counsel as to the valid and binding obligation of parties other than the Authority.

Section 1204. Amendment without Consent of Authority. In the event the Authority is unable to enter into any supplemental indenture permitted by this Article, the Trustee may, without action by the Authority, amend or supplement this Indenture in any manner otherwise permitted by this Article so long as such amendment or supplement does not adversely affect the rights of the Authority.

ARTICLE XIII

AMENDMENTS TO LOAN AGREEMENT AND NOTES

Section 1301. Amendments to Loan Agreement and Notes Not Requiring Consent of Bondholders. The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to any amendment, change or modification of the Loan Agreement or the Notes as may be required:

- (a) by the provisions of the Loan Agreement, the Notes or this Indenture;

- (b) to cure any ambiguity or formal defect or omission therein;
- (c) in connection with the issuance of one or more series of Additional Bonds pursuant to Section 209;
- (d) to make any change in Section 4.6 of the Loan Agreement; or
- (e) in connection with any other change therein that, in the opinion of the Trustee which may be based solely on an Opinion of Counsel, shall not prejudice in any material respect the rights of the holders of the Bonds then Outstanding.

Section 1302. Amendments to Loan Agreement and Notes Requiring Consent of Bondholders. Except for the amendments, changes or modifications to the Loan Agreement or the Notes authorized by Section 1301, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement or the Notes without the approval or consent of the holders of a majority in aggregate principal amount of Bonds then Outstanding; provided, however, that in no event shall the Authority or the Trustee consent to any amendment, change or modification that would diminish the obligation of the University to pay amounts sufficient to pay the principal of and interest on the Bonds without the consent and approval of the holders of all of the Bonds then Outstanding. The Trustee shall give notice of any proposed amendment, change or modification requiring the consent of Bondholders in the same manner as provided in Section 1202 with respect to supplemental indentures.

Section 1303. Opinion of Counsel Required. The Trustee shall not consent to any amendment, change or modification of the Loan Agreement or the Notes unless there shall have been filed with the Trustee an Opinion of Counsel stating that such amendment, change or modification is authorized or permitted by this Indenture and complies with its terms and that upon execution it will be a valid and binding obligation of the party or parties executing it and that such amendment, change or modification will not affect adversely the exclusion from gross income of interest on the Bonds for federal income tax purposes, which Opinion of Counsel, to the extent appropriate, may rely on another Opinion of Counsel as to the valid and binding obligation of parties other than the Authority.

Section 1304. Amendment to Arbitration Provisions. The provisions of Section 4.6 of the Loan Agreement shall be amended by the Authority and the Trustee at the request of the University, with or without action by the Authority, if the University shall furnish the parties to this Indenture an Opinion of Bond Counsel described in Section 4.6 of the Loan Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 1401. Consents, Etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument (collectively, a “Consent”) required by this Indenture to be executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be executed by such bondholders in person or by agent appointed in writing. Proof of the execution of a Consent or of the writing appointing any such agent shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to

any action taken under the Consent, if the fact and date of the execution by any person of any such writing is proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit or any witness to such execution.

For all purposes of this Indenture and of the proceedings for its enforcement, such person shall be deemed to continue to be the holder of such Bond until the Trustee shall have received notice in writing to the contrary.

Section 1402. Limitation of Rights. With the exception of rights in this Indenture expressly conferred, nothing express or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties to this Indenture and the holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and agreements of this Indenture; this Indenture and all of the covenants, conditions and agreements of this Indenture being intended to be and being for the sole and exclusive benefit of the parties to this Indenture and the holders of the Bonds as provided in this Indenture.

Section 1403. Limitation of Liability of Members, etc., of Authority. No covenant, agreement or obligation contained in this Indenture shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, representative or agent of the Authority in his individual capacity, and neither the directors of the Authority nor any officer thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, representative or agent of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Indenture or the Act, provided such director, officer, employee, representative or agent does not act in bad faith.

Section 1404. Notices. Unless otherwise provided in this Indenture, all demands, notices, approvals, consents, requests, opinions and other communication under this Indenture shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Authority, at 300 East Washington Street, Lexington, Virginia 24450, (b) if to the Trustee, at 1021 East Cary Street, Suite 1850, Richmond, Virginia 23219 (Attention: Corporate Trust Department), (c) if to the University, at 204 West Washington Street, Lexington, Virginia 24450 (Attention: Treasurer) or (d) if to the Underwriter, at [550 S. Tryon Street, Charlotte, North Carolina 28202] (Attention: _____). A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given under this Indenture by either the Authority or the Trustee to the other shall also be given to the University. The Authority, the Trustee, the University, and the Underwriter may, by notice given under this Indenture, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 1405. Information to Bondholders. In addition to any other information to be provided to Bondholders pursuant to this Indenture, the Trustee shall keep copies of all annual audited financial statements of the University received by it pursuant to Section 5.2 of the Loan

Agreement, and shall furnish to any Bondholder who requests the same in writing one copy of any such statements.

Section 1406. Successors and Assigns. This Indenture shall be binding upon, inure to the benefit of and be enforceable by, the parties and their respective successors and assigns.

Section 1407. Severability. If any provision of this Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision of this Indenture.

Section 1408. Applicable Law. This Indenture shall be governed by the applicable laws of the Commonwealth of Virginia without regard to its conflict of law rules.

Section 1409. Counterparts. This Indenture 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.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective corporate names as of the date first above written.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA**

By: _____
Chairman

[U.S. BANK NATIONAL ASSOCIATION,] as
Trustee

By: _____
Vice President

FORM OF SERIES 2018A BONDS

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

RA-____ \$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

INDUSTRIAL DEVELOPMENT AUTHORITY OF

THE CITY OF LEXINGTON, VIRGINIA

**Educational Facilities Revenue Bond
(Washington and Lee University), Series 2018A**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	January 1, 20__	_____, 2018	52976 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Authority”), for value received, hereby promises to pay, upon presentation and surrender hereof at the designated corporate trust office of [U.S. Bank National Association, in Richmond, Virginia,] as trustee, or its successor in trust (the “Trustee”), solely from the source and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay, solely from such source, interest hereon semiannually on each January 1 and July 1 at the annual rate (computed on the basis of a 360-day year of twelve 30-day months) stated above. Interest is payable (a) from _____, 2018, if this Bond is authenticated prior to _____, 2018, or (b) otherwise from the January 1 or July 1 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest hereon is in default, in which case this Bond shall bear interest from the date to which interest

has been paid). Interest is payable by check or draft mailed to the registered owner hereof at its address as it appears on the 15th day of the month preceding the applicable January 1 or July 1 on registration books kept by the Trustee; provided, however, that if the Bonds are registered in the name of a securities depository or its nominee or at the option of a registered owner of at least \$1,000,000 of Bonds, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner. Principal and premium, if any, and interest are payable in lawful money of the United States of America.

This Bond and the issue of which it is a part and the premium, if any, and the interest thereon are limited obligations of the Authority payable solely from the revenues and receipts derived from and under the Loan Agreement, as hereinafter defined, and the Note, as hereinafter defined, which revenues and receipts have been pledged and assigned to the Trustee to secure payment thereof. The Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City of Lexington, Virginia (the "City"). Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident thereto except from the revenues and moneys pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the City, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds or other costs incident thereto.

Notwithstanding any other provision hereof, this bond is subject to a book-entry system maintained by The Depository Trust Company ("DTC"), and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the Authority's Blanket Letter of Representations to DTC.

This Bond is one of an issue of \$_____ Industrial Development Authority of the City of Lexington, Virginia Educational Facilities Revenue Bonds (Washington and Lee University), Series 2018A (the "Bonds"), authorized and issued pursuant to the Industrial Development and Revenue Bond Act, Chapter 49 of Title 15.2 of the Code of Virginia of 1950, as amended, for the purpose of (a) refunding all or a portion of the Authority's \$15,000,000 Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (the "Series 2010 Bonds"), originally issued to (1) finance various capital improvements at the University, including certain (a) projects associated with the University's Energy Master Plan, (b) various capital projects from the University's Annual Capital Projects, ranging from small renovations to investments in technology to infrastructure improvements and replacements of furniture and fixtures, and (c) certain renovations and infrastructure improvements, including replacement of the artificial turf athletic field, modifications to DuPont Hall, development of a classroom at Early Fielding, replacement of air handling units at Lewis Hall, modifications to Northen Auditorium, and addressing space needs as the Colonnade is renovated and/or improving the visitor experience at the University, and (2) pay costs of issuance of the Series 2010 Bonds; (b) financing a portion of the costs of the Series 2018A New Money Project (as defined in the Indenture) on the University's campus in the City of Lexington, Virginia, and (c) financing costs of issuance through a loan of the proceeds of the Bonds to The Washington and Lee University, a Virginia non-stock corporation and educational institution (the "University"), pursuant to a Loan

Agreement dated as of _____ 1, 2018 (the “Loan Agreement”), between the Authority and the University.

The Bonds are issued under and are equally and ratably secured by an Indenture of Trust dated as of _____ 1, 2018 (the “Indenture”), between the Authority and the Trustee, which assigns and pledges to the Trustee as security for the Bonds the unsecured promissory note of the University in the principal amount of \$_____, dated as of _____, 2018 (the “Note”), issued and delivered pursuant to the Loan Agreement. Reference is hereby made to the Indenture and all supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Authority and the Trustee, the rights of the registered owners of the Bonds and the terms upon which the Bonds are issued and secured.

The Bonds may not be called for redemption by the Authority except as provided herein and in the Indenture.

Bonds are subject to redemption prior to maturity at the option of the Authority (as directed by an Authorized Representative of the University), in whole or in part (in any integral multiple of \$5,000) at any time on or after July 1, 20___, upon payment of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the date fixed for redemption.

[As a sinking fund, the Bond Trustee shall redeem the Bonds maturing on January 1, 20___, on January 1 in years and in principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
-------------	---------------

The Indenture provides for a credit against the sinking fund requirements of the Bonds to the extent the Bonds of such maturity previously have been purchased or redeemed (other than through the operation of the sinking fund) and cancelled or surrendered for cancellation and have not been applied previously as such a credit.]

If less than all the Bonds are called for redemption, the maturities of Bonds to be redeemed shall be selected by the University. If less than all the Bonds of a maturity are called for redemption, the Bonds to be redeemed shall be selected by lot in such manner as the Trustee in its discretion may determine, each portion of \$5,000 principal amount being counted as one Bond for such purpose.

If any of the Bonds or portions thereof are called for redemption, the Trustee shall send a notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, by registered or certified mail, not less than 30 nor more than 60 days prior to the redemption date, to the registered owner of each Bond to be redeemed, at his address as it appears on the registration books kept by the Trustee. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Bonds so called for redemption shall cease to bear

interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the terms of the Indenture. If a portion of this Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any event of default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before their stated maturity, together with interest accrued thereon. Modifications or alterations of the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds are issuable as registered Bonds in denominations of \$5,000 and multiples thereof. Upon surrender of this Bond at the designated corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the Authority shall execute, and the Trustee shall authenticate and deliver in exchange, a new Bond or Bonds in the manner and subject to the limitations and conditions provided in the Indenture, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the University, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person or entity exclusively entitled to payment of principal of and premium, if any, and interest on this Bond and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person or entity shown as owner as of the 15th day of the month preceding each interest payment date.

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

This Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee has executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the Industrial Development Authority of the City of Lexington, Virginia has caused this Bond to be signed by the facsimile signature of its Chairman or its Vice Chairman, its seal to be affixed hereon and attested by the facsimile signature of its Secretary or Assistant Secretary, and this Bond to be dated the date stated above.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA**

By: _____
Chairman

Attest:

Secretary

Date Authenticated: _____, 2018

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

[U.S. BANK NATIONAL ASSOCIATION,]
as Trustee

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

(please print or typewrite Name and Address

including postal zip code of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

: :
: :

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing .

Attorney, to transfer such Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

(Signature of Registered Owners)

(NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.)

No. _____

REQUISITION AND CERTIFICATE

\$ _____

**Industrial Development Authority of the City of Lexington, Virginia
Educational Facilities Revenue Bonds
(Washington and Lee University),
Series 2018A**

_____, 20__

[U.S. Bank National Association
Corporate Trust Department
1021 East Cary Street, Suite 1850
Richmond, Virginia 23219]

Ladies and Gentlemen:

On behalf of the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), I requisition from the [Issuance Expense Account of the] Project Fund created by an Indenture of Trust dated as of _____ 1, 2018 (the "Indenture"), between the Authority and you, as Trustee, the sum of \$_____ to be paid to _____

Authorized Representative of
The Washington and Lee University

CERTIFICATE

[Not required for Issuance Expense Subaccount requisitions]

In connection with the foregoing requisition, I certify that:

(1) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released or discharged or will be released or discharged upon payment of the requisition;

(2) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(3) such requisition contains no amount representing any “Issuance Expense” (as defined in Section 403 of the Indenture) or constituting an issuance cost under Section 147(g) of the Code (except as otherwise addressed in the attached Opinion of Bond Counsel);

(4) the payment of such requisition, together with the payment of all prior requisitions, will not result in more than 5% of the proceeds of the Bonds being used directly or indirectly in any trade or business carried on by any person who is not a “501(c)(3) organization” or a “governmental unit” within the meaning of Section 145 of the Code or in any unrelated trade or business of a 501(c)(3) organization;

(5) the obligation stated on the requisition has been incurred in or about the acquisition, construction or equipping of the Project, each item is a proper charge against the Project Fund, the obligation has not been the basis for a prior requisition that has been paid and no item or part thereof constitutes a cost of the issuance of the Bonds (except for amounts paid from the Issuance Expense Subaccount; and

(6) as of the date of such certificate no event or condition has happened or existed or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Loan Agreement, or, if such an event or condition has happened or existed, or is happening or exists, the specific nature and date of the occurrence of such event or condition and describing the action the University has taken, is taking or proposes to take with respect thereto.

Authorized Representative of
The Washington and Lee University

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA**

**EDUCATIONAL FACILITIES REVENUE AND REFUNDING BONDS
(WASHINGTON AND LEE UNIVERSITY), SERIES 2018A**

BOND PURCHASE AGREEMENT

_____, 2018

Industrial Development Authority of the City of Lexington, Virginia
Lexington, Virginia

The Washington and Lee University
Lexington, Virginia

Ladies and Gentlemen:

This is to confirm the agreement between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), **WELLS FARGO BANK, NATIONAL ASSOCIATION** (the "Underwriter"), and **THE WASHINGTON AND LEE UNIVERSITY**, a not-for-profit Virginia nonstock corporation (the "University"), concerning the sale by the Authority and the purchase by the Underwriter of the Authority's \$_____ in aggregate principal amount of Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the "2018A Bonds").

The 2018A Bonds will be dated the date of their original issuance and delivery (anticipated to be _____, 2018), will bear interest at rates and will mature, subject to prior redemption as set forth in the Indenture (defined herein), in years and amounts as set forth in ***Exhibit A***. This offer is made subject to acceptance by the Authority and the University by 5:00 P.M. (Lexington, Virginia time) on _____, 2018. If this offer is not so accepted, it is subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to acceptance.

1. Purpose of Financing and Security. The 2018A Bonds will be issued pursuant to an Indenture of Trust, dated as _____, 2018 (the "Indenture") between the Authority and U.S. Bank National Association, Richmond, Virginia, as trustee (the "Trustee"). The proceeds of the 2018A Bonds will be loaned to the University pursuant to a Loan Agreement, dated as of _____, 2018 (the "Loan Agreement"), between the Authority and the University, and the University's obligation to repay the loan will be evidenced by the University's promissory note (the "2018A Note"), dated the date of its delivery. The University expects to apply the proceeds from the 2018A Note, together with other available funds of the University, to (1) finance certain

capital improvement projects on the University's campus; (2) refund the Authority's outstanding Educational Facilities Revenue Bonds (Washington & Lee University), Series 2010 (such refunded bonds are the "Refunded 2010 Bonds"); and (3) pay expenses incurred in connection with the issuance of the 2018A Bonds (collectively, the "2018A Project").

The 2018A Bonds are more fully described in the Official Statement dated _____, 2018, with respect to the offering of the 2018A Bonds (such Official Statement, including the cover page and all appendices and together with any amendment or supplement thereto, the "Official Statement"). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Indenture.

2. Representations and Agreements of the Authority. The Authority by its acceptance hereof hereby represents, covenants, and agrees with the Underwriter as follows, all of which shall survive the delivery of the 2018A Bonds:

(a) The Authority is a political subdivision of the Commonwealth of Virginia, duly created under, validly existing and in good standing pursuant to the laws of the Commonwealth of Virginia, vested with the rights and powers conferred by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act").

(b) It has complied with all provisions of the Constitution and laws of the Commonwealth of Virginia and has full power and authority to (i) issue the 2018A Bonds to finance the 2018A Project; (ii) make the pledges and grants to the Trustee under and pursuant to the Indenture for the benefit of the owners of the 2018A Bonds; and (iii) execute, deliver and consummate all transactions contemplated by this Bond Purchase Agreement, the 2018A Bonds, the Indenture, the Loan Agreement, the 2018A Note and any other agreements relating thereto. The Authority has taken or will take all action required by the Act and other applicable laws in connection therewith.

(c) The Authority (i) has by resolution duly adopted on _____, 2018 (the "Bond Resolution") duly authorized the execution and delivery of the Official Statement, this Bond Purchase Agreement, the Loan Agreement and the Indenture (collectively, the "Authority Documents"), (ii) has duly authorized (A) the assignment of the 2018A Note and the Authority's rights under the Loan Agreement, other than the Authority's rights to require indemnification, notices and payment of fees and reimbursement of expenses in certain instances, and (B) the issuance, sale and delivery of the 2018A Bonds, (iii) has authorized the use of the Preliminary Official Statement (defined below) in the offering and sale of the 2018A Bonds and the delivery of the Official Statement, and (iv) will take all further action reasonably necessary or appropriate to carry out the issuance, sale and delivery of the 2018A Bonds to the Underwriter.

(d) It has duly and validly authorized all necessary action to be taken by it for (i) the issuance, sale and delivery of the 2018A Bonds upon the terms set forth herein and in the Bond Resolution, (ii) the execution and delivery of the Indenture providing for the issuance of and security for the 2018A Bonds, (iii) the use of the proceeds of the sale of the 2018A Bonds by

the University pursuant to the Indenture and the Loan Agreement, (iv) the execution, delivery, receipt and due performance of the Authority Documents and all such other agreements and documents as may be required to be executed, delivered, or received by it in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Bond Resolution, (v) the receipt of the 2018A Note and the endorsement without recourse of the 2018A Note to the order of the Trustee, (vi) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Bond Resolution, and (vii) the consent to the use by the Underwriter of the Official Statement in connection with the offering of the 2018A Bonds. The Authority Documents, when executed by the other parties hereto at the Closing (hereinafter defined), will have been duly and validly executed and delivered by the Authority, will be in full force and effect as to the Authority, and will constitute the legal, valid and binding obligations of the Authority, enforceable in accordance with their terms, except as limited by applicable bankruptcy, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity affecting remedies. The 2018A Note, when endorsed by the Authority to the order of the Trustee as herein and in the Indenture provided, will have been duly and validly endorsed without recourse by the Authority to the order of the Trustee. The 2018A Bonds, when issued, delivered and paid for as herein and in the Indenture provided, will have been duly and validly authorized and issued and will constitute valid and binding limited obligations of the Authority enforceable in accordance with their terms and provisions and entitled to the benefits and security of the Indenture. Executed originals of the Authority Documents and certified copies of the Bond Resolution will be delivered to the Underwriter by the Authority at or prior to the Closing.

(e) The execution and delivery of the Authority Documents, the financing of the 2018A Project, the issuance and delivery of the 2018A Bonds, the assignment of the 2018A Note and the performance by the Authority of its obligations under the Authority Documents, the Indenture and the Loan Agreement are within the corporate powers of the Authority and will not conflict with or constitute a breach or result in a violation of (i) the Act, the ordinance creating the Authority, or the Authority's bylaws, (ii) to the best of the Authority's knowledge, any federal or Virginia constitutional or statutory provision, (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Authority or its property, or (iv) to the best of the Authority's knowledge, any agreement or other instrument to which the Authority is a party or by which it is bound.

(f) No further consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the Authority as a condition precedent to the issuance of the 2018A Bonds or the execution and delivery by the Authority of the Authority Documents, the performance by the Authority of its obligations thereunder, or the assignment of the 2018A Note and substantially all of the Authority's rights under the Loan Agreement (provided no representation or warranty is expressed as to any action required under federal or state securities or "blue sky" laws in connection with the purchase or distribution of the 2018A Bonds by the Underwriter). The final terms of the 2018A Bonds are within the parameters approved by the Authority.

(g) To the Authority's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or

threatened against or affecting the Authority or, to the knowledge of the Authority, any meritorious basis therefore, (i) attempting to limit, enjoin or otherwise restrict or prevent the Authority from functioning or contesting or questioning the existence of the Authority or the titles of the present officers of the Authority to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the existence or powers of the Authority or the validity or enforceability of the 2018A Bonds or the Authority Documents or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby including, without limitation, the 2018A Bonds, the Authority Documents or the Official Statement; or (B) adversely affect (1) the transactions contemplated by the 2018A Bonds, the Authority Documents; or (2) the exemption of the interest on the 2018A Bonds from federal or Commonwealth of Virginia income taxation.

(h) When authenticated by the Trustee and delivered to and paid for by the Underwriter in accordance with the terms of the Indenture and this Bond Purchase Agreement, the 2018A Bonds (i) will have been duly authorized, executed and issued, (ii) will constitute legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and usual equity principles, and (iii) will be secured by the Indenture. The 2018A Bonds will not constitute an obligation or debt of the Commonwealth of Virginia, or any political subdivision thereof, including the Authority, Virginia, and neither the faith nor credit of the Commonwealth of Virginia, or any political subdivision thereof, including the Authority, is pledged to the payment of the 2018A Bonds.

(i) The Authority is not in violation of the Act, the Bond Resolution, its bylaws or, to the best of its knowledge, any existing law, rule or regulation applicable to it and is not in default under 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 is a party or by which it is bound or to which any of its assets are subject, and the execution and delivery by the Authority of the Authority Documents and the 2018A Bonds, the assignment of the 2018A Note and substantially all of the Authority's rights under the Loan Agreement and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the foregoing. No event has occurred and is continuing that, with the passage of time or the giving of notice or both, would constitute such a breach or default. Notwithstanding the foregoing, this representation does not include a default with respect to other financings in which the Authority has acted as "conduit Authority" for other public or private entities not affiliated with the University, wherein a default by such public or private entity would not have a material adverse effect on the credit of the Authority or of the University.

(j) The Authority is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred. To the Authority's knowledge, no event has occurred or is continuing under any such financing document(s) that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder. Notwithstanding the foregoing, this representation does not include a default with respect to other financings in which the Authority has acted as "conduit" Authority for other public or private entities not

affiliated with the University, wherein a default by such public or private entity would not have a material effect on the credit of the Authority or of the University.

(k) The information contained in the Preliminary Official Statement of the Authority dated _____, 2018 (the "Preliminary Official Statement") and the Official Statement in the sections "THE AUTHORITY," and the portion of the section "LITIGATION" relating to the Authority does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) The Authority will cooperate with the Underwriter in the qualification of the 2018A Bonds for offering and sale and the determination of their eligibility for investment under the securities or "blue sky" laws of such jurisdictions as the Underwriter shall designate; provided, however, the Authority shall not be required to register as a dealer or broker in any such jurisdiction, nor execute a general consent to service of process or qualify to do business in connection with any such qualification of the 2018A Bonds in any such jurisdiction. The University shall pay any costs incurred by the Authority in performing such duties.

(m) Upon the issuance and delivery of the 2018A Bonds, there will be no other obligations that are secured under the Indenture.

(n) The Authority Documents and the 2018A Bonds are in substantially the form approved by the Authority, and upon the execution and delivery thereof, each will constitute the legal, valid and binding (and in the case of the 2018A Bonds, limited) obligation of the Authority, enforceable in accordance with their terms, subject in each case to principles of equity, regardless of whether proceedings for enforcement be of a legal or equitable nature, and to any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally from time to time in effect.

(o) To the best of the Authority's knowledge, neither the Authority nor anyone authorized to act on its behalf has, directly or indirectly, offered the 2018A Bonds for sale to, or solicited any offer to buy the same from, anyone other than the Underwriter.

(p) To the best of the Authority's knowledge, neither the Securities and Exchange Commission nor any state securities commission has issued or threatened to issue any order preventing or suspending the use of the Official Statement.

(q) The Authority acknowledges and agrees that these representations are made to induce the Underwriter to act as exclusive selling agent with respect to the 2018A Bonds.

(r) Any certificate signed by an authorized officer of the Authority delivered to the Underwriter shall be deemed a representation by the Authority to the Underwriter as to the statements made therein.

3. Representations and Warranties of the University. In order to induce the Underwriter and the Authority to enter into this Bond Purchase Agreement, the University

represents, warrants and covenants to and with the Underwriter and the Authority as follows, all of which shall survive the delivery of the 2018A Bonds:

(a) The University is a not-for-profit institution of higher education within the Commonwealth of Virginia whose primary purpose is to provide collegiate or graduate education and not to provide religious training or theological education.

(b) The University is a nonstock corporation duly organized and in good standing under the laws of the Commonwealth of Virginia, has all necessary corporate power and authority to enter into, deliver, carry out and consummate this Bond Purchase Agreement, the Loan Agreement, the 2018A Note, and a Continuing Disclosure Document dated _____, 2018 (the "Continuing Disclosure Agreement" and together with this Bond Purchase Agreement, the Loan Agreement and the 2018A Note, the "University Documents"), and, by proper corporate action, has duly authorized or will duly authorize the execution and delivery of the University Documents, and the approval of the terms of the Indenture.

(c) The University (i) is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from federal income taxation under Section 501(a) of the Code, and (ii) is not a "private foundation" as defined in Section 509(a) of the Code. The University has conducted its operations and filed all required reports and documents with the Internal Revenue Service so as to maintain such status and agrees to file annual returns of an exempt organization on Form 990 for each fiscal year as required by law.

(d) The University is an organization organized and operated exclusively for educational, benevolent or charitable purposes and not for pecuniary profit; and no part of the University's net earnings inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

(e) Each component of the 2018A Project constitutes or will constitute an "authority facility" within the meaning of the Act and does not and will not include any facility used or to be used for sectarian instruction or as a place of religious worship or primarily in connection with any program of a University or department of divinity for any religious denomination.

(f) The proceeds of the sale of the 2018A Bonds to be loaned by the Authority to the University are expected to be applied as described under the section "PLAN OF FINANCE" in the Official Statement.

(g) The University has duly authorized all actions required to be taken by it for (i) the execution, delivery and due performance of the University Documents and the undertaking of the 2018A Project and approval of the terms of the Indenture, and (ii) the delivery of the Official Statement, and any and all such other agreements and documents as may be required to be executed, delivered or performed by the University in order to carry out, give

effect to and consummate the transactions contemplated on its part hereby and by each of the aforesaid documents.

(h) The University Documents are in the forms approved by the officers of the University and upon the execution and delivery thereof, each will constitute the valid and legally binding (and in the case of the 2018A Note, limited) obligation of the University, enforceable in accordance with its terms, subject in each case to usual principles of equity and to any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally from time to time in effect.

(i) The execution and delivery of the University Documents, the performance by the University of its obligations thereunder and the approval of the Official Statement will not conflict with or constitute a violation of, breach of or result in a default under (i) the articles of incorporation, by-laws or other governing instruments of the University, (ii) to the best of the knowledge of the University, any federal or Virginia constitutional or statutory provision, (iii) any mortgage, lease, resolution, agreement or other instrument to which the University is a party or by which it is bound, or (iv) to the best of the knowledge of the University, any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the University or its property.

(j) No further consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the University as of the date hereof or as a condition precedent to the undertaking of the 2018A Project, the execution and delivery by the University of the University Documents or the performance by the University of its obligations thereunder (except any consents or other matters as to compliance with state securities or "blue sky" laws, as to which no representation or warranty is made herein).

(k) The University is not a party to any contract or agreement or subject to any charter or other provision not disclosed in the Official Statement the performance or breach of which would have a material adverse effect on the financial condition or operations of the University or its ability to undertake the 2018A Project.

(l) The University is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred. No event has occurred or is continuing that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(m) To the best of the knowledge of the University, the University is not in violation in any material respect of any existing law, rule or regulation applicable to it and is not in material default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other material agreement, instrument or restriction of any kind to which the University is a party or by which it is bound or to which any of its assets are subject, and the undertaking of the 2018A Project and the execution and delivery by the University of the University Documents and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the foregoing.

(n) There is no litigation at law or in equity, or any proceeding before any governmental agency, pending or, to the knowledge of the University, threatened, in which any liability of the University is not adequately covered by insurance or in which any judgment or order directed to the University would have a material adverse effect upon the operations or assets of the University or affect (i) the organization and existence of the University, (ii) its authority to execute and deliver the University Documents, (iii) the validity or enforceability of any such instruments or the transactions contemplated thereby, (iv) the title of the officers who executed or will execute such instruments, or (v) any authority or proceedings relating to the execution and delivery of such instruments by the University.

(o) To the best of the knowledge of the University, neither the University nor anyone authorized to act on its behalf has, directly or indirectly, offered the 2018A Bonds for sale to, or solicited any offer to buy the same from, anyone other than the Underwriter.

(p) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the knowledge of the University, threatened to issue, any order preventing or suspending the use of the Official Statement or otherwise seeking to enjoin the offer or sale of the 2018A Bonds.

(q) To the best of the knowledge of the University, neither the University's tax-exempt status nor any of its obligations that are exempt from federal income taxation under Section 103 of the Internal Revenue Code, as amended, are not and have not been the subject of any audit or investigation by the Internal Revenue Service.

(r) Any certificate signed by an authorized officer of the University and delivered to the Authority or the Underwriter shall be deemed a representation and warranty by the University to the Authority or the Underwriter as to the statements made therein.

(s) The University will cooperate with the Underwriter and its counsel in any reasonable endeavor to qualify the 2018A Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United State of America as the Underwriter may request, provided the University shall not be required to take any action which would subject it to general service of process or to qualify as a foreign corporation in any jurisdiction where it is not now so subject.

(t) The information contained in the Preliminary Official Statement and the Official Statement (including Appendices A and B but excluding the statements in the sections "THE AUTHORITY," and the portion of the section "LITIGATION" relating to the Authority) is true and correct, does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The University authorizes and consents to the use of the Preliminary Official Statement and the Official Statement by the Underwriter in the offering and sale of the 2018A Bonds.

(u) The summary of financial information contained in Appendix A to the Official Statement and the audited financial statements of the University contained in Appendix

B to the Official Statement present fairly the University's financial condition as of the dates indicated and the results of its operations for the periods specified, and the University has no reason to believe that such summary and statements have not or will not have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or otherwise, of the University since June 30, 2014, from that set forth in such Appendix B except as disclosed in the Official Statement.

4. Issuance, Sale and Purchase of 2018A Bonds.

(a) On the basis of the representations and warranties contained herein and in the other agreements referred to herein and subject to the terms and conditions set forth herein, the Authority agrees to issue and sell to the Underwriter, and the Underwriter agrees to purchase from the Authority, all, but not less than all, of the 2018A Bonds at a price of \$_____, which is the par amount of the 2018A Bonds of \$_____, plus [net original issue premium / discount] of \$_____, minus an underwriting discount of \$_____. The closing and delivery of the 2018A Bonds (the "Closing") will be at the offices of Christian & Barton, L.L.P., Richmond, Virginia, upon payment therefor in same day federal funds to the Trustee for the account of the Authority, prior to the close of business on _____, 2018, or such other place and time as the Underwriter and the University may agree in writing (the "Closing Date"). The 2018A Bonds shall be held by the Trustee, pursuant to DTC's "FAST" system, and delivered to the Underwriter through the facilities of The Depository Trust Company, New York, New York ("DTC"). If the University prepares an amendment or supplement to the Official Statement, the Underwriter may postpone the Closing Date to the tenth business day after the preparation of such amendment or supplement or such other time as the Underwriter and the University determine.

(b) Neither the failure to print the CUSIP identification number on the 2018A Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the 2018A Bonds in accordance with the terms hereof.

(c) Neither the 2018A Bonds, any underlying security, nor the Indenture will be registered or qualified under the Securities Act of 1933, as amended, or the Indenture Act of 1939, as amended. The 2018A Bonds will be offered and sold pursuant to an exemption granted by the Securities Act of 1933.

5. Official Statement; Offering by Underwriter; Continuing Disclosure.

(a) The Authority, at the expense of the University, shall furnish the Underwriter, within seven business days from the date hereof, with such number of additional copies of the Official Statement, which need not be manually executed, as the Underwriter may reasonably request for use in the offering and sale of the 2018A Bonds, and in no event fewer than as are deemed necessary by the Underwriter for the Underwriter to satisfy the requirements of the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Official Statement, including any amendments thereto, shall be prepared in word-searchable PDF format as described in the

MSRB's Rule G-32 and an electronic copy of the word-searchable PDF format of the Official Statement shall be provided to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The Authority and the University each represent and warrant that (i) the Preliminary Official Statement was deemed final as of its date, except for the omission of such information as is permitted to be omitted in accordance with the Rule, and (ii) the Official Statement constitutes as of the date hereof a final Official Statement within the meaning of the Rule. The Underwriter agrees to file copies of the Official Statement with the MSRB. The Authority and the University shall take all steps reasonably requested by the Underwriter to ensure compliance with the requirements of the Rule.

(b) The Underwriter represents and warrants that it will offer the 2018A Bonds only pursuant to the Official Statement and only in states where the offer and sale of the 2018A Bonds are legal, either as exempt securities, in exempt transactions or as a result of due registration of the 2018A Bonds for sale in any such state. The Underwriter agrees to make a public offering of the 2018A Bonds at the initial offering price or yield set forth in the Official Statement, but the Underwriter reserves the right to change such price or yield as it may deem necessary or desirable in connection with the offering and sale of the 2018A Bonds. The Underwriter further agrees that, in connection with the initial public sale of the 2018A Bonds by it, it will deliver a copy of the Official Statement with or prior to each confirmation of sale to its customers, or, if the Official Statement is not then delivered, a copy of the Official Statement will be delivered prior to delivery of the 2018A Bonds purchased by each such customer.

(c) The Underwriter, in its discretion, may permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the 2018A Bonds. The Underwriter agrees to exercise its best efforts not to sell the 2018A Bonds in a manner that will jeopardize the tax-exempt status of the interest of the 2018A Bonds. The Underwriter agrees to exercise its best efforts to determine whether purchasers of the 2018A Bonds are "underwriters" or "dealers."

(d) The University, on behalf of the Authority, shall take all actions and provide all information reasonably requested by the Underwriter to ensure that the Official Statement at all times during the initial offering and distribution of the 2018A Bonds does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If between the date of this Bond Purchase Agreement and the date 25 days after the End of the Underwriting Period (as hereinafter defined), any event shall occur and become known, or any pre-existing fact or condition shall become known that, in the reasonable judgment of the Underwriter, might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact that should be included for the purposes for which the Official Statement was to be used or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority and the University shall promptly notify the Underwriter thereof, and if in the reasonable opinion of the Underwriter such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority at the University's cost and direction will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. For the purposes of this Bond Purchase

Agreement, the term "End of Underwriting Period" shall be the later of the Closing Date or when the Underwriter no longer retains an unsold balance of the 2018A Bonds for sale to the public. If the underwriting period does not end on the Closing Date, the Underwriter will advise the Authority and the University when the underwriting period has ended; provided that the underwriting period will end not more than 90 days after the Closing Date. The Underwriter will use its best efforts to end the underwriting period as soon as possible.

(e) The Authority and the University agree to notify the Underwriter immediately of receipt of any notification with respect to the suspension of the qualification of the 2018A Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(f) The University agrees to indemnify and hold harmless the Authority and the Underwriter, and each member, director, officer, employee or agent of the Authority and the Underwriter, and each person, if any, who controls the Authority or the Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, against any losses, claims, damages, liabilities or expenses, joint or several, to which any of them may become subject, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each of them for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the University shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Official Statement or the Official Statement or any such amendment or supplement (1) in reliance upon and in conformity with written information furnished to the University by the Underwriter expressly for use therein, (2) describing or relating to the Authority, or (3) describing or relating to DTC and the book-entry system for the 2018A Bonds.

(g) Promptly after receipt by an indemnified party under subsection (f) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the University under such subsection, notify the University in writing of the commencement thereof; but the omission so to notify the University shall not relieve it from any liability that it may have to any indemnified party (i) under this Section, so long as the University is given the reasonable opportunity to defend such claim, and (ii) otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the University of the commencement thereof, the University shall assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in such action include both the indemnified party and the University and the indemnified party shall have reasonably concluded that there may be legal defenses available to it which are different from or in addition to those available to the University, the indemnified party shall have the right to select appropriate counsel to assume such legal defenses

and to otherwise participate in the defense of such action on behalf of such indemnified party. Upon assumption of the defense of such action by the University and approval by the indemnified party of counsel, the University shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation unless the indemnified party shall have employed counsel in accordance with the proviso to the immediately preceding sentence. The University shall not, in connection with any one action or claim, or separate but substantially similar actions or claims arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified parties, except to the extent that local counsel, in addition to regular counsel, is required in order to defend effectively against such action or claim. The University shall not, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. The University shall not be liable for any settlement of any action effected without its written consent, but if settled with such consent or if there is a final judgment for the plaintiff in such action, the University agrees to indemnify and hold harmless the indemnified party from and against such loss or liability by reason of such settlement or judgment to the extent required hereby. Notwithstanding any provision of this subsection (g) to the contrary, the Authority, each member, officer, employee and agent of the Authority and any person who controls the Authority as aforesaid shall have the right to retain separate counsel in any such action and to participate in the defense thereof at the University's expense.

(h) If the indemnification provided for in this section is unavailable to or insufficient to hold harmless an indemnified party under subsection (g) above in respect of any losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to therein, then the University in lieu of indemnifying such indemnified party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the University on the one hand and the Underwriter on the other from the offering of the 2018A Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (b) above, then the University shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the University on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the University on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the 2018A Bonds (before deducting costs of issuance other than underwriting discounts, fees and commissions) received by the University in the

underwritten public offering bear to the total underwriting discounts, fees and commissions received by the Underwriter with respect to the 2018A Bonds purchased in the underwritten public offering. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the University on the one hand or the Underwriter on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The University and the Underwriter agree that it would not be just and equitable if contributions pursuant to this subsection (h) were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (h). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to above in this subsection (h) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The obligations of the University under this Section shall be in addition to any liability that the University may otherwise have.

(i) The Authority, at the expense of the University (except as to any default by the Authority hereunder) and the University will take all actions and provide all information with respect to the sections or portions thereof covered by representations and warranties by the Authority or the University, as applicable, pursuant to paragraphs 2(l) or 3(s), reasonably requested by the Underwriter necessary or desirable to register the 2018A Bonds under, or comply with, the blue sky laws in the states in which the 2018A Bonds are to be offered by the Underwriter or to ensure that the Official Statement at all times during the initial offering and distribution of the 2018A Bonds does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(j) The Authority, the Underwriter and the University agree that (i) the Authority is not an obligated person with respect to the 2018A Bonds for purposes of the Rule and that it will not provide annual financial or operating information or event notices with respect to the 2018A Bonds, and (ii) the University is an obligated person with respect to the 2018A Bonds for purposes of the Rule and pursuant to a continuing disclosure undertaking will provide annual financial and operating information and event notices with respect to the 2018A Bonds in accordance with the Rule, as set forth in the Official Statement in the section "CONTINUING DISCLOSURE" and in Appendix E thereto.

6. Conditions. The Underwriter's obligations hereunder shall be subject to the due performance in all material respects by the Authority and the University of their obligations and agreements to be performed hereunder at or prior to the Closing and to the accuracy of and compliance with in all material respects their representations and warranties contained herein and in the Indenture, the Loan Agreement and the Escrow Agreement, as of the date hereof and on

the Closing, and are also subject to receipt of the following evidence and documents and satisfaction of the following conditions, as appropriate, at or prior to the Closing:

(a) The 2018A Bonds, the Indenture, the Loan Agreement, the Escrow Agreement and the 2018A Note shall have been duly authorized, executed and delivered by the respective parties thereof in the forms heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by the parties thereto and the Underwriter, and shall be in full force and effect on the date of Closing.

(b) At or before the Closing, the Underwriter and the Authority shall receive:

(1) A certified copy of the Bond Resolution approving the 2018A Bonds and related documentation;

(2) A certificate of the University dated the Closing Date and executed by its appropriate officers confirming (A) the accuracy on such date of representations and warranties of the University contained in the University Documents, (B) performance by the University of its obligations hereunder, and (C) that there has been no material adverse change in the condition (financial or otherwise) of the University between the most recent dates as to which information is given in the Official Statement and the Closing Date, other than as reflected in or contemplated by the Official Statement, and there being on the Closing Date no material transactions or obligations (not in the ordinary course of business) entered into by the University subsequent to the date of the Official Statement, other than as reflected in or contemplated by the Official Statement;

(3) A certificate of the Authority dated the Closing Date and executed by its Chair or Vice Chair confirming (A) the accuracy on such date with the representations of the Authority contained in the Authority Documents, (B) performance by the Authority of its obligations hereunder, (C) that the Bond Resolution and the Authority Documents are in full force and effect on such date and have not been amended, modified, or supplemented, except as may have been agreed to by the Underwriter, (D) that the Authority has not entered into any material transactions or obligations (not in the ordinary course of business) subsequent to the date of the Official Statement, other than as reflected in or contemplated by the Official Statement, and (E) that all the limitations, conditions and provisions precedent to the issuance of the 2018A Bonds have been observed, met and satisfied;

(4) An opinion of Christian & Barton, L.L.P., bond counsel, in substantially the form attached as Appendix D to the Official Statement and dated the Closing Date, together with a supplemental opinion of Christian & Barton, L.L.P., bond counsel, in substantially the form attached hereto as **Exhibit C** and dated the Closing Date;

(5) An opinion of Mann, Vita & Elrod, PLLC, Lexington, Virginia, counsel for the Authority, in substantially the form attached hereto as **Exhibit B** and dated the Closing Date;

(6) An opinion of Jennifer Kirkland, Esquire, Lexington, Virginia, general counsel for the University, in substantially the form attached hereto as **Exhibit D** and dated the Closing Date;

(7) An opinion of McGuireWoods LLP, counsel for the Underwriter, in form and substance satisfactory to the Underwriter and dated the Closing Date;

(8) Confirmation of receipt by Bond Counsel of Internal Revenue Service Form 8038 completed with respect to the 2018A Bonds, together with a certificate executed by appropriate officers of the University with respect to the information contained therein;

(9) Receipt by the Underwriter of letters confirming the credit rating for the 2018A Bonds from Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), of "___" and "___," respectively;

(10) The Continuing Disclosure Agreement; and

(11) Such additional certificates and other documents, agreements and opinions as the Underwriter may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the Bond Resolution, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

All opinions shall be addressed to the Underwriter, or shall be covered by a reliance letter addressed to the Underwriter, and may also be addressed to such other parties as the giver of such opinion agrees thereto. All certificates, if addressed to any party, shall also be addressed to the Underwriter.

All such opinions, letters, certificates, and documents shall be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Underwriter and to counsel to the Underwriter, as to which both the Underwriter and its counsel shall act reasonably. If any condition of the Underwriter's obligation hereunder to be satisfied prior to the Closing is not so satisfied, this Bond Purchase Agreement may be terminated by the Underwriter by notice in writing or by facsimile or telegram to the Authority. The Underwriter may waive in writing compliance by the Authority of any one or more of the foregoing conditions or extend the time for their performance.

7. Termination. The Underwriter may terminate this Bond Purchase Agreement with no liability to them at any time prior to the Closing Date by written notice to the Authority and the University if between the date hereof and the Closing Date:

(a) The University shall have sustained a substantial loss by fire, flood, accident or other calamity that, in the reasonable judgment of the Underwriter, renders it inadvisable to proceed with the sale of the 2018A Bonds, whether or not such loss shall have been insured;

(b) (i) Legislation shall be enacted or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration or shall be introduced in Congress and have an effective date prior to its date of enactments, (ii) a decision by a court of the United States or the United States Tax Court shall be rendered, or (iii) a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the University or similar institutions or upon interest on obligations of the general character of the 2018A Bonds, or (iv) other action or events shall have transpired which (1) may have the purpose or effect, directly, or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith or (2) in the reasonable opinion of the Underwriter, materially adversely affects the market price of the 2018A Bonds, or the market price generally of obligations of the general character of the 2018A Bonds;

(c) Legislation shall have been proposed or a decision shall have been rendered by a court of the Commonwealth or an order or ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been issued by a Virginia taxing authority, with respect to Virginia taxation upon revenues or other income of the general character to be derived by the University or by any similar body, or upon interest on obligations of the general character of the 2018A Bonds, that may have the purpose or effect, directly or indirectly, of changing the Virginia tax consequences of any of the transactions contemplated in connection herewith, or, in the reasonable opinion of the Underwriter, affects materially and adversely the market for the 2018A Bonds, or the market price generally of obligations of the general character of the 2018A Bonds;

(d) Any legislation, ordinance, rule or regulation shall have been enacted or proposed or actively considered for enactment by any governmental body, department or agency of the Commonwealth, or any decision by any court of competent jurisdiction within the Commonwealth, shall have been rendered that in the reasonable opinion of the Underwriter, materially and adversely affects the marketability of the 2018A Bonds;

(e) An event shall have occurred which in the reasonable opinion of the Underwriter requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement or the Official Statement and the University and the Authority shall have failed to prepare and publish an appropriate supplement or amendment to the Preliminary Official Statement or the Official Statement (as applicable);

(f) The University has, without the prior written consent of the Underwriter, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent (other than described in the Official Statement), or there has been an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the University;

(g) There shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis including financial crises, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against, the United States or the Commonwealth of Virginia, or any agency or instrumentality thereof, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the 2018A Bonds or to enforce contracts for the sale of the 2018A Bonds;

(h) There shall be in force a general suspension of trading on the New York Stock Exchange;

(i) A general banking moratorium shall have been declared by either federal, Virginia or New York authorities;

(j) Subsequent to the date hereof, legislation shall have been proposed by the President of the United States or the Securities & Exchange Commission or any member of the United States Congress or favorably reported for passage to either house of the Congress by any committee of such house to which such legislation has been referred for consideration, or legislation pending in the Congress of the United States shall be amended, or any legislation shall have been enacted, any decision by a court of the United States shall have been rendered or any stop order, ruling, regulation or release by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall have been made or proposed to the effect that obligations of the general character of the 2018A Bonds are not exempt from registration, qualification or other requirements of the Securities Act of 1933 or the Indenture Act of 1939, each as then in effect;

(k) A stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the 2018A Bonds, or of obligations of the general character of the 2018A Bonds as contemplated hereby, is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Indenture Act of 1939, as amended;

(l) Any state "blue sky" or securities commission shall have withheld registration, exemption or clearance of the offering and, in the reasonable opinion of the Underwriter, the market for the 2018A Bonds is materially and adversely affected thereby;

(m) Any event shall have occurred or shall exist that, in the reasonable opinion of the Underwriter, (i) makes untrue or incorrect as of the Closing Date any material statement or information contained in the Official Statement, or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading as of the Closing Date;

(n) There shall have been any material adverse change in the affairs of the University that in the Underwriter's reasonable judgment will materially adversely affect the market for the 2018A Bonds;

(o) Either Moody's or S&P shall have taken any action to lower (including a change to negative outlook), suspend or withdraw its rating on the 2018A Bonds if such action, in the reasonable opinion of the Underwriter, materially and adversely affects (i) the marketability of the 2018A Bonds, (ii) their sale by the Underwriter at the contemplated offering price(s), or (iii) the Underwriter's ability to enforce contracts for the sale of any of the 2018A Bonds; or

(p) In the reasonable opinion of the Underwriter, the market price of any 2018A Bonds or the market price generally of obligations of the general character of the 2018A Bonds, has been adversely affected because (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (ii) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to any 2018A Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter.

8. Expenses.

(a) The Underwriter's discount shall be derived from the spread between the public offering price of the 2018A Bonds and the price paid for the 2018A Bonds as provided in paragraph 4. The University agrees to cause to be paid from the proceeds of the 2018A Bonds (in an amount which when added to the Underwriter's discount shall not exceed 2% of the amount of the proceeds derived from the public offering of the 2018A Bonds) or from the University's own funds:

(1) the cost of the preparation (including printing and distribution), issuance, delivery, filing and/or recording of the Loan Agreement, the Indenture, the Escrow Agreement, the Preliminary Official Statement and the Official Statement (all in such reasonable quantities as may be requested by the Underwriter) and any documents related thereto or, upon approval by the University, related blue sky filing or compliance costs;

(2) the cost of the preparation and delivery of the 2018A Bonds;

(3) the fees and disbursements of Bond Counsel, counsel to the Authority, counsel to the University and counsel to the Underwriter;

(4) the fees and disbursements of any rating agencies rating the 2018A Bonds;

(5) the fees and disbursements (including counsel fees and disbursements) of the Trustee;

(6) the fees and disbursements of any other counsel, experts or consultants (including accountants) retained by the Authority or the University in connection with the issuance of the 2018A Bonds;

(7) the Authority's administrative fee; and

(8) any expenses (included in the expense component of the Underwriter's discount) actually incurred by the Underwriter on behalf of the University in connection with the marketing, issuance and delivery of the 2018A Bonds, including, but not limited to, meals, transportation, lodging, and entertainment of the University's employees and representatives.

(b) The Underwriter shall pay only the following:

(1) the cost of blue sky filing or compliance costs;

(2) the cost of preparation and printing of any amendment or supplement to the Official Statement resulting from a determination by the Underwriter to change the initial offering price or yield set forth in the Official Statement;

(3) all advertising expenses in connection with the public offering of the 2018A Bonds (excluding printing and shipping costs with respect to the Preliminary Official Statement and the Official Statement); and

(4) all other expenses incurred by the Underwriter in connection with the public offering and distribution of the 2018A Bonds, including (A) interest expenses incurred in connection with the borrowing of funds used to purchase the 2018A Bonds, (B) any taxes or charges imposed upon the Underwriter by the Municipal Securities Rulemaking Board or the Public Securities Association, (C) any travel expenses, (D) in-house computer costs and expenses, (E) the cost of reproducing and distributing the underwriting documents used in connection with the offering and sale of the 2018A Bonds, and (F) the CUSIP Service Bureau service charge for the assignment of CUSIP numbers for the 2018A Bonds.

(c) Notwithstanding any other provision of this Bond Purchase Agreement, in the event of the University's failure to deliver the 2018A Bonds as a result of the University's failure to take any action or perform any condition required of it under this Bond Purchase Agreement on the Closing Date or if the University is unable on the Closing Date to satisfy the conditions of the Underwriter contained in this Bond Purchase Agreement, the University will also pay all properly documented expenses incurred by the Underwriter, including counsel fees, in connection with the 2018A Bonds and the preparation of their issuance and sale and the costs incurred to qualify the 2018A Bonds for sale.

9. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Authority in establishing the issue price of the 2018A Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, substantially in the form attached hereto as **Error! Reference source not found.**, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment

of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2018A Bonds.

(b) [Except for the maturities set forth in Schedule I attached hereto,] the Authority represents that it will treat the first price at which 10% of each maturity of the 2018A Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). [At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of the 2018A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the 2018A Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold 2018A Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2018A Bonds of that maturity or until all 2018A Bonds of that maturity have been sold to the public.]

(c) [The Underwriter confirms that it has offered the 2018A Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the final official statement. [Schedule I also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the 2018A Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2018A Bonds, the Underwriter will neither offer nor sell unsold 2018A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the 2018A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority when it has sold 10% of that maturity of the 2018A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that:

- (i) any selling group agreement and each retail distribution agreement relating to the initial sale of the 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold 2018A Bonds of each maturity allotted to it until it is notified by the Underwriter that

either the 10% test has been satisfied as to the 2018A Bonds of that maturity or all 2018A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the 2018A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that the Underwriter or selling group member is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2018A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-price rule as applicable to the 2018A Bonds.

(e) The Underwriter acknowledges that sales of any 2018A Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party to an underwriter,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2018A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018A Bonds to the public),

(iii) a purchaser of any of the 2018A Bonds is a "related party" to an underwriter if the underwriter and the purchaser have greater than 50% common ownership, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

10. Notices. All communications hereunder shall be in writing and shall be deemed delivered, if delivered in person, or sent by certified mail, return receipt required, to the respective parties as follows: to the Underwriter, 550 S. Tryon Street, 27th Floor, Mailcode: D1086-271, Charlotte, North Carolina 28202 (Attention: Patrick Russell, Managing Director, Education & Nonprofit Group); to the Authority, 300 East Washington St. Lexington, Virginia 24450 (Attention: Chairman); or to the University, 204 West Washington Street, Lexington, Virginia 24450 (Attention: Treasurer and Vice President for Finance).

11. Survival of Certain Representations, Warranties and Covenants. The respective representations, covenants and other statements of the Authority and the respective representations, warranties, covenants and other statements of the University set forth in or made pursuant to this Bond Purchase Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results of any investigation, made by or on behalf of the Underwriter, the Authority or the University and will survive delivery of and payment for the 2018A Bonds or any termination of this Bond Purchase Agreement.

12. Authorization and Consent. The Authority authorizes copies of the Indenture, the Loan Agreement and the Official Statement to be used by the Underwriter in connection with the public offering and sale of the 2018A Bonds.

13. Benefits of Bond Purchase Agreement. This Bond Purchase Agreement is solely for the benefit of the Authority, the Underwriter, the University and their respective successors, and no other person shall acquire or have any right under or by virtue of this Bond Purchase Agreement. The term "successors" as used in this Bond Purchase Agreement shall not include any purchaser of the 2018A Bonds, as such a purchaser, from the Underwriter.

14. Severability. In case any one or more of the provisions of this Bond Purchase Agreement, for any reason, is held to be illegal or invalid, such illegality or invalidity will not affect any other provisions of this Bond Purchase Agreement, and this Bond Purchase Agreement will be construed and enforced as if such illegal or invalid provisions had not been contained in it.

15. Governing Law. This Bond Purchase Agreement will be construed and enforced in accordance with the laws of the Commonwealth of Virginia without regard to its conflict of law principles.

16. No Advisory or Fiduciary Role. Each of the Authority and the University acknowledges and agrees that:

(a) the transactions contemplated by this Bond Purchase Agreement are arm's length, commercial transactions among the Authority, the University and the Underwriter, in which the primary role of the Underwriter is to purchase the 2018A Bonds, for resale to investors. The Underwriter has financial and other interests that differ from those of the

Authority and the University, and the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Authority or the University;

(b) the Underwriter has not assumed any advisory or fiduciary responsibility to the Authority or the University with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or its affiliates have provided other services or is currently providing other services to the Authority or the University on other matters);

(c) the only obligations the Underwriter has to the Authority or the University with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and

(d) the Authority and the University have each consulted their own respective financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent deemed appropriate.

(e) the primary role of the Underwriter (acting through the Wells Fargo Bank, National Association Municipal Products Group, which conducts municipal securities sales, trading and underwriting operations on behalf of Wells Fargo Bank, National Association, as the Underwriter, is to purchase the 2018A Bonds, for resale to investors, in an arm's length commercial transaction between the Authority, the Underwriter and the University. The Underwriter has financial and other interests that differ from those of the Authority and the University.

(f) The Official Statement shall be provided for distribution, at the expense of the University, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven business days after the date of this Bond Purchase Agreement or (ii) one business day prior to the Closing Date, to permit the Underwriter to comply with Rule 15c2-12 of the Securities and Exchange Commission, and the applicable rules of the Municipal Securities Rulemaking Board (the "MSRB"), with respect to distribution of the Official Statement. The University shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

17. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

18. Miscellaneous. This Bond Purchase Agreement is made solely for the benefit of and is binding upon each of the parties and their respective successors and assigns. It is the entire agreement of the parties, superseding all prior agreements, and may not be modified except in writing signed by all of the parties hereto.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]**

The representations and warranties set forth in this Bond Purchase Agreement or contained in any officer's certificate delivered pursuant hereto shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of the Underwriter, or (b) the issuance, sale and delivery of the 2018A Bonds.

Very truly yours,

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____

Its: _____

Accepted, as of the date hereof:

**INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA**

By: _____

Its: _____

THE WASHINGTON AND LEE UNIVERSITY

By: _____

Its: _____

EXHIBIT A

**INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON,
VIRGINIA**

**Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University), Series 2018A**

Amounts, Maturities, Interest Rates and Yields or Prices

Due (_____1)	<u>Amount</u>	<u>Coupon</u>	<u>Price</u>	<u>Yield</u>
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Redemption Provisions.

Optional Redemption.

Extraordinary Optional Redemption.

Mandatory Sinking Fund Redemption.

Year Amount

Opinion of Authority Counsel

_____, 2018

Industrial Development Authority of the City of Lexington, Virginia
Lexington, Virginia

Christian & Barton, L.L.P.
Richmond, Virginia

Wells Fargo Bank, National Association
Charlotte, North Carolina

\$ _____
**Industrial Development Authority of the City of Lexington, Virginia
Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University), Series 2018A**

Ladies and Gentlemen:

We have represented the Industrial Development Authority of the City of Lexington, Virginia, a public body corporate and a political subdivision, agency and instrumentality of the Commonwealth of Virginia (the "Authority"), in connection with the issuance and sale by the Authority of its \$ _____ Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the "Bonds"). In so acting, we have examined, among other things, the following:

- (a) Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act").
- (b) The bylaws of the Authority.
- (c) A resolution adopted by the Authority on _____, 2018 (the "Resolution"), authorizing the issuance of the Bonds and the loan of the proceeds from the sale thereof to Washington and Lee University (the "University")
- (d) Loan Agreement dated as of _____, 2018 (the "Loan Agreement"), between the Authority and the University.

(e) Indenture of Trust dated as of _____, 2018 (the "Indenture"), between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"), authorizing the issuance of the Bonds.

(f) Official Statement dated _____, 2018 (the "Final Official Statement" and, together with the Preliminary Official Statement dated _____, 2018, the "Official Statements"), pertaining to the offering of the Bonds.

(g) Bond Purchase Agreement, dated _____, 2018 (the "Bond Purchase Agreement"), among the Authority, the University and Wells Fargo Bank, National Association.

(h) All certificates, instruments and documents necessary or desirable in connection with the issuance and sale of the Bonds.

(i) A promissory note of the University, dated the date hereof (the "Note") in a principal amount equal to the original principal amount of, and with respect to, the Bonds, issued to the Authority pursuant to the Loan Agreement and assigned by the Authority to the Trustee, securing the payments on the Bonds.

All capitalized terms used herein if not otherwise defined above have the meaning given them in the Indenture.

Based on the foregoing and such other documents and investigation as we consider necessary for the purpose of rendering this opinion, we are of the opinion that:

1. The Authority is a public body corporate and political subdivision, agency and instrumentality of the Commonwealth of Virginia duly created under the Act and vested with all the rights and powers conferred by the Act.

2. The Authority has full power and authority to lend the proceeds of the Bonds to the University, to pay certain expenses in connection with issuing the Bonds, and to issue and sell the Bonds for such purposes in the manner and upon the terms and conditions set forth in the Bond Purchase Agreement and the Indenture and, in this connection, has taken all action required by the Indenture, the Act and other applicable laws in connection therewith.

3. The Resolution has been duly adopted by the Authority and is in full force and effect on the date hereof. The officers of the Authority executing the Bond Purchase Agreement, the Loan Agreement, the Indenture and the Bonds and who are listed on the general certificate of the Authority delivered on the date hereof were duly elected or appointed and are qualified to serve as such officers.

4. The Authority has duly authorized (a) the distribution and use of the Official Statements and the execution and delivery of the Bond Purchase Agreement, the Loan Agreement and the Indenture, (b) the assignment of the Note and the Authority's rights under the Loan Agreement (other than certain unassigned rights, including its rights to indemnification, payment of fees and expenses and receipt of notices, and to enforce compliance with rebate requirements), and (c) the sale, issuance and delivery of the Bonds, and has taken all action necessary or appropriate to carry out the same. The Bond Purchase Agreement, the Loan

Agreement, the Indenture and the Bonds have been duly executed and delivered by the Authority, constitute valid and binding limited obligations of the Authority, and are enforceable against the Authority in accordance with their terms, subject to the provisions of Paragraph 5 below.

5. The enforceability of the obligations of the Authority with respect to the documents described in Paragraph 4, including the Bonds, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

6. To our knowledge, there is no litigation at law or in equity or any proceeding before any governmental agency pending or threatened against the Authority with respect to (a) the organization and existence of the Authority, (b) its authority to execute and deliver the Bond Purchase Agreement, the Loan Agreement, the Indenture or the Bonds, (c) the validity or enforceability of any such documents or the transactions contemplated thereby, (d) the titles of the officers who executed such documents, or (e) any authority or proceedings relating to the execution and delivery of such documents by the Authority.

7. To our knowledge, and based on representations of officers of the Authority, the Authority is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred, and to our knowledge no event has occurred or is continuing under the provisions of any such instrument that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

8. To our knowledge, the Authority is not in violation of the Act or any existing law, rule or regulation applicable to it and is not in default under 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 is a party or by which it is bound or to which any of its assets are subject. The execution and delivery by the Authority of the Bond Purchase Agreement, the Loan Agreement, the Indenture and the Bonds, the assignment of substantially all of the Authority's rights under the Loan Agreement and the performance by the Authority of its obligations under such documents will not violate any provision of (a) the Act or the Authority's bylaws, (b) any federal or Virginia constitutional or statutory provisions, (c) to our knowledge, any agreement or other instrument to which the Authority is a party or by which it is bound, or (d) to our knowledge, any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Authority or its property.

9. The statements and information relating to the Authority contained in the Official Statements under the section "THE AUTHORITY" and "LITIGATION" (insofar as it concerns the Authority) and the information regarding the Authority under the captions "INTRODUCTION" and "MISCELLANEOUS," are true and correct and do not contain any untrue statement of any material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

10. No further approval, consent, or withholding of objection on the part of any regulatory body, federal, state or local, is required by the Authority in connection with (a) the

issuance of the Bonds, (b) the execution and delivery of or compliance by the Authority with the terms and conditions of the Bond Purchase Agreement, the Loan Agreement or the Indenture, or (c) the assignment and pledge by the Authority of substantially all of the Authority's rights under the Loan Agreement in the manner and to the extent provided in the Indenture, *provided*, that we express no opinion as to any actions that may be required under federal securities laws or the securities or "Blue Sky" laws of any jurisdiction.

Our services as have been based on our review of such legal proceedings and such representations by the Authority or its officers as we deem necessary to make the statements herein contained. Moreover, as used in the foregoing opinion, the phrase "to our knowledge" specifically refers to the actual knowledge of the lawyers involved in such special counsel representation. We have not examined any documents or other information concerning the business or financial resources of the University and, therefore, we express no opinion as to the accuracy or completeness of any information, including the information contained in the Official Statements that may have been relied upon by the purchasers of the Bonds in making their decision to purchase such Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Supplemental Opinion of Bond Counsel

_____, 2018

Wells Fargo Bank, National Association
Charlotte, North Carolina

\$ _____
**Industrial Development Authority of the City of Lexington, Virginia
Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University) Series 2018A**

Ladies and Gentlemen:

Reference is made to our opinion delivered today as Bond Counsel for the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), in connection with the issuance and sale by the Authority of its \$ _____ Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the "Bonds"). We hereby advise you that we now deliver such opinion for your benefit as well as the benefit of the Authority, and you are entitled to rely upon such opinion as if it were addressed to you.

At your request, we have reviewed (a) the Bond Purchase Agreement dated _____, 2018 (the "Bond Purchase Agreement"), between the Authority, The Washington and Lee University (the "University"), and Wells Fargo Bank, National Association (the "Underwriter"), with respect to the purchase and sale of the Bonds, (b) portions of the Official Statement of the Authority dated _____, 2018, relating to the Bonds (the "Official Statement"), and (c) certified copies of proceedings of the Authority with respect to the Bond Purchase Agreement and the Official Statement, as well as such other papers as we deem necessary for purposes of the opinions expressed below.

Based on the foregoing, we are of the opinion that:

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due authorization and execution by the other parties thereto, constitutes a valid and legally binding obligation of the Authority and is enforceable against the Authority in accordance with its terms. The enforceability of the obligations of the Authority under the Bond Purchase Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and by principles of equity, whether considered at law or in equity, and by public policy as expressed in applicable securities laws or otherwise.

2. The statements in the Official Statement in the sections entitled "THE 2018A BONDS" "SECURITY FOR BONDS," "TAX MATTERS," "BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS," and "CONTINUING DISCLOSURE" and in Appendix C accurately and fairly summarize the material provisions of the Bonds and documents, statutes and opinions referred to therein.

3. The offering, sale and delivery of the Bonds do not require registration of the Bonds, or any separate security represented by the Bonds, under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified as a Trust Indenture pursuant to the Trust Indenture Act of 1939, as amended.

This opinion is given in part in reliance on the opinion delivered today of Leanne Shank, Esquire, counsel to the University, to the effect that the University is operated exclusively for benevolent, fraternal, charitable or reformatory purposes, and not for pecuniary profit, and that no part of its earnings inures to the benefit of any person, private stockholder or individual.

This letter is furnished by us to meet the requirements of the Bond Purchase Agreement and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the Bonds or for any other purpose whatsoever, except that it may be included in the transcript of documents in connection with the Bonds. This letter may be relied upon solely by the addressee.

Very truly yours,

Opinion of University Counsel

_____, 2018

Industrial Development Authority of the City of Lexington, Virginia
Lexington, Virginia

The Washington and Lee University
Lexington, Virginia

Christian & Barton, L.L.P.
Richmond, Virginia

Wells Fargo Bank, National Association
Charlotte, North Carolina

Industrial Development Authority of the City of Lexington, Virginia

**\$_____ Educational Facilities Revenue and Refunding Bonds
(Washington and Lee University), Series 2018A**

Ladies and Gentlemen:

I have acted as counsel to The Washington and Lee University (the "University") in connection with the issuance by the Industrial Development Authority of the City of Lexington, Virginia (the "Authority") of its \$_____ Educational Facilities Revenue and Refunding Bonds (Washington and Lee University), Series 2018A (the "Bonds"), and the sale of the Bonds pursuant to the Bond Purchase Agreement dated _____, 2018 (the "Bond Purchase Agreement"), among the Authority, the University and Wells Fargo Bank, National Association (the "Underwriter"). The proceeds from the sale of the Bonds will be loaned to the University.

In so acting I have examined, among other things, the following:

- (a) Articles of Incorporation, Bylaws and minute books of the University;
- (b) Documents relating to the tax-exempt status of the University under the Internal Revenue Code of 1986, as amended, or its predecessors (the "Code");
- (c) Bond Purchase Agreement;
- (d) Loan Agreement dated as of _____, 2018 (the "Loan Agreement"), between the Authority and the University;

(e) A \$_____ unsecured promissory note of the University dated _____, 2018 (the "Note"), payable to the Authority;

(f) A Continuing Disclosure Agreement dated _____, 2018 (the "Continuing Disclosure Agreement");

(g) Indenture of Trust dated as of _____, 2018 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); and

(i) Official Statement of the Authority dated _____, 2018 (the "Official Statement"), pertaining to the offering of the Bonds.

In rendering this opinion, I have examined such certificates of public officials, documents and records of the University. I have also relied on the representations made in the Loan Agreement and upon certificates of officers of the University as to various questions of fact material to our opinion. I have assumed the due execution and delivery, pursuant to due authorization, of the Bond Purchase Agreement, the Escrow Agreement and the Loan Agreement by parties other than the University and the genuineness of all signatures on all documents seen or reviewed by me, the authenticity of all documents submitted to me as originals, and the conformity with the original documents of all documents submitted to me as copies.

Based on the foregoing, I am of the opinion that:

1. The University is a nonstock corporation duly organized and in good standing under the laws of the Commonwealth of Virginia.

2. The University is a not-for-profit institution of higher education within the Commonwealth of Virginia whose primary purpose is to provide collegiate education and not to provide religious training or theological education.

3. The University is (a) an organization described in Section 501(c)(3) of the Code, and (b) not a "private foundation," as defined in Section 509(a) of the Code. To the best of my knowledge, the University has conducted its operations and filed all required reports or documents with the Internal Revenue Service so as to maintain such status. The University is organized and operated exclusively for benevolent, fraternal, charitable or reformatory purposes, and not for pecuniary profit, and no part of its earnings inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of Subsection 3(a)(4) of the Securities Act of 1933, as amended, and of Subsection 12(g)(2) of the Securities Exchange Act of 1934, as amended.

4. Each component of the 2018A Project (as defined in the Bond Purchase Agreement) constitutes an "authority facility" within the meaning of the Act.

5. The University has full power and authority to enter into the Bond Purchase Agreement, the Loan Agreement and the Continuing Disclosure Agreement and to execute and

deliver the Note, and by proper corporate action has duly authorized the execution and delivery of the Bond Purchase Agreement, the Loan Agreement, the Escrow Agreement, the Note and the Continuing Disclosure Agreement, and has approved the Official Statement and the terms of the Indenture.

6. The Bond Purchase Agreement, the Loan Agreement, the Escrow Agreement, the Note and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the University and constitute valid and binding obligations of the University enforceable against the University in accordance with their terms, except to the extent that their enforceability may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and (b) principles of equity, whether considered at law or in equity.

7. The execution and delivery of the Bond Purchase Agreement, the Loan Agreement, the Escrow Agreement, the Note and the Continuing Disclosure Agreement and the consummation of the transactions contemplated by them will not conflict with, or constitute a violation or breach of, or a default under, the University's Articles of Incorporation or Bylaws or any Federal or Virginia constitutional or statutory provision, or to the best of my knowledge after due investigation (a) any agreement or other instrument to which the University is a party or by which it is bound, or (b) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the University or its property or any agreement or other instrument to which the University is a party or by which it is bound.

8. Except as may be required under the state securities or "blue sky" laws of any jurisdiction as to which I express no opinion, no further consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the University as a condition precedent to the execution and delivery by the University of the Bond Purchase Agreement, the Loan Agreement, the Escrow Agreement, the Note and the Continuing Disclosure Agreement or the performance by the University of its obligations thereunder or which are required for the undertaking of the 2018A Project.

9. There is no litigation at law or in equity or any proceeding before any governmental agency pending or threatened in which any liability of the University is not adequately covered by insurance, or in which any judgment or order directed to the University would have a material adverse effect upon the operations or assets of the University or affect the validity of the Bond Purchase Agreement, the Loan Agreement, the Escrow Agreement or the Note.

10. Based on my review that I have made as counsel for the University and without undertaking to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement nothing has come to my attention which would lead me to believe that the information contained in the Official Statement pertaining to the University under the captions "INTRODUCTION," "BONDHOLDERS' RISKS," "PLAN OF FINANCE," "LEGAL MATTERS," "LITIGATION" (except with respect to the Authority), "FINANCIAL STATEMENTS," "CONTINUING DISCLOSURE" and in Appendix A (except for the financial and other statistical material included in it as to which I express no opinion) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary

to make the statement therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

Form of Issue Price Certificate

**[\$[PRINCIPAL AMOUNT]
Industrial Development Authority of the City of Lexington, Virginia
Educational Facilities Revenue and Refunding Bonds
(Washington & Lee University), Series 2018A**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Wells Fargo Bank, National Association (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

WFBNA and the Industrial Development Authority of the City of Lexington, Virginia (the "Issuer"), and The Washington & Lee University have executed a Bond Purchase Agreement (the "Bond Purchase Agreement") in connection with the Bonds on the Sale Date. WFBNA has not modified the Bond Purchase Agreement since its execution on the Sale Date.

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. ***Initial Offering Price of the [Bonds] [Hold-the-Offering-Price Maturities].***

a) [Alternative 1³ – All Maturities Use Hold-the-Offering-Price Rule: WFBNA offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "*Initial Offering Prices*") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2⁴ – Select Maturities Use ~~Hold-the-Offering-Price Rule~~: WFBNA offered the ~~Hold-the-Offering-Price Maturities~~ to the Public for purchase at the respective initial offering prices listed in

¹ If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

² If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³ If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁴ Alternative 2 of paragraph 2(a) should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

Schedule A (the "*Initial Offering Prices*") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, WFBNA has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "*hold-the offering-price rule*"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. WFBNA has not offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement, WFBNA has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "*hold-the-offering-price rule*"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. WFBNA has not offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. *Defined Terms*

a) Issuer means the Industrial Development Authority of the City of Lexington, Virginia.

b) General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "*General Rule Maturities*."

c) [Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "*Hold-the-Offering-Price Maturities*."]

d) [Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to

the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

e) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. A person is a "*Related Party*" to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

4. ***Disclaimer.***

The representations set forth in this certificate are limited to factual matters only. All terms not defined herein shall have the same meanings as in the [Tax Certificate] with respect to the Bonds (the "*Tax Certificate*"), to which this Certificate is attached. Nothing in this certificate represents WFBNA's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the "*Code*") and we make no warranty regarding the sufficiency of the foregoing representations for purposes of such provisions of the Code. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with

respect to compliance with the federal income tax rules affecting the Bonds, and by Christian & Barton, L.L.P. ("*Bond Counsel*") in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law.

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE 1

Hold-the-Price Maturities