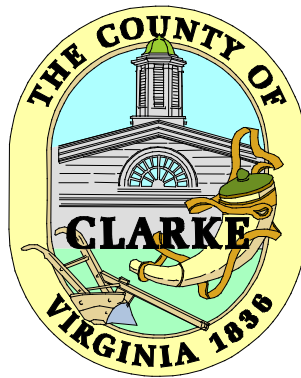


Industrial Development Authority of the Clarke County, Virginia Board of Directors



Special Meeting Packet

June 13, 2019



Industrial Development Authority of the County of Clarke Virginia

Agenda – Special Meeting

Thursday, June 13, 2019, 1:00 pm

Meeting Room AB, Berryville Clarke County Government Center
101 Chalmers Court 2nd Floor, Berryville, Virginia

1. Call to Order
2. Adoption of Agenda
3. Shenandoah University Bond Modification [*Educational Facilities Revenue Bonds, Series 2011*]
4. Adjourn

Call to Order

Adoption of Agenda

Proposed motion: Move to adopt agenda as [presented] or [as amended - title of agenda item[s] not listed on the published agenda provided to the public.]

Shenandoah University Bond Modification

[Educational Facilities Revenue Bonds, Series 2011]

Included in the packet is the Shenandoah University resolution for consideration, along with a draft of the Amendment to the existing Bond Purchase and Loan Agreement that is referenced in the resolution.

The purpose of the amendment is merely to allow Shenandoah and its lender, BB&T, to lower the variable interest rate on, and extend the current term of, the existing bonds. A good analogy would be to a modification of a home mortgage between a homeowner and his or her mortgage lender in which the interest rate is reduced and the term is extended.

The Clarke IDA must approve this amendment because it is a party to the bond documents that are being modified. The IDA is a party to those documents, and is the "issuer" of the bonds, because by serving as a conduit or "pass through" for the BB&T loan to Shenandoah, the loan can achieve tax-exempt status under applicable law. Tax-exempt status is important because it allows BB&T to pay no income tax on the interest it earns on the loan and, therefore, offer the loan to Shenandoah at a lower rate of interest.

Mike Graff, Partner – McGuireWoods LLP, and representatives of Shenandoah will be at the meeting at 1 p.m. on Thursday to answer any additional questions.

**RESOLUTION OF THE
INDUSTRIAL DEVELOPMENT AUTHORITY OF CLARKE COUNTY, VIRGINIA
RELATING TO THE AMENDMENT OF ITS
EDUCATIONAL FACILITIES REVENUE BOND
(SHENANDOAH UNIVERSITY), SERIES 2011**

WHEREAS, the Industrial Development Authority of Clarke County, Virginia (the “Authority”), has previously issued its Educational Facilities Revenue Bond (Shenandoah University), Series 2011 (the “Bond”), and loaned the proceeds to Shenandoah University (the “University”) pursuant to a Bond Purchase and Loan Agreement dated as of December 15, 2011 (the “Loan Agreement”), between the Authority, the University and Branch Banking and Trust Company, as purchaser of the Bond (the “Bank”);

WHEREAS, the Bond is secured by a promissory note of the University dated December 27, 2011 (the “Note”), in an amount equal to the principal amount of the Bond;

WHEREAS, the Borrower and the Bank have determined that it is desirable to make certain amendments to the interest rate provisions and other modifications to the Bond, the Note and the Loan Agreement; and

WHEREAS, there have been presented to this meeting drafts of a First Amendment to Bond Purchase and Loan Agreement (the “Amendment Agreement”), between the Authority, the Borrower and the Bank, together with the forms of the Authority’s Allonge to the Bond (the “Allonge to the Bond”) and the Borrower’s Allonge to the Promissory Note (the “Allonge to the Note” and, together with the Amendment Agreement and the Allonge to the Bond, the “Documents”), which Documents the Authority proposes to execute or approve to carry out the modifications of the Bond, copies of which Documents shall be filed with the records of the Authority;

BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF CLARKE COUNTY, VIRGINIA:

1. The changes to the interest rate provisions and other modifications as set forth in the Documents are hereby approved.
2. The forms of the Documents submitted to this meeting are hereby approved. The Chair and Vice Chair of the Authority, either of whom may act, are hereby authorized to execute and deliver the Amendment Agreement.
3. The Chair and Vice Chair of the Authority, either of whom may act, are hereby authorized and directed to execute the Allonge to the Bond by manual or facsimile signature, and the Secretary and Assistant Secretary of the Authority, either of whom may act, are authorized and directed to have the seal of the Authority affixed or printed thereon and to attest such seal by manual or facsimile signature. The Chair and Vice Chair of the Authority, either of whom may act, are authorized and directed to deliver the Allonge to the Bond to the Bank upon terms provided in the Loan Agreement, as amended by the Amendment Agreement.

4. The Documents shall be in substantially the forms presented to this meeting, which are hereby approved, with such completions, omissions, insertions and changes as the Authority counsel and the executing officer of the Authority may approve, with execution constituting conclusive evidence of approval of any such completions, omissions, insertions and changes.

5. The Chair and Vice Chair of the Authority, either of whom may act, are hereby authorized and directed to execute, deliver and file all documents, certificates and instruments, including, without limitation, the execution and filing of an Internal Revenue Service Form 8038, and to take all such further action as they may consider necessary or desirable in connection with the issuance, execution and delivery of the Allonge to the Bond.

6. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto.

7. All costs and expenses of the Authority and its counsel incurred in connection with the review, approval and execution of the Documents shall be paid by the Borrower.

8. The Borrower shall indemnify and save harmless the Authority, its officers, directors, employees and agents, from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Documents.

9. All other acts of the officers of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the execution and delivery of the Allonge to the Bond are hereby ratified, approved and confirmed.

10. This resolution shall take effect immediately upon its adoption.

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of Clarke County, Virginia (the "Authority"), hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and held on _____, 2019, 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 _____, 2019.

(SEAL)

Secretary, Industrial Development Authority of
Clarke County, Virginia

**FIRST AMENDMENT TO
BOND PURCHASE AND LOAN AGREEMENT**

THIS FIRST AMENDMENT TO BOND PURCHASE AND LOAN AGREEMENT (this “First Amendment”), dated _____, 2019, among the **INDUSTRIAL DEVELOPMENT AUTHORITY OF CLARKE COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Authority”), **SHENANDOAH UNIVERSITY**, a not-for-profit Virginia nonstock corporation (the “Borrower”), and **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation having an office and place of business in Winchester, Virginia, as purchaser and current holder of the hereinafter defined Bond (the “Holder”),

W I T N E S S E T H:

WHEREAS, the Authority, the Borrower and the Holder have previously entered into a Bond Purchase and Loan Agreement dated as of December 15, 2011 (the “Original Loan Agreement”), pursuant to which the Authority issued its up to \$7,815,000 Educational Facilities Revenue Bond (Shenandoah University), Series 2011 (the “Bond”), and loaned the proceeds thereof to the Borrower;

WHEREAS, contemporaneously with the issuance of the Bond, the Borrower executed and delivered to the Authority its promissory note dated the date of the issuance of the Bond (the “Note”) to evidence its obligations thereunder to make payments sufficient to pay the Bond, and the Authority assigned the Note to the Holder to secure the Bond;

WHEREAS, the Authority, the Borrower and the Holder have agreed to modify certain provisions of the Original Loan Agreement, the Bond and the Note, all as more particularly set forth in this First Amendment;

NOW, THEREFORE, the Original Loan Agreement is hereby amended by this First Amendment as follows:

Section 1. Definitions. Unless the context otherwise requires, capitalized terms used and not otherwise defined in this First Amendment shall have the meanings given such terms in the Original Loan Agreement, as amended hereby.

Section 2. Amendments.

(a) The definition of “Adjusted LIBOR Rate” in Section 1.1 of the Original Loan Agreement is hereby amended and restated to read as follows:

“Adjusted LIBOR Rate” shall mean a rate of interest per annum equal to the sum obtained by adding (a) the product of (i) 79% and (ii) One-Month LIBOR and (b) 0.959% per annum. The Adjusted LIBOR Rate shall be adjusted monthly on the first day of each LIBOR Interest Period. The Adjusted LIBOR Rate shall also be adjusted for any change in the LIBOR Reserve Percentage so that the Holder shall receive the same yield.

(b) The definition of “Adjusted Non-Bank Qualified LIBOR Rate” in Section 1.1 of the Original Loan Agreement is hereby amended and restated to read as follows:

“Adjusted Non-Bank Qualified LIBOR Rate” shall mean a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/100th of 1.0%) by adding (a) the product of (i) 79% and (ii) One-Month LIBOR and (b) 1.15% per annum. The Adjusted Non-Bank Qualified LIBOR Rate shall be adjusted monthly on the first day of each LIBOR Interest Period. The Adjusted Non-Bank Qualified LIBOR Rate shall also be adjusted for any change in the LIBOR Reserve Percentage so that the Holder shall receive the same yield.

(c) The definition of “Bond” in Section 1.1 of the Original Loan Agreement is hereby amended and restated to read as follows:

“Bond” shall mean the Authority’s Educational Facilities Revenue Bond (Shenandoah University), Series 2011, as amended by the Allonge to the Bond in the form of Exhibit A attached to the First Amendment, in the original principal amount equal to the sum of principal advances made thereunder not to exceed \$7,815,000, and currently outstanding in the principal amount of \$_____.

(d) The definition of “Bond Documents” in Section 1.1 of the Original Loan Agreement is hereby amended and restated to read as follows:

“Bond Documents” shall mean this Agreement, the Bond, the Covenant Agreement, the Note, the Master Indenture, Supplement No. 4 and the Deed of Trust, as each may be amended and/or amended and restated from time to time.

(e) The definition of “Note” in Section 1.1 of the Original Loan Agreement is hereby amended and restated to read as follows:

“Note” shall mean the Promissory Note of the Borrower in the principal amount of the Bond issued as Obligation No. 4 pursuant to Supplement No. 4, as amended by the Allonge to the Note in the form of Exhibit B attached to the First Amendment.

(f) Section 1.1 of the Original Loan Agreement is hereby amended by adding the following definitions of “Allonge to the Bond,” “Allonge to the Note” and “First Amendment”:

“Allonge to the Bond” shall mean the Allonge to the Bond in the form of Exhibit A attached to the First Amendment.

“Allonge to the Note” shall mean the Allonge to the Note in the form of Exhibit B attached to the First Amendment.

“First Amendment” shall mean the First Amendment to Bond Purchase and Loan Agreement dated _____, 2019, among the Authority, the Borrower and the Holder.

(g) Section 3.2(g) of the Original Loan Agreement is hereby amended and restated to read as follows:

“If at any time after the date hereof there should be any increase or decrease in the maximum marginal rate of federal income tax applicable to the taxable income of the Purchaser, its successors or assigns (“BB&T Tax Rate”), then the Adjusted LIBOR Rate or Adjusted Non-Bank Qualified LIBOR Rate, as applicable, in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted by the Holder, effective as of the effective date of any such change in the BB&T Tax Rate, by multiplying the Adjusted LIBOR Rate or Adjusted Non-Bank Qualified LIBOR Rate, as applicable, by a fraction, the denominator of which is one hundred percent (100%) minus the BB&T Tax Rate in effect upon the date of the First Amendment, and the numerator of which is one hundred percent (100%) minus the BB&T Tax Rate after giving effect to such change.”

(h) Section 3.2(j) of the Original Loan Agreement is hereby amended and restated to read as follows:

“(i) In the event that the Holder shall have determined, which determination shall be final, conclusive and binding, that (x) by reason of circumstances occurring after the Closing Date affecting the London interbank market, adequate and fair means do not exist for ascertaining One-Month LIBOR on the basis provided for herein or (y) the LIBOR Unavailability Date (as defined below) has occurred, the Holder shall give notice (by telephone confirmed in writing or by telecopy) to the Borrower of such determination, whereupon each reference herein to One-Month LIBOR shall be deemed and interpreted to mean the Standard Rate.

(ii) In the event that the Holder shall determine, which determination shall be final, conclusive and binding, that the collection of interest based on One-Month LIBOR (x) has become unlawful as a result of compliance by the Holder with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any of the same not having the force of law even though the failure to comply therewith would not be unlawful) or (y) has become impracticable, or would cause the Holder material hardship, as a result of contingencies occurring after the Closing Date materially and adversely affecting the London interbank market or the Holder’s ability to collect interest based on One-Month LIBOR generally, then, and in any such event, the Holder shall give notice (by telephone confirmed in writing or by telecopy) to the Borrower of such determination. Thereafter, each reference herein to One-Month LIBOR shall be deemed and interpreted to mean the Standard Rate.

(iii) Notwithstanding anything to the contrary in the Bond Documents, but without limiting Sections j(i) and (ii) above, in the event that the Holder shall have determined that (x) the circumstances described in Section (j)(i)(x) above have arisen and that such circumstances are unlikely to be temporary, (y) the circumstances described in Section (j)(ii) have arisen, or (z) the relevant administrator of LIBOR or a governmental authority having or purporting to have jurisdiction over the Holder has made a public statement identifying a specific date after which LIBOR shall no longer be available, or

used for determining interest rates for loans in US Dollars (such actual date after which LIBOR is no longer available or able to be used, the “LIBOR Unavailability Date”), then, the interest rate on the Bond may be determined by a substitute method of determination agreed on by the Holder and the Borrower (and which shall be accompanied by an opinion of Bond Counsel to the effect that such rate will not cause the interest on the Bond to be included in the gross income of the owner of the Bond for federal income tax purposes), giving due consideration to the then prevailing market convention for determining a replacement rate of interest for comparable bank-originated commercial loans in the United States at such time (the “LIBOR Replacement Rate”), and make such other related changes to the Bond and the other Bond Documents as may be necessary or appropriate, in the opinion of the Holder, to effect the provisions of this Section j(iii). For the avoidance of doubt, the Borrower agrees that unless and until a LIBOR Replacement Rate is determined and an amendment entered into to effect the provisions of this Section j(iii), if the circumstances under Section j(i) or (ii) exist, each reference herein to One-Month LIBOR shall be deemed and interpreted to mean the Standard Rate.”

(i) Section 3.5(c) of the Original Loan Agreement is hereby amended and restated to read as follows:

“The Holder of the Bond shall have the right, upon at least 180 days’ prior written notice to the Authority and the Borrower, to require that the Bond be redeemed in full on any date specified in such notice occurring on or after December 31, 2029, on which date the Bond shall be subject to redemption and payable in full and the Note shall correspondingly be due and payable in full. In the event the Holder of the Bond exercises its right to require the Bond to be redeemed in whole pursuant to this Section 3.5(c), the Holder shall, at the request of the Borrower, sell the Bond to the Borrower or its designee on the applicable redemption date at a purchase price equal to the aggregate amount of unpaid principal advances made thereunder, plus accrued interest thereon to but not including the date of such purchase, and the Bond shall be deemed purchased in lieu of redemption. In such event, no purchase of the Bond by a subsequent purchaser or advance or use of any moneys to effectuate any such purchase shall be deemed to be a payment or redemption of the Bond or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by the Bond.”

Section 3. Allonges to Bond and Note. The Bond shall be amended by the Allonge to the Bond substantially in the form of Exhibit A attached hereto, and the Note shall be amended by the Allonge to the Note substantially in the form of Exhibit B attached hereto. The Authority is authorized to execute and deliver to the Holder an Allonge to the Bond substantially in the form of Exhibit A, and the Borrower is authorized to execute and deliver an Allonge to the Note substantially in the form of Exhibit B. Unless otherwise noted, all references to the Bond and the Note in the Original Loan Agreement, the other Bond Documents and in any other documents related to the Bond shall mean the Bond, as amended by the Allonge to the Bond, and the Note, as amended by the Allonge to the Note.

Section 4. Effective Date. This First Amendment shall take effect on its dated date (the “Effective Date”).

Section 5. Conditions Precedent to Delivery. The Authority, the Borrower and the Holder shall accept delivery of this First Amendment and perform their respective obligations under the Bond Documents to which they are parties as modified hereby only upon delivery to them in form and substance satisfactory to them of the following on or before the Effective Date:

- (a) An executed original or counterpart of this First Amendment, the Allonge to the Bond and the Allonge to the Note;
- (b) Evidence of the due authorization, execution and delivery by the parties thereto of this First Amendment, the Allonge to the Bond and the Allonge to the Note;
- (c) The written opinion of counsel to the Borrower, addressed to the Authority and the Holder, in form and substance satisfactory to the Authority, the Holder and their counsel;
- (d) The written opinion of Hunton Andrews Kurth LLP, Bond Counsel, addressed to the Authority and the Holder, with a reliance letter to the Borrower, stating, among other things, that the Allonge to the Bond has been validly authorized, executed and delivered by the Authority and, subject to customary exceptions, is enforceable in accordance with its terms, and that the execution and delivery of this First Amendment and the Allonge to the Bond will not adversely affect (i) the federal tax status of interest on the Bond or (ii) the status of the Bond as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code; and
- (e) Such other documentation, certificates, opinions and assurances as may reasonably be required by the Holder or its counsel.

Section 6. Ratification of Original Loan Agreement. As amended hereby the Original Loan Agreement is in all respects ratified and confirmed, and the Original Loan Agreement as so amended hereby shall be read, taken and construed as one and the same instrument.

Section 7. Severability of Invalid Provisions. If any one or more of the provisions contained in this First Amendment shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this First Amendment and such invalidity, illegality or unenforceability shall not affect any other provision of this First Amendment, and this First Amendment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The Authority, the Holder and the Borrower each hereby declare that they would have entered into this First Amendment and each and every other Section, paragraph, sentence, clause and phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this First Amendment may be held illegal, invalid or unenforceable.

Section 8. Execution in Several Counterparts. This First Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority, the Holder

and the Borrower shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 9. Governing Law. This First Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 10. Representations. The Borrower hereby represents and warrants as follows:

(a) The Borrower is in compliance with all of the terms, covenants and conditions of the Original Loan Agreement, as amended hereby, and of each of the other Bond Documents to which it is a party.

(b) The Borrower has no knowledge of any Event of Default under the Original Loan Agreement, as amended hereby, or any other Bond Document to which it is a party.

(c) The representations and warranties contained in (i) Section 2.2 of the Original Loan Agreement and (ii) Section 4.01 of the Covenant Agreement are, except to the extent that they relate solely to an earlier date, true with the same effect as though such representations and warranties had been made on the date hereof.

(d) The Borrower has full corporate power and authority to execute, deliver and perform its obligations under this First Amendment and to incur the obligations provided for herein, all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of, notice to or filing with any public authority that has not been obtained or made is required as a condition to the validity of this First Amendment.

(e) This First Amendment and the Allonge to the Note constitute the valid and legally binding obligations of the Borrower, enforceable in accordance with their respective terms, except as the enforceability hereof and thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

Section 11. No Other Amendments; No Novation. Except as expressly amended hereby, the terms of the Original Loan Agreement shall remain in full force and effect in all respects, and the Borrower hereby reaffirms its obligations under the Original Loan Agreement, including those obligations under Article VIII of the Original Loan Agreement, as amended by this First Amendment, and under each of the other Bond Documents to which it is a party. Nothing contained in this First Amendment shall be construed to constitute a novation with respect to the obligations described in the Original Loan Agreement.

Section 12. Fees and Expenses. The Borrower hereby further agrees to pay all reasonable out-of-pocket expenses incurred by the Authority and the Holder in connection with the preparation of this First Amendment and the consummation of the transactions described herein, including, without limitation, the reasonable attorneys' fees and expenses of Bond Counsel, counsel to the Authority (if any), counsel to the Borrower and counsel to the Holder.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Authority, the Borrower and the Holder have caused this First Amendment to be executed in their respective names, all as of the Effective Date.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CLARKE COUNTY, VIRGINIA**

By: _____
Title: [Vice] Chairman

SHENANDOAH UNIVERSITY

By: _____
Title: Vice President, Administration & Finance

**BRANCH BANKING AND TRUST
COMPANY, as Holder**

By: _____
Title: Senior Vice President

**ALLONGE DATED _____, 2019, ATTACHED TO
INDUSTRIAL DEVELOPMENT AUTHORITY OF CLARKE COUNTY, VIRGINIA,
EDUCATIONAL FACILITIES REVENUE BOND
(SHENANDOAH UNIVERSITY), SERIES 2011,
DATED DECEMBER 27, 2011,
PAYABLE TO BRANCH BANKING AND TRUST COMPANY,
AS REGISTERED OWNER**

Pursuant to a resolution of the Industrial Development Authority of Clarke County, Virginia (the "Authority"), adopted on _____, 2019, and a First Amendment to Bond Purchase and Loan Agreement dated the date hereof, between the Authority, Shenandoah University (the "University") and Branch Banking and Trust Company, the following modifications are made to the Bond:

- (1) the paragraph beginning "If at any time after the date hereof there should be any decline in the combined maximum marginal rate of federal and Commonwealth of Virginia income tax..." in the section "Interest Rate Provisions" is amended and restated to read as follows:

"If at any time after the date hereof there should be any increase or decrease in the maximum marginal rate of federal income tax applicable to the taxable income of the Holder, its successors or assigns ("BB&T Tax Rate"), then the Adjusted LIBOR Rate or Adjusted Non-Bank Qualified LIBOR Rate, as applicable, in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted by the Holder, effective as of the effective date of any such change in the BB&T Tax Rate, by multiplying the Adjusted LIBOR Rate or Adjusted Non-Bank Qualified LIBOR Rate, as applicable, by a fraction, the denominator of which is one hundred percent (100%) minus the BB&T Tax Rate in effect upon the date of the First Amendment, and the numerator of which is one hundred percent (100%) minus the BB&T Tax Rate after giving effect to such change."

- (2) the penultimate paragraph of the section "Interest Rate Provisions" is amended and restated to read as follows:

"(i) In the event that the Holder shall have determined, which determination shall be final, conclusive and binding, that (x) by reason of circumstances occurring after the Closing Date affecting the London interbank market, adequate and fair means do not exist for ascertaining One-Month LIBOR on the basis provided for herein or (y) the LIBOR Unavailability Date (as defined below) has occurred, the Holder shall give notice (by telephone confirmed in writing or by telecopy) to the Borrower of such determination, whereupon each reference herein to One-Month LIBOR shall be deemed and interpreted to mean the Standard Rate.

(ii) In the event that the Holder shall determine, which determination shall be final, conclusive and binding, that the collection of interest based on One-Month LIBOR

(x) has become unlawful as a result of compliance by the Holder with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any of the same not having the force of law even though the failure to comply therewith would not be unlawful) or (y) has become impracticable, or would cause the Holder material hardship, as a result of contingencies occurring after the Closing Date materially and adversely affecting the London interbank market or the Holder's ability to collect interest based on One-Month LIBOR generally, then, and in any such event, the Holder shall give notice (by telephone confirmed in writing or by telecopy) to the Borrower of such determination. Thereafter, each reference herein to One-Month LIBOR shall be deemed and interpreted to mean the Standard Rate.

(iii) Notwithstanding anything to the contrary in the Bond Documents, but without limiting Sections (i) and (ii) above, in the event that the Holder shall have determined that (x) the circumstances described in (i)(x) above have arisen and that such circumstances are unlikely to be temporary, (y) the circumstances described in (ii) have arisen, or (z) the relevant administrator of LIBOR or a governmental authority having or purporting to have jurisdiction over the Holder has made a public statement identifying a specific date after which LIBOR shall no longer be available, or used for determining interest rates for loans in US Dollars (such actual date after which LIBOR is no longer available or able to be used, the "LIBOR Unavailability Date"), then, the interest rate on the Bond may be determined by a substitute method of determination agreed on by the Holder and the Borrower (and which shall be accompanied by an opinion of Bond Counsel to the effect that such rate will not cause the interest on the Bond to be included in the gross income of the owner of the Bond for federal income tax purposes), giving due consideration to the then prevailing market convention for determining a replacement rate of interest for comparable bank-originated commercial loans in the United States at such time (the "LIBOR Replacement Rate"), and make such other related changes to the Bond and the other Bond Documents as may be necessary or appropriate, in the opinion of the Holder, to effect the provisions of this Section (iii). For the avoidance of doubt, the Borrower agrees that unless and until a LIBOR Replacement Rate is determined and an amendment entered into to effect the provisions of this Section (iii), if the circumstances under Section (i) or (ii) exist, each reference herein to One-Month LIBOR shall be deemed and interpreted to mean the Standard Rate."

(3) the definition of "Adjusted LIBOR Rate" is amended and restated to read as follows:

"Adjusted LIBOR Rate" shall mean a rate of interest per annum equal to the sum obtained by adding (a) the product of (i) 79% and (ii) One-Month LIBOR and (b) 0.959% per annum. The Adjusted LIBOR Rate shall be adjusted monthly on the first day of each LIBOR Interest Period. The Adjusted LIBOR Rate shall also be adjusted for any change in the LIBOR Reserve Percentage so that the Holder shall receive the same yield.

(4) the definition of "Adjusted Non-Bank Qualified LIBOR Rate" is amended and restated to read as follows:

“Adjusted Non-Bank Qualified LIBOR Rate” shall mean a rate of interest per annum equal to the sum obtained (rounded upwards, if necessary, to the next higher 1/100th of 1.0%) by adding (a) the product of (i) 79% and (ii) One-Month LIBOR and (b) 1.15% per annum. The Adjusted Non-Bank Qualified LIBOR Rate shall be adjusted monthly on the first day of each LIBOR Interest Period. The Adjusted Non-Bank Qualified LIBOR Rate shall also be adjusted for any change in the LIBOR Reserve Percentage so that the Holder shall receive the same yield.

(5) the first date on which the registered owner of this Bond may require that this Bond be redeemed in full is changed from December 27, 2021, to December 31, 2029.

(6) the number of days’ prior written notice the registered owner is required to give to the Authority and the University of a demand for redemption is increased from at least 120 to at least 180.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Authority has caused this Allonge to be signed by the manual signature of its [Vice] Chairman and the seal of the Authority to be affixed hereon and attested by the manual signature of its [Assistant] Secretary, as of the date set forth above.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CLARKE COUNTY, VIRGINIA**

By: _____
[Vice] Chairman

[SEAL]

ATTEST:

[Assistant] Secretary

Branch Banking and Trust Company hereby agrees to (1) the changes to the interest rate should One-Month LIBOR not be ascertainable, unlawful to use or impracticable to calculate, (2) the changes in the definitions of “Adjusted LIBOR Rate” and “Adjusted Non-Bank Qualified LIBOR Rate” (3) the change of the date on or after which it may demand that this Bond be redeemed in full, (4) the increase in the number of days’ notice it is required to give to the University and the Authority of a demand for redemption, and (5) the changes in the formula for calculating the “BB&T Tax Rate,” all as described above.

APPROVED:

**BRANCH BANKING AND TRUST
COMPANY**

By: _____
Senior Vice President

**ALLONGE DATED _____, 2019, ATTACHED TO
PROMISSORY NOTE OF SHENANDOAH UNIVERSITY
DATED DECEMBER 27, 2011, PAYABLE TO
BRANCH BANKING AND TRUST COMPANY, AS ASSIGNEE OF THE INDUSTRIAL
DEVELOPMENT AUTHORITY OF CLARKE COUNTY, VIRGINIA**

Pursuant to a resolution of the Board of Trustees of Shenandoah University (the “University”), adopted on April 25, 2019, and a First Amendment to Bond Purchase and Loan Agreement dated _____, 2019, among the University, the Industrial Development Authority of Clarke County, Virginia (the “Authority”), and Branch Banking and Trust Company,

(1) the paragraph beginning “If at any time after the date hereof there should be any decline in the combined maximum marginal rate of federal and Commonwealth of Virginia income tax...” is amended and restated to read as follows:

“If at any time after the date hereof there should be any increase or decrease in the maximum marginal rate of federal income tax applicable to the taxable income of the Holder, its successors or assigns (“BB&T Tax Rate”), then the Adjusted LIBOR Rate or Adjusted Non-Bank Qualified LIBOR Rate, as applicable, in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted by the Holder, effective as of the effective date of any such change in the BB&T Tax Rate, by multiplying the Adjusted LIBOR Rate or Adjusted Non-Bank Qualified LIBOR Rate, as applicable, by a fraction, the denominator of which is one hundred percent (100%) minus the BB&T Tax Rate in effect upon the date of the First Amendment, and the numerator of which is one hundred percent (100%) minus the BB&T Tax Rate after giving effect to such change.”

(2) the paragraph beginning “In the event that One-Month LIBOR shall not be ascertainable, for any reason...” shall be deleted and reference made to Section 3.2(j) of the Agreement for provisions concerning such an occurrence.

(3) the first date on which the Holder of the Authority’s Educational Facilities Revenue Bond (Shenandoah University), Series 2011 (the “Bond”), may require that the Bond, and correspondingly, the Promissory Note, be redeemed in full is changed from December 27, 2021, to December 31, 2029.

(4) the number of days’ prior written notice the Holder of the Bond is required to give to the Authority and the University of a demand for redemption is increased from at least 120 to at least 180.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the University has caused this Allonge to be signed by the manual signature of its Vice President, Administration & Finance as of the date set forth above.

SHENANDOAH UNIVERSITY

By: _____
Vice President, Administration & Finance

Branch Banking and Trust Company hereby agrees to (1) the changes to the interest rate should One-Month LIBOR not be ascertainable, unlawful to use or impracticable to calculate, (2) the change of the date on or after which it may demand that this Promissory Note be redeemed in full, (3) the increase in the number of days' notice it is required to give to the University and the Authority of a demand for redemption, and (4) the changes in the formula for calculating the "BB&T Tax Rate," all as described above.

APPROVED:

**BRANCH BANKING AND TRUST
COMPANY**

By: _____
Senior Vice President

ACKNOWLEDGEMENT OF MASTER TRUSTEE

The undersigned Master Trustee hereby acknowledges this Allonge dated _____, 2019.

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Master Trustee**

By: _____
Vice President

Adjourn