

FIRST AMENDMENT TO BOND PURCHASE AND LOAN AGREEMENT

This **FIRST AMENDMENT TO BOND PURCHASE AND LOAN AGREEMENT** (the "First Amendment"), is dated as of March 1, 2023, and is between the **ECONOMIC DEVELOPMENT AUTHORITY OF ALBEMARLE COUNTY, VIRGINIA** (the "Authority"), a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), **TRUIST COMMERCIAL EQUITY, INC.** (f/k/a STI Institutional & Government, Inc.), a North Carolina banking corporation (the "Bondholder"), and **THE COVENANT SCHOOL, INC.**, a Virginia nonstock corporation (the "Borrower");

WITNESSETH:

A. The Authority, the Bondholder and the Borrower previously entered into a Bond Purchase and Loan Agreement dated as of March 1, 2013 (the "Original Agreement"), under which the Authority issued its Revenue Refunding Bond (The Covenant School, Inc.), Series 2013 (the "Original Bond").

B. To evidence its obligations related to the Original Bond, the Borrower issued to the Authority a Promissory Note dated April 4, 2013 (the "Original Note"), in the original principal amount of the Original Bond, and the Authority (as provided in the Original Agreement) assigned the Original Note to the Bondholder as security for the Original Bond.

C. The Authority has received a request from the Borrower to amend certain provisions of the Original Agreement, the Original Bond and the Original Note pursuant to this First Amendment.

D. The Authority, the Bondholder and the Borrower have determined to execute this First Amendment.

NOW, THEREFORE, the Original Agreement is hereby amended and supplemented 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 have the meanings given such terms in the Original Agreement, as amended hereby.

Section 2. Amendments to Original Agreement.

(a) All references in the Original Agreement to "the Bondholder" are amended to be references to "Truist Commercial Equity, Inc. (formerly STI Institutional & Government, Inc.), a Delaware corporation".

(b) All references in the Original Agreement to "the Agreement" are amended to be references to the Original Agreement as amended by this First Amendment.

(c) The definition of "Taxable Rate" set forth in Section 1.1 of the Original Agreement is amended and restated to read as follows:

"Taxable Rate" shall have the meaning as the term "Taxable Adjusted SOFR Rate" set forth in the Bond (as amended and restated) and in Exhibit C to the First Amendment.

(d) Article VI of the Original Agreement is amended to add the following as Section 6.8:

Section 6.8 Other Interest Rate Provisions. Additional terms and conditions applicable to the interest rate on the Bond, including certain benchmark replacement provisions, are set forth in Exhibit C attached to the First Amendment, the terms of which are incorporated herein by reference.

Section 3. Amended and Restated Bond. The Original Bond will be amended and restated as set forth in the Amended and Restated Bond (the "Amended and Restated Bond") in substantially the form attached as Exhibit A hereto. The Authority is authorized to execute and deliver the Amended and Restated Bond to the Bondholder. The Bondholder hereby consents to the amendments set forth in the Amended and Restated Bond. All references to the "Bond" in the Original Agreement (as amended by this First Amendment), and in any of the other Financing Instruments, shall be references to the Amended and Restated Bond.

Section 4. First Allonge to Promissory Note. The Original Note will be amended as set forth in the First Allonge and Amendment to Promissory Note (the "Allonge to Note") in substantially the form attached as Exhibit B hereto. The Bondholder hereby consents to the amendments set forth in the Allonge to Note. All references to the "Note" in the Original Agreement (as amended by this First Amendment) and in any of the other Financing Instruments, shall be references to the Original Note as amended by the Allonge to Note. The Authority and the Bondholder hereby consent to the attachment of the executed Allonge to Note to the Original Note.

Section 5. Effective Date. This First Amendment shall take effect on March 1, 2023.

Section 6. Ratification of Agreement. As amended hereby the Original Agreement is in all respects ratified and confirmed and the 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 or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this First Amendment and each and every other section, paragraph, sentence, clause or 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 Bondholder 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.

Section 10. No Other Amendments; Waiver; No Novation. Except as expressly amended hereby, the terms of the Original Agreement shall remain in full force and effect in all respects, and the Borrower hereby reaffirms its obligations under the Original Agreement, as amended by this First Amendment, and under each of the other Financing Instruments to which it is a party. The Borrower hereby waives any claim, cause of action, defense, counterclaim, setoff or recoupment of any kind or nature that it may assert against the Bondholder arising from or in connection with the Original Agreement, as amended

by this First Amendment, or the transactions contemplated thereby or hereby that exist on the date hereof or arise from facts or actions occurring prior hereto or on the date hereof, excluding any of the same which may exist by reason of the willful misconduct or negligence of the Bondholder. Nothing contained in this First Amendment shall be construed to constitute a novation with respect to the obligations described in the Original Agreement.

Section 11. Expenses. The Borrower hereby agrees to pay all reasonable out-of-pocket expenses incurred by the Bondholder and the Authority 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 the Bondholder and the Authority.

Section 12. Covered Modification. The parties intend for this First Amendment to constitute a "covered modification" within the meaning of Treasury and IRS Revenue Procedure 2020-44 dated October 9, 2020.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Authority, the Bondholder and the Borrower have caused this First Amendment to be executed in their names, by their duly authorized officers, all as of the day and year first above written.

**ECONOMIC DEVELOPMENT AUTHORITY OF
ALBEMARLE COUNTY, VIRGINIA**

By: _____
Name: _____
Title: _____

**TRUIST COMMERCIAL EQUITY, INC.,
as Bondholder**

By: _____
Name: Warren Van der Waag
Title: Authorized Agent

THE COVENANT SCHOOL, INC.

By: _____
Name: Frank Berry
Title: Chief Financial Officer

EXHIBIT A

Amended and Restated Bond

EXHIBIT B

**FORM OF FIRST ALLONGE AND AMENDMENT TO PROMISSORY NOTE
FIRST ALLONGE AND AMENDMENT TO
THE COVENANT SCHOOL, INC. PROMISSORY NOTE**

The Promissory Note dated April 4, 2013 (the "Note"), executed by **THE COVENANT SCHOOL, INC.** (the "Borrower"), and payable to the **ECONOMIC DEVELOPMENT AUTHORITY OF ALBEMARLE COUNTY, VIRGINIA** (the "Authority"), and subsequently assigned to **TRUIST COMMERCIAL EQUITY, INC.** (formerly **STI INSTITUTIONAL & GOVERNMENT, INC.**) (the "Bondholder") in the original principal amount of \$7,250,000, to which this Allonge is appended, is hereby amended as of March 1, 2023, as follows:

1. References in the Note to the "Bond" are hereby amended to be the Authority's Amended and Restated Revenue Refunding Bond (The Covenant School, Inc.), Series 2013, dated the date hereof in the current principal amount of \$_____, as the same may be altered, amended, modified or supplemented from time to time.

2. References in the Note to the "Agreement" are hereby amended to be the Bond Purchase and Loan Agreement dated as of March 1, 2013, among the Borrower, the Authority and the Bondholder, as the same may be altered, amended, modified or supplemented from time to time, including by a First Amendment to Bond Purchase and Loan Agreement dated as of March 1, 2023.

Except as expressly set forth in this Allonge, the Note shall remain unchanged and in full force and effect.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned are signing this First Allonge and Amendment to Promissory Note as of the day and year above first written.

BORROWER:

THE COVENANT SCHOOL, INC.

By: _____
Name: Frank Berry
Title: Chief Financial Officer

ACKNOWLEDGED AND APPROVED:

BONDHOLDER:

TRUIST COMMERCIAL EQUITY, INC.
(formerly STI INSTITUTIONAL &
GOVERNMENT, INC.)

By: _____
Name: Warren Van der Waag
Title: Authorized Agent

AUTHORITY:

ECONOMIC DEVELOPMENT AUTHORITY
OF ALBEMARLE COUNTY, VIRGINIA

By: _____
Title: Chair

EXHIBIT C

Other Interest Rate Provisions

Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase and Loan Agreement to which this Exhibit C is attached.

1. APPLICATION OF INTEREST RATE.

(a) From the date hereof to the date of the Determination of Taxability, if any, interest on the Bond shall be calculated based on the Adjusted SOFR Rate. Upon the occurrence of a Determination of Taxability, then, from and after such date on which the Determination of Taxability occurred, the interest rate used to calculate interest on the Bond shall be the Taxable Adjusted SOFR Rate. From and after the occurrence of an Event of Default, until such time as the Event of Default has been remedied or otherwise waived by the Bondholder, the Bond shall bear interest at the Default Rate.

(b) If at any time after the date hereof there should be any change in the maximum marginal rate of federal income tax applicable to the taxable income of the Lender, its successors or assigns ("Lender Tax Rate"), then the Adjusted SOFR Rate in effect hereunder from time to time as herein provided, shall be adjusted by the Lender (upward or downward, as the case may be), effective as of the effective date of any such change in the Lender Tax Rate, by multiplying the Adjusted SOFR Rate by a fraction, the denominator of which is one hundred percent (100%) minus the Lender Tax Rate in effect upon the date hereof, and the numerator of which is one hundred percent (100%) minus the Lender Tax Rate after giving effect to such change.

(c) In the event Lender determines in its sole discretion that Lender cannot make, fund, or maintain a loan based upon the Benchmark due to illegality or the inability to ascertain or determine said rate on the basis provided for herein ("Unavailability Period") and a Benchmark Transition Event has not occurred, then at the election of Lender the Benchmark shall convert to the Alternative Benchmark Rate for purposes of calculating the Adjusted SOFR Rate and, if applicable, the Taxable Adjusted SOFR Rate, on the then outstanding principal balance and for interest accruing on any fundings or advances requested by Borrower and, thereafter, the Adjusted SOFR Rate and, if applicable, the Taxable Adjusted SOFR Rate, shall adjust simultaneously with any fluctuation in the Alternative Benchmark Rate. In the event Lender determines that the circumstances giving rise to the Unavailability Period have ended, at such time as determined by Lender, the Benchmark will revert to the prior Benchmark (provided a Benchmark Transition Event has not occurred). Lender shall provide notice, which may be after the implementation of the Alternative Benchmark Rate as contemplated hereunder, to Borrower of any Benchmark change that is made pursuant to this subsection (c). For avoidance of doubt, following conversion to the Alternative Benchmark Rate under this subsection (c), the reference to "Benchmark" in the definitions of "Adjusted SOFR Rate" and "Taxable Adjusted SOFR Rate" shall be deemed and interpreted to mean the Alternative Benchmark Rate. The Spread and minimum rate, if any, shall continue to apply.

(d) In no instance will the applicable interest rate on the Bond exceed the maximum rate permitted by applicable law.

2. EFFECT OF BENCHMARK TRANSITION EVENT.

(a) In the event Lender determines in its sole discretion that (i) there is a public announcement by the administrator of a Benchmark or a Relevant Governmental Body that such Benchmark will cease or has ceased to be published; (ii) a public announcement is made by the administrator of a Benchmark or any Relevant Governmental Body that the Benchmark is no longer representative; or (iii) a Relevant

Governmental Body has determined that Lender may no longer utilize the Benchmark for purposes of setting interest rates (each a "Benchmark Transition Event"); Lender will have no obligation to make, fund or maintain a loan based on the Benchmark and on a date and time determined by Lender, without any further action or consent of by Borrower or amendment to the Bond or any other Bond Document, the first available alternative set forth in the order below that can be determined by Lender shall replace the Benchmark (the "Successor Rate"):

- (x) Relevant Governmental Body Recommended Rate; or
- (y) Alternative Benchmark Rate.

(b) In connection with the implementation of a Successor Rate, Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Bond Document, any amendments implementing such Successor Rate or Conforming Changes will become effective without any further action or consent of Borrower. Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than zero percent (0%), the Successor Rate will be deemed to be zero percent (0%). For avoidance of doubt, following the implementation of a Successor Rate, the reference to "Benchmark" in the definitions of "Adjusted SOFR Rate" and "Taxable Adjusted SOFR Rate" shall be deemed and interpreted to mean the Successor Rate. The Spread and minimum rate, if any, shall continue to apply.

(c) Lender will notify (in one or more notices) Borrower of the implementation of any Successor Rate. Any determination or decision that may be made by Lender pursuant to this Section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in Lender's sole discretion and without consent from Borrower.

3. DEFINITIONS.

(a) "**Adjusted SOFR Rate**" means the rate of interest per annum equal to the sum obtained by adding (i) the product of (x) 81.43% and (y) the Benchmark (provided that if said rate would be less than 0%, then it shall be deemed to be 0%), plus (ii) the Spread, which shall be adjusted with changes in the Benchmark. The Adjusted SOFR Rate shall adjust monthly on the first day of each Interest Period. Any change in the Adjusted SOFR Rate due to a change in the Benchmark shall be effective from and including the effective date of such change in the Benchmark without notice to Borrower.

(b) "**Alternative Benchmark Rate**" means a rate of interest per annum equal to the Prime Rate minus two and 5/10 percent (2.5%) which shall adjust daily with changes in the Prime Rate.

(c) "**Benchmark**" means initially Term SOFR, and upon Lender's determination under Section 2(a) hereof, will thereafter be the then-current Successor Rate.

(d) "**Conforming Changes**" means, with respect to any Successor Rate, any technical, administrative or operational changes (including changes to the definitions such as "U.S. Government Securities Business Day," "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that Lender decides may be appropriate to reflect the adoption and implementation of such Successor Rate and to permit the administration thereof by Lender in a manner Lender decides is reasonably necessary in connection with the administration of the Bond and the other Bond Documents.

- (e) **"Bond Documents"** has the meaning set forth in the Agreement.
- (f) **"Default Rate"** means the greater of (i) a fluctuating interest rate equal to 2.00% per annum above the Prime Rate in effect from time to time and (ii) 6.00% per annum.
- (g) **"Determination Day"** means that date which is (i) two U.S. Government Securities Business Days prior to the first day of the Interest Period if such day is a U.S. Government Securities Business Day or (ii) if the first day of the Interest Period is not a U.S. Government Securities Business Day then two U.S. Government Securities Business Days prior to the U.S. Government Securities Business Day immediately preceding the commencement of the Interest Period.
- (h) **"Interest Period"** means the one month period commencing on the first day of each month and each subsequent period shall commence on the first day of each month; provided that the first Interest Period shall commence on the date the Bond is first issued and end on the last day of the month in which the Bond is issued.
- (i) **"Prime Rate"** means the interest rate announced by Truist Bank from time to time as its prime rate. Any change in the Prime Rate shall be effective as of the date such change is announced by Truist Bank.
- (j) **"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.
- (k) **"Relevant Governmental Body Recommended Rate"** means, in respect of any relevant day, the rate (inclusive of any spreads or adjustments which may be positive or negative) recommended as the replacement for the Benchmark by the Relevant Governmental Body (which rate may be produced by the Federal Reserve Bank of New York or another administrator).
- (l) **"Spread"** means (i) while the Bond accrues interest at the Adjusted SOFR Rate, 1.58% per annum, and (ii) while the Bond accrues interest at the Taxable Adjusted SOFR Rate, 1.94% per annum.
- (m) **"Taxable Adjusted SOFR Rate"** means the rate of interest per annum equal to the sum obtained by adding (i) the Benchmark (provided that if said rate would be less than 0%, then it shall be deemed to be 0%), plus (ii) the Spread, which shall be adjusted with changes in the Benchmark. The Taxable Adjusted SOFR Rate shall adjust monthly on the first day of each Interest Period. Any change in the Taxable Adjusted SOFR Rate due to a change in the Benchmark shall be effective from and including the effective date of such change in the Benchmark without notice to Borrower.
- (n) **"Term SOFR"** means the Term SOFR reference rate for a one month tenor as administered by the Term SOFR Administrator and quoted by Bloomberg Finance L.P., or any quoting service or commonly available source utilized by Lender on the Determination Day; provided that if as of 5:00 p.m. (New York time) on the Determination Day, Term SOFR for such tenor has not been published by the Term SOFR Administrator, then the rate used will be Term SOFR for such tenor as published by the Term SOFR Administrator for the immediately preceding U.S. Government Securities Business Day on which such rate was published on the Term SOFR Administrator's website so long as such immediately preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Determination Day.
- (o) **"Term SOFR Administrator"** means CME Group Benchmark Administration Limited or a successor administrator of the Term SOFR Reference Rate selected by Lender in its sole discretion.

(p) **"U.S. Government Securities Business Day"** means any day except for (i) a Saturday, (ii) a Sunday, or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.