

Industrial Development Authority of the City of Lexington, Virginia

Wednesday, February 2, 2022, 5:00 p.m.

Electronic Meeting

1. Call to Order
2. Approval of Minutes
 - a. IDA meeting, Thursday, May 27, 2021*
3. Consideration of Revenue Bonds for Lexington Retirement Community, Inc. d/b/a Kendal at Lexington in an Amount not to Exceed \$25,000,000 – Jim Halasz, City Manager and Jennifer Bell, Finance Director*
4. Adjourn

Minutes
Industrial Development Authority (IDA)
of the City of Lexington, VA
Thursday, May 27, 2021 at 5:00 p.m.

IDA Present: Bill King, Chair, Felicia Bush, Buddy Derrick, Tammy Hellwig, Camille Miller and Liz Ramsey

IDA Absent: None

Staff Present: Jake Adams, IDA Treasurer, Jani Hostetter, City Clerk and Daniel Lauro, City Bond Counsel

Also Present: David Prasnicky, Vice President and CFO of VMI Alumni Agencies and David Richardson and T.W. Bruno, McGuire Woods

The Industrial Development Authority (IDA) met on May 27, 2021 electronically. Chairman Bill King called the meeting to order at 5:01 p.m.

B. King noted that Item 4: Discussion of Re-Purposing Approved Sewer Capacity Study Funding for a Small Area Study, will be taken up at the next IDA meeting which is tentatively scheduled for June 16, 2021.

Approval of Minutes –

Liz Ramsey abstained due to being appointed after the October 26, 2020 meeting. Camille Miller moved to approve the October 26, 2020 Industrial Development Authority Minutes with two minor corrections previously submitted to the clerk. Buddy Derrick seconded. The motion carried unanimously (5/0/1) as presented by Roll Call Vote:

AYES: Bush, Derrick, Hellwig, Miller, King

NAYS: None

ABSTAIN: Ramsey

Consideration of a Resolution Approving Issuance of Up To \$30,000,000 of Revenue Refunding Bonds for the Benefit of V.M.I. Alumni Agencies Board, Inc. and V.M.I. Foundation –

B. King asked what the maturity date on the bonds is. T.W. Bruno explained that the plan is to keep the bond maturity date as December 1, 2036. C. Miller questioned the unusual speed in which the request was brought before the IDA, noting that the request was made on May 19, 2021 and the IDA is considering the request on May 27, 2021. She also asked if the request was properly noticed in the newspaper. J. Adams explained that issuance is a refunding, not a new issuance, so it did not need to be noticed in the newspaper. He also explained that VMI would like to get the approval from the IDA and bring the request before the Virginia Treasury Board at their next meeting which will be in early June and they would like to take advantage of the current market conditions. C. Miller said that she was not opposed to the request, but did urge the IDA to be

cautious about moving quickly without public awareness because it misrepresents what government does. D. Prasnicki thanked the IDA for taking the request in such a quick manner and further explained the speed of the request.

Buddy Derrick moved to approve the Resolution Authorizing the Issuance of Up To \$30,000,000 of Revenue Refunding Bonds for the Benefit of V.M.I. Alumni Agencies Board, Inc. and V.M.I. Foundation. Camille Miller seconded. The motion carried unanimously (6/0) as presented by Roll Call Vote:

AYES: Bush, Derrick, Hellwig, Miller, Ramsey, King

NAYS: None

Adjournment

Chairman Bill King adjourned the May 27, 2021 meeting of the Industrial Development Authority at 5:14 p.m.

Bill King, IDA Chair

Jim Halasz, IDA Secretary



**City of Lexington Industrial Development Authority
Briefing
February 2, 2022**

Request for Approval of a Refunding of Bonds Issued for Kendal

Background: The Authority has received a request (through Bond Counsel - McQuire Woods) to approve a refunding (refinancing) for bonds previously issued under approval of the IDA for Kendal. The primary role of the Board tonight is to approve the resolution provided and to authorize the signing of the documents required for bond refinancing to occur.

Kendal has paid the \$2,500 application fee. The underwriter, B.C Ziegler & Company, has provided their disclosure, serving in that role. The IDA is represented by our attorney, Daniel Lauro, from BotkinRose.

Mr. Rose will lead us through the documents Wednesday night that will need to be signed for the purpose of the refinancing. These documents are roughly in their final form, however, some minor changes may occur after Board approval and Mr. Lauro will also explain why this may occur

Recommendations: I recommend that the Board approve the resolution and authorize the Board Chair or Vice Chair to sign the attached documents, to be provided in final form at a later date, contingent upon the needs of the final financing agreements.

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

**REVENUE BONDS FOR LEXINGTON RETIREMENT COMMUNITY, INC.
IN AN AMOUNT NOT TO EXCEED \$25,000,000**

RECITALS

A. The Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), is a political subdivision of the Commonwealth of Virginia empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act") to issue its revenue bonds to finance or refinance the construction and equipping of facilities for the residence or care of the aged to protect and promote the health and welfare of the inhabitants of the Commonwealth of Virginia.

B. The Authority has received a request from the Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the "Corporation"), to issue revenue bonds, in one or more series (the "Bonds"), and loan the proceeds thereof to the Corporation to (a) refinance the Authority's Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A (the "Series 2017A Bonds") and (b) finance amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds (collectively (a) and (b), the "Plan of Finance").

C. The Authority may issue the Bonds under a Bond Indenture dated as of October 1, 2016, as supplemented and amended, including by a Second Supplemental Bond Indenture (collectively, the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee"). The Authority will loan the proceeds of the Bonds to the Corporation under a Loan Agreement dated as of October 1, 2016, as supplemented and amended, including by a Second Amendment to Loan Agreement (collectively, the "Loan Agreement") between the Authority and the Corporation.

D. To evidence the Corporation's obligations under the Loan Agreement, the Corporation will execute and deliver one or more promissory notes to secure the applicable series of Bonds (each a "Note"). The Authority will assign each Note to the Bond Trustee under the Bond Indenture.

E. The Bonds issued under a Bond Indenture are expected to be offered for sale by B.C. Ziegler and Company ("Ziegler"), or a group of underwriters managed by such firm (collectively the "Underwriters"), under one or more Bond Purchase Agreements (each a "Bond Purchase Agreement") dated the date of its execution and delivery, among the Authority, the Corporation and Ziegler on behalf of itself or as a representative for the Underwriters.

F. The Bonds offered for sale by the Underwriters will be accompanied by a disclosure document in the form of an official statement in preliminary form to be dated the date of its delivery (the "Preliminary Official Statement"), prepared under the direction of the Corporation in connection with the offering and sale of those series of Bonds.

G. The Bonds are expected to be sold to the Underwriters pursuant to the terms of the Bond Purchase Agreements; provided that (1) the aggregate principal amount of the Bonds shall not exceed \$25,000,000, (2) the final maturity of the Bonds is not later than the final

maturity of the Series 2017A Bonds to be refunded, (3) the Bonds may bear interest at variable or fixed rates (as directed by the Corporation), (4) the interest rate on any fixed rate Bonds shall not exceed 6.00% per annum and (5) the initial rate on any variable rate Bonds shall not exceed 6.00% per annum (collectively, the "Bond Terms").

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

- (1) Bond Indenture, including the forms of the Bonds;
- (2) Loan Agreement;
- (3) Note, with the Authority's assignment thereof;
- (4) Bond Purchase Agreement; and
- (5) Preliminary Official Statement.

I. The documents listed in (H) are referred to below as the "Authority Documents."

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA:

1. It is hereby found and determined that the Plan of Finance will be in the public interest and will promote the commerce, safety, health, welfare, convenience or prosperity of the Commonwealth of Virginia, the City of Lexington, Virginia (the "City") and their citizens and in particular will promote the provision of health care facilities and other facilities for the residence and care of the aged in accordance with their special needs.

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

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

4. The Chairman and the Vice Chairman of the Authority (either of whom may act) are each authorized to approve the number of series, interest rates, maturities, redemption provisions, and other terms of the Bonds, consistent with the Bond Terms, with the inclusion of such terms in the Bond Purchase Agreements being conclusive evidence of such approval. The sale of the Bonds to the Underwriters pursuant to the Bond Purchase Agreements is hereby approved and authorized provided such sale shall be consistent with the Bond Terms.

5. The use and distribution by the Underwriters of the Preliminary Official Statement in the form on file with the Authority are in all respects authorized, ratified and approved. For purposes of Rule 15c2-12 of the Securities and Exchange Commission, the Chairman or Vice Chairman of the Authority, either of whom may act, are authorized to deem the Preliminary Official Statement relating to the Bonds final except for information permitted to

be omitted under paragraph (b)(1) of such Rule. The Chairman and Vice Chairman of the Authority, either of whom may act, are authorized and directed to execute and deliver the Authority's approval of the final official statement (the "Official Statement") upon approval of its form, terms and conditions. Such officer's execution shall constitute conclusive evidence of his approval of such form, terms and conditions. Execution of the final Official Statement shall constitute conclusive evidence that the Official Statement has been deemed final within the meaning of Rule 15c2-12.

6. The Official Statement and its use and distribution by the Underwriters is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement submitted to this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the Chairman or Vice Chairman, whose execution thereof shall constitute conclusive evidence of his approval of such form, terms and conditions.

7. The Chairman and the Vice Chairman of the Authority (either of whom may act) are each hereby authorized to execute on behalf of the Authority the Bonds and the Authority Documents to which the Authority is a party, and the Secretary and the Assistant Secretary of the Authority are each hereby authorized to affix the seal of the Authority to the Bonds and, if required, the Authority Documents and to attest such seal. The signatures of the Chairman, the Vice Chairman, the Secretary and the Assistant Secretary and the seal of the Authority may be by facsimile. Each officer of the Authority is hereby authorized to execute and deliver on behalf of the Authority such instruments, documents or certificates and to do and perform such things and acts, as he or she deems necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bonds, the Authority Documents or such instruments, documents or certificates, and all of the foregoing, previously done or performed by such officers of the Authority, are in all respects approved, ratified and confirmed.

8. The Bonds and the Authority Documents shall provide that neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the obligations under the Bonds and the Authority Documents except from the revenues, receipts and payments pledged thereof, and that 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 such obligations.

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

10. At the request of the Corporation, the Authority hereby approves McGuireWoods LLP, as bond counsel in connection with the issuance of each series of Bonds.

11. This resolution shall be effective immediately.

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

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 Directors of the Authority present and voting at a meeting duly called and held on February __, 2022, 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 February, 2022.

(SEAL)

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

McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219
Phone: 804.775.1000
www.mcguirewoods.com

McGUIREWOODS

Anne Curtis Saunders
Direct: 804.775.4397

acsanders@mcguirewoods.com

January 28, 2022

VIA E-MAIL

Daniel R. Lauro, Esq.
3190 Peoples Drive
Harrisonburg, Virginia 22801
Attention: Daniel R. Lauro (dlauro@botkinrose.com)

**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington), Series 2022
Financing Request**

Dear Mr. Lauro:

In 2017, the Industrial Development Authority of the City of Lexington, Virginia (the "Authority") issued its Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A (the "Series 2017 Bonds") to benefit Lexington Retirement Community, Inc. (the "Borrower"). The proceeds of the Series 2017 Bonds were used by the Borrower to finance several projects on and around the Borrower's continuing care retirement community known as "Kendal at Lexington" within the City.

We respectfully request that the Authority consider a resolution that would authorize refunding of all or a portion of the Series 2017 Bonds in order to realize economic savings at its meeting on February 2, 2022.

Please do not hesitate to call me if you have any questions or concerns.

Sincerely,


Anne Curtis Saunders

January 26, 2022

Industrial Development Authority of Lexington County, Virginia
300 East Washington Street
Lexington, Virginia 24450

Attn: Jim Halasz, IDA Secretary

Re: Disclosures by B.C. Ziegler and Company (“Ziegler”) Pursuant to MSRB Rule G-17 with respect to the Industrial Development Authority of Lexington County, Virginia (Kendal at Lexington) Series 2022

Dear Mr. Halasz:

We are writing to provide you, as City Manager of the Industrial Development Authority of Lexington County, Virginia, with certain disclosures relating to the captioned bond issue (Bonds), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).¹

Kendal at Lexington (the “Obligor”) has engaged B.C. Ziegler and Company (“Ziegler”) to serve as an underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As part of our underwriting services, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

As the issuer of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, but the material financial risks described in this letter will be borne by the Obligor, as set forth in those legal documents. A copy of this letter is also being sent to the Obligor.

The following G-17 conflict of interest disclosures are now broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures.

I. Dealer-Specific Conflicts of Interest Disclosures

Ziegler has not identified any actual or potential material conflicts of interest.

II. Transaction-Specific Disclosures

• Disclosures Concerning Complex Municipal Securities Financing:

- Since we have recommended to the Issuer/Obligor a financing structure that may be a “complex municipal securities financing” for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

III. Standard Disclosures

- Disclosures Concerning the Underwriters' Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The underwriters' primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
 - The underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - The underwriters will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.²
- Disclosures Concerning the Underwriters' Compensation:
 - The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

² Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

Please note that nothing in this letter should be viewed as a commitment by the underwriters to purchase or sell all the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

You have been identified by the Issuer as a primary contact for the Issuer's receipt of these disclosures and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately. We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth above. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures.

Depending on the structure of the transaction that the Obligor decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Obligor in connection with the issuance of the Bonds. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Tommy Brewer". The signature is written in a cursive style with a large initial "T" and "B".

Tommy Brewer, Managing Director
Ziegler

Acknowledgement:

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

Jim Halasz, IDA Secretary

Date: _____

cc: Felicia Bush, Chief Financial Officer

SIFMA Model Risk Disclosures Pursuant to MSRB Rule G-17
(as of January 13, 2021)

Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds (“Fixed Rate Bonds”), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue Fixed Rate Bonds. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate.

As the issuer of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, but the material financial risks described below will be borne by the obligor, as set forth in those legal documents. A copy of our disclosure letter is also being sent to the Obligor. In such case, any reference below to “you” or “your” shall refer to the obligor, unless otherwise noted because of transaction’s terms.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities, whether for their benefit or as a conduit issuer for a nongovernmental entity. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.³

Revenue Bonds. “Revenue bonds” are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit, and you (or, if you are a conduit issuer, the obligor, as described in the following paragraph) are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

Some revenue bonds (conduit revenue bonds) may be issued by a governmental issuer acting as a conduit for the benefit of a private sector entity or a 501(c)(3) organization (the obligor). Conduit revenue bonds commonly are issued for not-for-profit hospitals, educational institutions, single and multi-family housing, airports, industrial or economic development projects, and student loan programs, among other obligors. Principal and interest on conduit revenue bonds normally are paid exclusively from revenues pledged by the obligor. Unless otherwise specified under the terms of the bonds, you are not required to make payments of principal or interest if the obligor defaults.

The description above regarding “Security” is only a summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all the following (generally, the obligor, rather than the issuer, will bear these risks for conduit revenue bonds):

Issuer Default Risk. You may be in default if the funds pledged to secure your bonds are not enough to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds

³ The discussion of security characteristics is limited to general obligation and revenue bond structures. This summary should be expanded and modified, as necessary, for other security structures, such as bonds that are secured by a double-barreled pledge (general obligation and revenues), annual appropriations or a moral obligation of the issuer or another governmental entity. If the security for the bonds is known at the time this disclosure is provided to the issuer, include only those portions relevant to the actual security for the bonds.

are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk. Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. If interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk. If your financing plan contemplates refinancing some or all the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required.

Reinvestment Risk. You may have proceeds from the issuance of the bonds available to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as “negative arbitrage”.

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to several requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If tax-exempt bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.

January 26, 2022

Industrial Development Authority of Lexington County, Virginia
300 East Washington Street
Lexington, Virginia 24450

Attn: Jim Halasz, IDA Secretary

Re: Disclosures by B.C. Ziegler and Company ("Ziegler") Pursuant to MSRB Rule G-17 with respect to the Industrial Development Authority of Lexington County, Virginia (Kendal at Lexington) Series 2022

Dear Mr. Halasz:

We are writing to provide you, as City Manager of the Industrial Development Authority of Lexington County, Virginia, with certain disclosures relating to the captioned bond issue (Bonds), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).¹

Kendal at Lexington (the "Obligor") has engaged B.C. Ziegler and Company ("Ziegler") to serve as an underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As part of our underwriting services, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

As the issuer of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, but the material financial risks described in this letter will be borne by the Obligor, as set forth in those legal documents. A copy of this letter is also being sent to the Obligor.

The following G-17 conflict of interest disclosures are now broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures.

I. Dealer-Specific Conflicts of Interest Disclosures

Ziegler has not identified any actual or potential material conflicts of interest.

II. Transaction-Specific Disclosures

• Disclosures Concerning Complex Municipal Securities Financing:

- Since we have recommended to the Issuer/Obligor a financing structure that may be a "complex municipal securities financing" for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing

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structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

III. Standard Disclosures

- Disclosures Concerning the Underwriters' Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The underwriters' primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
 - The underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - The underwriters will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.²
- Disclosures Concerning the Underwriters' Compensation:
 - The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

² Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

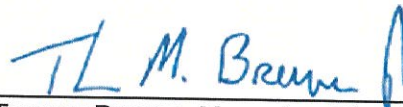
Please note that nothing in this letter should be viewed as a commitment by the underwriters to purchase or sell all the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

You have been identified by the Issuer as a primary contact for the Issuer's receipt of these disclosures and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately. We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth above. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures.

Depending on the structure of the transaction that the Obligor decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Obligor in connection with the issuance of the Bonds. Thank you.

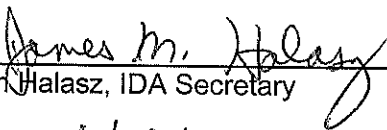
Sincerely,

A handwritten signature in blue ink that reads "Tommy Brewer". The signature is written in a cursive style with a large initial "T" and "B".

Tommy Brewer, Managing Director
Ziegler

Acknowledgement:

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



Jim Halasz, IDA Secretary

Date: 1/29/22

cc: Felicia Bush, Chief Financial Officer

SIFMA Model Risk Disclosures Pursuant to MSRB Rule G-17
(as of January 13, 2021)

Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds ("Fixed Rate Bonds"), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue Fixed Rate Bonds. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate.

As the issuer of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, but the material financial risks described below will be borne by the obligor, as set forth in those legal documents. A copy of our disclosure letter is also being sent to the Obligor. In such case, any reference below to "you" or "your" shall refer to the obligor, unless otherwise noted because of transaction's terms.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities, whether for their benefit or as a conduit issuer for a nongovernmental entity. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.³

Revenue Bonds. "Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit, and you (or, if you are a conduit issuer, the obligor, as described in the following paragraph) are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

Some revenue bonds (conduit revenue bonds) may be issued by a governmental issuer acting as a conduit for the benefit of a private sector entity or a 501(c)(3) organization (the obligor). Conduit revenue bonds commonly are issued for not-for-profit hospitals, educational institutions, single and multi-family housing, airports, industrial or economic development projects, and student loan programs, among other obligors. Principal and interest on conduit revenue bonds normally are paid exclusively from revenues pledged by the obligor. Unless otherwise specified under the terms of the bonds, you are not required to make payments of principal or interest if the obligor defaults.

The description above regarding "Security" is only a summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all the following (generally, the obligor, rather than the issuer, will bear these risks for conduit revenue bonds):

Issuer Default Risk. You may be in default if the funds pledged to secure your bonds are not enough to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds

³ The discussion of security characteristics is limited to general obligation and revenue bond structures. This summary should be expanded and modified, as necessary, for other security structures, such as bonds that are secured by a double-barreled pledge (general obligation and revenues), annual appropriations or a moral obligation of the issuer or another governmental entity. If the security for the bonds is known at the time this disclosure is provided to the issuer, include only those portions relevant to the actual security for the bonds.

are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk. Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. If interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk. If your financing plan contemplates refinancing some or all the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required.

Reinvestment Risk. You may have proceeds from the issuance of the bonds available to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as "negative arbitrage".

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to several requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If tax-exempt bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.

BOOK ENTRY ONLY

RATING: Fitch: **BBB-**
See (“Rating” herein)

[In the opinion of Bond Counsel, under current law and subject to conditions described in “TAX EXEMPTION” herein, interest on the Series 2022 Bonds (1) will not be included in gross income of the owners thereof for Federal income tax purposes, (2) will not be an item of tax preference for purposes of the federal alternative minimum income tax, and (3) will be exempt from income taxation by the Commonwealth of Virginia. Such interest may be included in the calculation of a corporation’s alternative minimum income tax, and a holder may be subject to other Federal tax consequences as described in “TAX EXEMPTION” herein.] **[TO BE REVIEWED/REVISED BY BOND COUNSEL]**

KENDAL LOGO

§ _____*

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA
RESIDENTIAL CARE FACILITY
REVENUE REFUNDING BONDS
(KENDAL AT LEXINGTON)
SERIES 2022 (FORWARD DELIVERY)**

Dated: Date of Delivery**Due: As shown on the inside cover**

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), is issuing the above-referenced bonds (the “Series 2022 Bonds”) under a Bond Trust Indenture dated as of October 1, 2016, as previously supplemented and amended, and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the “Bond Indenture”), between the Authority and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as Bond Trustee (the “Bond Trustee”). The Series 2022 Bonds are limited obligations of the Authority payable solely from the revenues received by the Authority under a promissory note (the “Series 2022 Obligation”) issued by Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the “Corporation”). The Corporation is issuing the Series 2022 Obligation under a Master Trust Indenture dated as of October 1, 2016 (the “Original Master Indenture”), as previously supplemented, and as further supplemented by a Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022 (the “Supplement”), both between U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as master trustee (the “Master Trustee”), and the Corporation.

The Authority is loaning the proceeds of the Series 2022 Bonds to the Corporation pursuant to a Loan Agreement dated as of October 1, 2016, as previously amended, and as further amended by the Second Amendment to Loan Agreement dated as of October 1, 2022 (collectively, the “Loan Agreement”), between the Authority and the Corporation. The Corporation will use the proceeds of the Series 2022 Bonds, together with other available funds, to (1) refund the outstanding principal amount of the Authority’s Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A (the “Series 2017A Bonds”), the proceeds of which were used to finance and refinance certain improvements to the continuing care retirement community known as “Kendal at Lexington” owned and operated by the Corporation (the “Community”), (2) pay all or a portion of the costs of issuance incurred in connection with the issuance of the Series 2022 Bonds, and (3) fund a debt service reserve fund for the Series 2022 Bonds. The Corporation’s obligation to repay the loan will be evidenced by the Series 2022 Obligation.

The Authority is issuing the Series 2022 Bonds in fully registered form, registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2022 Bonds. Individual purchases of beneficial ownership interest in the Series 2022 Bonds will be made in book-entry form only, and individual purchasers will not receive physical delivery of bond certificates. The Series 2022 Bonds will be issued in authorized denominations of \$5,000 and multiples thereof.

Interest on the Series 2022 Bonds will be payable on **[January 1][July 1]**, 2023, and thereafter semi-annually on each January 1 and July 1. Payments of principal of and interest on the Series 2022 Bonds will be made by the Bond Trustee to Cede & Co., as nominee for DTC, for disbursement to DTC participants, to be disbursed subsequently to the beneficial owners of the Series 2022 Bonds. The Series 2022 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described in “**THE SERIES 2022 BONDS**” herein.

The Series 2022 Bonds and the premium, if any, 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 (the “Commonwealth”), or any political subdivision thereof, including the Authority and the City of Lexington, Virginia (the “City”). Neither the Commonwealth nor any political subdivision thereof shall be obligated to pay principal of or premium, if any, or interest on the Series 2022 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 or any political subdivision thereof, including the Authority and the City is pledged to the payment of the principal, premium, if any, or interest on the Series 2022 Bonds, or other costs incident thereto.

An investment in the Series 2022 Bonds involves risk. Prospective investors are advised to read this entire Official Statement, including the appendices hereto. Special reference is made to sections titled “SECURITY OF THE SERIES 2022 BONDS” and “BONDHOLDERS’ RISKS” herein for a discussion of certain risk factors that should be considered in connection with an investment in the Series 2022 Bonds. Additionally, for a discussion regarding forward delivery of the Series 2022 Bonds, certain conditions to the obligations of the Underwriter to purchase the Series 2022 Bonds and certain risks to the purchasers of the Series 2022 Bonds, see “FORWARD DELIVERY OF THE SERIES 2022 BONDS” herein.

The Series 2022 Bonds are offered when, as, and if issued by the Authority and received by B.C. Ziegler and Company (the “Underwriter”), subject to the approval of their validity by McGuireWoods LLP, Richmond, Virginia, Bond Counsel, as described herein. Certain legal matters will be passed upon for the Authority by Mann, Vita & Elrod, P.L.L.C., Lexington, Virginia; for the Corporation by Glenn, Feldmann, Darby & Goodlatte,

* Preliminary, subject to change.

Roanoke, Virginia; and for the Underwriter by Troutman Pepper Hamilton Sander LLP, Richmond, Virginia. Delivery of the Series 2022 Bonds is expected on or about October ___, 2022, through the facilities of DTC against payment therefor.

[ZIEGLER LOGO]

Dated: February ___, 2022

MATURITIES, INTEREST RATES, PRICES, YIELDS AND CUSIPS®

SERIES 2022 BONDS

\$ _____ % Term Bonds due January 1, 20 ____,
 priced at _____%* to yield _____%* CUSIP® 52976B ____

\$ _____ % Term Bonds due January 1, 20 ____,
 priced at _____%* to yield _____%* CUSIP® 52976B ____

* Yield to January 1, 20 ____, call date.

Optional Redemption. The Series 2022 Bonds will be subject to redemption by the Authority, at the direction of the Corporation, prior to maturity in whole, or in part by lot, at any time, on and after January 1, 20 ____, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed) plus accrued interest thereon, if any, to the redemption date.

<u>Redemption Period:</u>	<u>Price</u>
January 1, 20 ____, through December 31, 20 ____	103%
January 1, 20 ____, through December 31, 20 ____	102
January 1, 20 ____, through December 31, 20 ____	101
January 1, 20 ____, and thereafter	100

Mandatory Sinking Fund Redemption. The Series 2022 Bonds maturing on January 1, 20 ____, are required to be redeemed on January 1, in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
20 ____	\$ _____	20 ____	\$ _____
20 ____	_____	20 ____	_____
20 ____	_____	20 ____	_____
		(maturity)	

The Series 2022 Bonds maturing on January 1, 20 ____, are required to be redeemed on January 1, in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
20 ____	\$ _____	20 ____	\$ _____
20 ____	_____	20 ____	_____
20 ____	_____	20 ____	_____
		(maturity)	

[Photos]

PRELIMINARY NOTICES

No dealer, 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 information or representations must not be relied upon as having been authorized by the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the "Corporation") or B.C. Ziegler and Company (the "Underwriter"). This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Corporation since the date hereof.

In making an investment decision, investors must rely on their own examination of the Series 2022 Bonds, the Corporation, the Community (as hereinafter defined) and the terms of the offering, including the merits and risks involved. The Series 2022 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, no such commission or regulatory authority has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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, their responsibilities to investors under the 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. The information contained in this Official Statement has been furnished by the Corporation, the Authority, DTC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The Authority assumes no responsibility as to the accuracy or completeness of any information herein other than the information set forth in "**THE AUTHORITY**" and "**LITIGATION - The Authority**" herein, and, except for the provision of that information, has not otherwise participated in the preparation of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. U.S. Bank Trust Company, National Association, as Master Trustee and Bond Trustee, has neither reviewed nor participated in the preparation of this Official Statement.

The Series 2022 Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The registration or qualification of the Series 2022 Bonds in accordance with application provisions of laws of the states in which Series 2022 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2022 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series 2022 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2022 Bonds to certain dealers at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Cautionary Statements Regarding Forward-Looking Statements

This Official Statement contains statements that should be considered “forward-looking statements,” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “plan,” “forecast,” or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Certain of the risks affecting future results are described in “Bondholders’ Risks” herein. The Corporation does not expect or intent to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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OFFICIAL STATEMENT

\$ _____*

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington)
Series 2022

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided to furnish information regarding the \$ _____* Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the “Series 2022 Bonds”). The Series 2022 Bonds are being issued by the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia, as amended (the “Act”), and a Bond Trust Indenture dated as of October 1, 2016, as previously supplemented and amended, and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the “Bond Indenture”), between the Authority and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as Bond Trustee (the “Bond Trustee”).

The Authority has entered into a Loan Agreement dated as of October 1, 2016, as previously amended, and as further amended by a Second Amendment to Loan Agreement dated as of October 1, 2022 (collectively, the “Loan Agreement”), with Lexington Retirement Community, Inc., d/b/a Kendal at Lexington, a not-for-profit Virginia nonstock corporation (the “Corporation”). Pursuant to the Loan Agreement, the Authority will loan the proceeds of the Series 2022 Bonds to the Corporation to be used, together with other available funds, to (1) refund the outstanding principal amount of the Authority’s Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A (the “Series 2017A Bonds”), the proceeds of which were used to finance and refinance certain improvements to the continuing care retirement community known as “Kendal at Lexington” owned and operated by the Corporation (the “Community”), (2) pay all or a portion of the costs of issuance incurred in connection with the issuance of the Series 2022 Bonds, and (3) fund a debt service reserve fund for the Series 2022 Bonds (collectively, the “Plan of Finance”). A more detailed description of the use of proceeds of the Series 2022 Bonds is set forth in “**THE PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS**” herein. Certain terms used herein are defined in the financing documents, proposed forms of which are attached in **Appendix C** hereto.

The Series 2022 Bonds are limited obligations of the Authority payable solely from payments made by the Corporation under the Loan Agreement and a promissory note (the “Series 2022 Obligation”), executed and delivered by the Corporation. The Series 2022 Obligation is being issued pursuant to a Master Trust Indenture dated as of October 1, 2016, as previously supplemented, and as further supplemented by a Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022 (collectively, the “Master Indenture”), each between U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as master trustee (the “Master Trustee”) and the Corporation. Under the Series 2022 Obligation, the Corporation agrees to pay to the Bond Trustee amounts that will be sufficient to pay the principal, premium, if any, and interest on the Series 2022 Bonds as they become due and payable. The Series 2022 Obligation will be the joint and several general obligation of each Member of the Obligated Group. As of the date of issuance of the Series 2022 Bonds, the Corporation is the sole member of the obligated group under the Master Indenture. References in this Official Statement to the “Member” and the “Obligated Group” mean the Corporation and any other entities that subsequently become members of the obligated group under the Master Indenture.

As security for the Series 2022 Obligation and any other Obligations entered into under the Master Indenture, the Corporation will enter into a Third Supplement to Second Amended and Restated Credit Line Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of October 1, 2022, which modifies the Second Amended and Restated Credit Line Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of October 1, 2016, as previously amended (collectively, the “Deed of Trust”), pursuant to

* Preliminary, subject to change.

which the Corporation will (1) convey a first mortgage lien on the real estate portion of the Community, together with all buildings, improvements and fixtures thereon, subject to Permitted Encumbrances, and (2) grant a security interest in the equipment located at the Community (the “Equipment”), subject to the right of the Obligated Group to transfer certain Equipment free of the security interest created in the Equipment under certain circumstances. The Community and all facilities subsequently subjected to such lien are referred to as the “Mortgaged Premises” herein. In addition, under the Master Indenture, each Member of the Obligated Group will pledge and assign all Pledged Assets to the Master Trustee as security for all Obligations issued thereunder, including the Series 2022 Obligation, and will grant a security interest in all of the foregoing, subject to Permitted Encumbrances and subject to the right of the Members to transfer certain Pledged Assets free of the security interest created in the Pledged Assets under certain circumstances.

The Master Indenture permits each Member of the Obligated Group, subject to compliance with certain covenants, to incur Additional Indebtedness evidenced by Obligations issued under the Master Indenture that will be secured pari passu with the Series 2022 Obligation by the lien on the Mortgaged Premises and the security interests in the Pledged Assets and Equipment. The Members of the Obligated Group will also be subject to certain covenants under the Master Indenture restricting, among other things, incurrence of Indebtedness, existence of Permitted Encumbrances, consolidation or merger and disposition of assets.

The Master Indenture permits Persons that are not Members of the Obligated Group and other corporations that are successor corporations to any Member of the Obligated Group through merger or consolidation as permitted by the Master Indenture to become Members of the Obligated Group upon compliance with certain financial and other requirements. Upon compliance with certain requirements, future Members of the Obligated Group may withdraw from the Obligated Group, except for the Corporation, which has covenanted to remain a Member of the Obligated Group so long as any of the Series 2022 Bonds are outstanding.

See “**PLAN OF FINANCE**” and “**ANNUAL DEBT SERVICE REQUIREMENTS**” herein.

Certain information concerning the Corporation and the Community is contained in **Appendix A** hereto. Certain financial statements of the Corporation audited by CliftonLarsonAllen LLP, independent certified public accountants, are contained in **Appendix B** hereto. See “**FINANCIAL STATEMENTS**” herein.

Payment of the Series 2022 Bonds is primarily dependent on revenues to be generated by the Corporation from its operations at the Community. A description of certain risks affecting the Corporation’s ability to generate revenues is set forth in “**BONDHOLDERS’ RISKS**” herein. The Corporation has undertaken to provide certain limited continuing disclosure as described further in “**CONTINUING DISCLOSURE**” herein and in **Appendix E** hereto.

All capitalized terms used in this Official Statement that are not otherwise defined herein have the meanings ascribed to them in the financing documents, proposed forms of which are attached in **Appendix C** hereto, unless the context or use clearly indicates otherwise.

The Series 2022 Bonds are expected to be delivered on or about **October 5, 2022**, in order to address limitations set forth in the Code as to the issuance of refunding bonds and the timing associated therewith. The issuance of the Series 2022 Bonds is contingent upon delivery of certain certificates and legal opinions, and the satisfaction of other conditions described herein. The delay in the issuance and delivery of the Series 2022 Bonds may have significant consequences to the purchasers thereof. Prospective purchasers of the Series 2022 Bonds should carefully review the information under “**FORWARD DELIVERY OF THE SERIES 2022 BONDS**” herein.

THE AUTHORITY

The Authority was created under the Act by an ordinance of the City Council of the City of Lexington, Virginia (the “City Council”), and is governed by seven directors appointed by the City Council. The Authority is empowered, among other things, to finance and refinance facilities, including facilities for the residence and care of the aged, by the issuance of its revenue bonds. The Series 2022 Bonds will be limited obligations of the Authority. The Authority has no taxing power.

The Series 2022 Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the Authority and the City of Lexington, Virginia (the “City of Lexington”). Neither the Commonwealth, nor any political subdivision thereof, including the Authority and the City of Lexington, shall be obligated to pay principal of or premium, if any, or interest on the Series 2022 Bonds 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 or any political subdivision thereof, including the Authority and the City of Lexington, is pledged to the payment of principal of the Series 2022 Bonds or interest thereon or other costs incident thereto.

THE SERIES 2022 BONDS

General Description

The Series 2022 Bonds (1) will be issued in one series designated “Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022”, (2) will be dated the date of their delivery, and (3) will bear interest from their date at rates set forth on the inside cover of this Official Statement payable on [January 1][July 1], 2023, and on each January 1 and July 1 thereafter (each, an “Interest Payment Date”). The Series 2022 Bonds will mature on January 1 in the years and amounts as set forth on the inside cover of this Official Statement. See “ANNUAL DEBT SERVICE REQUIREMENTS” herein. The Series 2022 Bonds will be limited obligations of the Authority. See “THE AUTHORITY” herein. Interest on the Series 2022 Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months. The record dates for the Series 2022 Bonds are December 15 (for the January 1 payment date) and June 15 (for the July 1 payment date).

The Series 2022 Bonds will be registered as to principal and interest in the name of Cede & Co., as nominee for DTC (as hereinafter defined), or otherwise as hereinafter described. Purchases of beneficial ownership interests in the Series 2022 Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interests in the Series 2022 Bonds so purchased. If the book-entry system is discontinued, bond certificates will be delivered as described in the Bond Indenture, and Beneficial Owners (as hereinafter defined) will become the registered owners. See **Appendix F** hereto for a description of the DTC Book-Entry Only System.

The Series 2022 Bonds will be issued as registered bonds in denominations of \$5,000 or multiples thereof. As long as the Series 2022 Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in next day funds on each interest payment date. If the book-entry system is discontinued, interest on Series 2022 Bonds will be payable by check or draft mailed to the registered owner. Principal will be payable at the designated corporate trust office of the Bond Trustee.

Exchange of Bonds

As long as the Series 2022 Bonds are held by DTC or its nominee, Beneficial Owners may transfer their interest in the Series 2022 Bonds through the facilities of DTC as described in **Appendix F** hereto. If the book-entry system is discontinued, exchanges of Series 2022 Bonds may be made at the designated corporate trust office of the Bond Trustee for an equal aggregate principal amount of other Series 2022 Bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

Upon receipt by the Authority and the Bond Trustee of evidence satisfactory to them that any Series 2022 Bond has been mutilated, lost or destroyed, the Authority may execute and the Bond Trustee may authenticate and deliver a new Series 2022 Bond upon receipt of payment of the reasonable expenses and charges of the Authority and the Bond Trustee and indemnity satisfactory to them.

Mandatory Sinking Fund Redemption

The Series 2022 Bonds maturing on January 1, 20___, are required to be redeemed on January 1, in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
20__	\$ _____	20__	\$ _____
20__	_____	20__	_____
20__	_____	20__	_____
		(maturity)	

The Series 2022 Bonds maturing on January 1, 20__, are required to be redeemed on January 1, in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
20__	\$ _____	20__	\$ _____
20__	_____	20__	_____
20__	_____	20__	_____
		(maturity)	

The Bond Indenture provides for a credit against sinking fund redemption requirements for Series 2022 Bonds of the same series and maturity that, prior to any sinking fund redemption date, have been purchased and cancelled or surrendered for cancellation and which have not previously been applied as a credit against any sinking fund redemption requirement.

Optional Redemption

The Series 2022 Bonds will be subject to redemption by the Authority, at the direction of the Corporation, prior to maturity in whole, or in part by lot, at any time, on and after January 1, 20__, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed) plus accrued interest thereon, if any, to the redemption date.

<u>Redemption Period:</u>	<u>Price</u>
January 1, 20__, through December 31, 20__	103%
January 1, 20__, through December 31, 20__	102
January 1, 20__, through December 31, 20__	101
January 1, 20__, and thereafter	100

Extraordinary Redemption

The Series 2022 Bonds are subject to redemption in whole at any time upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date in the event the Corporation exercises its option to prepay the Series 2022 Obligation upon occurrence of any of the following:

(1) Damage or destruction of the Mortgaged Premises by fire or other casualty to such extent that, or loss of title to or use of substantially all of the Mortgaged Premises as a result of the exercise of the power of eminent domain or failure of title to the extent that, in the opinion of both the Corporation's board of directors (expressed in a resolution) and an independent architect or engineer, both filed with the Bond Trustee, (a) the Mortgaged Premises cannot be reasonably repaired, rebuilt or restored within a period of 12 months to its condition immediately preceding such damage or destruction, or (b) the Corporation is prevented from carrying on its normal operations at the Mortgaged Premises for a period of 12 months, or (c) the cost of repairs, rebuilding or restoration would exceed, by more than one percent of Book Value, the Net Proceeds of insurance (including self-insurance) carried thereon pursuant to the Loan Agreement plus the amounts for which the Corporation is self-insured with respect to deductible amounts permitted by the Loan Agreement.

(2) A change in the Constitution of Virginia or of the United States of America or a legislative or administrative action (whether local, state or federal) or a final decree, judgment or order of any court or administrative body (whether local, state or federal) contested by the Corporation in good faith that causes the Loan

Agreement or the Series 2022 Obligation to become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in the Loan Agreement or unreasonable burdens or excessive liabilities to be imposed on the Authority or the Corporation.

The Series 2022 Bonds are subject to redemption in part by the Authority, at the direction of the Corporation, at any time upon payment of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date in the event of loss of title or use of a portion of the Mortgaged Premises as a result of the exercise of the power of eminent domain or failure of title or damage or destruction of the Mortgaged Premises. See the proposed form of the Loan Agreement attached in **Appendix C** hereto.

Notice of Redemption

Whenever Series 2022 Bonds are redeemed, whether by mandatory sinking fund redemption, optional redemption, extraordinary redemption, or otherwise, the Bond Trustee shall cause notice of the call for redemption identifying the Series 2022 Bonds to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery not less than 30 nor more than 60 days prior to the redemption date to the registered owner of each Series 2022 Bond to be redeemed at his address as it appears on the registration books of the Bond Trustee, which is registrar and paying agent for the Series 2022 Bonds. Such notice may be conditioned upon the occurrence of certain events such as the availability of funds to effect such redemption. During the period that DTC or its nominee is the registered holder of the Series 2022 Bonds the Bond Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners of the Series 2022 Bonds. See **Appendix F** hereto.

Manner of Redemption

If less than all the Series 2022 Bonds of any series or any maturity of the same series are called for redemption, the Series 2022 Bonds to be redeemed shall be selected by DTC in accordance with its procedures, or if DTC is not the securities depository, then by lot in such manner as the Bond Trustee shall determine, except that if the Series 2022 Bonds are to be redeemed in part because of loss of title or use of a portion of the Mortgaged Premises due to the exercise of eminent domain or material damage to or destruction of the Mortgaged Premises, the Corporation may direct the Bond Trustee to redeem the Series 2022 Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Series 2022 Bonds of such maturity bears to the total principal amount of all Series 2022 Bonds then outstanding or in inverse order of maturity. If funds have been deposited with the Bond Trustee for such purpose, each Series 2022 Bond duly called for redemption will cease to bear interest on its redemption date.

Additional Bonds, Additional Obligations and Parity Indebtedness

The Bond Indenture permits the issuance of Additional Bonds secured thereby, including secured by amounts in the Debt Service Reserve Fund, and the Master Indenture permits the Corporation or any other Members of the Obligated Group, if any, to issue, incur, guarantee and assume additional Obligations, which may be secured on a parity basis with the Outstanding Obligations. Such additional Obligations would also be secured on a parity with the Series 2022 Bonds by the lien on the Obligated Group's Pledged Assets. At the option of the Obligated Group, additional Obligations under the Master Indenture may be secured on a parity basis with the Outstanding Obligations by the lien and mortgage created by the Deed of Trust. See "**SECURITY FOR THE SERIES 2022 BONDS – The Master Indenture and the Obligated Group**" herein and the proposed forms of the Master Indenture and Bond Indenture attached in **Appendix C** hereto.

Acceleration Upon Default; Other Remedies

All principal and accrued interest on the Series 2022 Bonds may become immediately due and payable, without premium, upon an Event of Default under the Bond Indenture if the Bond Trustee (1) exercises its option to so declare or (2) is directed to so declare by the holders of at least 25% in aggregate principal amount of Series 2022 Bonds then outstanding. The Bond Trustee's receipt of proceeds upon acceleration may be dependent upon the Bond Trustee and the Master Trustee taking certain action. See the proposed form of the Bond Indenture in **Appendix C** hereto. Required payments under the Series 2022 Obligation may only be accelerated by the Master Trustee. Upon the occurrence of an Event of Default under the Master Indenture, the Master Trustee may accelerate payment of the

Series 2022 Obligation and shall do so if directed by the holders of not less than 25% in aggregate principal amount of Obligations outstanding under the Master Indenture.

Defeasance

When the interest on, and the principal and redemption premium (as the case may be) of all Series 2022 Bonds have been paid, or there have been deposited with the Bond Trustee an amount of money or other qualifying obligations (which includes securities other than government obligations) the maturing principal of which, when due and payable, shall provide sufficient amounts to pay the principal of, premium, if any, any interest due and to become due on the Series 2022 Bonds on or prior to the redemption date or maturity date thereof, such Series 2022 Bonds shall be no longer deemed outstanding under the Bond Indenture and the Bond Trustee shall cancel the obligations of the Authority to the holders of the Series 2022 Bonds. See the proposed form of the Bond Indenture attached in **Appendix C** hereto.

SECURITY FOR THE SERIES 2022 BONDS

General

The principal of, premium, if any, and interest on the Series 2022 Bonds will be payable solely from moneys paid by the Obligated Group pursuant to the Loan Agreement and the Series 2022 Obligation or derived from the security for such payment. The Series 2022 Obligation will be the joint and several obligations of the Corporation and each future Member of the Obligated Group. As of the date of issuance of the Series 2022 Bonds, the Corporation is the sole Member of the Obligated Group.

The Series 2022 Bonds will be issued pursuant to the Bond Indenture and will be secured thereunder. Pursuant to the Bond Indenture, the Authority will assign to the Bond Trustee (1) the right, title and interest of the Authority in and to the Series 2022 Obligation, (2) any of the rights of the Authority under the Master Indenture and the Deed of Trust and (3) the right, title and interest of the Authority in and to the Loan Agreement, including the right to receive loan payments thereunder (except for certain reserved rights, including its rights to indemnification and the payment of certain expenses, its rights to give certain approvals and consents and its right to receive certain documents, information and notices). The Series 2022 Bonds will further be secured by the moneys and securities held by the Bond Trustee in certain funds and accounts created under the Bond Indenture, including a Debt Service Reserve Fund.

Limited Obligations

The Series 2022 Bonds and the interest thereon are limited obligations of the Authority, payable solely from the funds pledged therefor, and not from any other fund or source of the Authority, and are secured under the Bond Indenture and the Master Indenture as described herein. The Authority has no taxing power.

The Series 2022 Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the Authority and the City of Lexington. Neither the Commonwealth, nor any political subdivision thereof, including the Authority and the City of Lexington, shall be obligated to pay principal of or premium, if any, or interest on the Series 2022 Bonds 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 or any political subdivision thereof, including the Authority and the City of Lexington, is pledged to the payment of principal of the Series 2022 Bonds or interest thereon or other costs incident thereto.

The Master Indenture and the Obligated Group

The Series 2022 Obligation will be the fourth Obligation issued under the Master Indenture. The Series 2022 Obligation and any other Obligations issued by the Members of the Obligated Group in the future will be the joint and several obligations of each and every Member of the Obligated Group. All Obligations will rank on a parity basis with each other and will be equally and ratably secured by the Master Indenture. The Master Indenture requires all Members to make payments sufficient to pay all Obligations when due. Upon the issuance of the Series 2022 Bonds, the \$28,210,000 Kendal at Lexington Promissory Note Constituting the Series 2016 Obligation dated October 5, 2016,

by the Corporation (the “Series 2016 Obligation”) and the Series 2022 Obligation will be the only Outstanding Obligations.

The Corporation is currently the only Member of the Obligated Group. The Master Indenture provides that affiliates of any Member of the Obligated Group and other entities approved by Members may be admitted to the Obligated Group upon the satisfaction of certain conditions. Each Member, as a co-obligor and not as guarantor, will jointly and severally covenant to pay the principal of, premium, if any and interest on all Obligations issued under the Master Indenture and to perform any and all other covenants, agreements and obligations under the Master Indenture, subject to the right of such Member to withdraw from the Obligated Group under certain circumstances. The owner of the Mortgaged Premises, currently the Corporation, however, will covenant not to withdraw from the Obligated Group so long as any Series 2022 Bonds remain outstanding. See the proposed form of the Master Indenture attached in **Appendix C** hereto. The enforceability of the obligations of Members of the Obligated Group may be limited in certain circumstances. See “**BONDHOLDERS’ RISKS – Bankruptcy**” and “**“BONDHOLDERS’ RISKS – Limitations on Enforceability of Remedies”**” herein.

The Members agree in the Master Indenture that they will not create or suffer the creation or existence of any lien on any Property other than Permitted Liens. Any lien so created, although not a Permitted Encumbrance, may nonetheless be enforceable against such Members. In addition, the Members of the Obligated Group are subject to restrictions and limitations with respect to the incurrence of indebtedness, consolidation and merger, transfer of assets and addition and withdrawal of Members of the Obligated Group. In the Master Indenture, the Members make certain covenants with respect to the maintenance of their property. The Members also covenant that, upon the occurrence of an Event of Default, they will pay over to the Master Trustee, if so directed, all Pledged Assets. Full drafts of the covenants of the Members under the Master Indenture are contained in the proposed form of the Master Indenture attached in **Appendix C** hereto.

Debt Service Payments

The Corporation will be required to deposit with the Bond Trustee (subject to credit for certain amounts on deposit in the Interest Account) each month an amount equal to one-sixth of the next payment of interest and one-twelfth of the next payment of principal on the Series 2022 Bonds, due either at maturity or subject to mandatory sinking fund redemption. Such payments and the required amounts thereof are set forth more fully in the proposed form of the Loan Agreement attached in **Appendix C** hereto.

Covenants; Additional Indebtedness

The Members will be subject to covenants under the Master Indenture relating to maintenance of a Long-Term Debt Service Coverage Ratio, the maintenance of Days’ Cash on Hand and restricting, among other things, incurrence of Indebtedness, existence of Permitted Liens on Property, consolidation and merger, disposition of assets, addition of Members to the Obligated Group and withdrawal of Members from the Obligated Group. See “**FINANCING DOCUMENTS AND SELECTED COVENANTS**” herein and the proposed form of the Master Indenture attached in **Appendix C** hereto.

The Master Indenture permits each Member of the Obligated Group to incur additional indebtedness evidenced by obligations issued under the Master Indenture that will share the security for the Series 2022 Obligation in the Pledged Assets on a parity basis with such outstanding Obligations. Such additional obligations will not be secured by the money or investments in any fund or account held by the Bond Trustee under the Bond Indenture, including the Debt Service Reserve Fund, as security for the Series 2022 Bonds unless issued as additional bonds under the Bond Indenture.

Debt Service Reserve Fund

Upon the issuance of the Series 2022 Bonds, there will be deposited in the Debt Service Reserve Fund created under the Bond Indenture, as security for the Series 2022 Bonds and the Authority’s Series 2016 Bonds (which were also issued for the benefit of the Corporation), an amount equal to the Debt Service Reserve Fund Requirement, which is the maximum amount required to be paid by the Corporation in the then current or any subsequent Bond Year taking into account principal and interest on the Series 2022 Bonds, the Series 2016 Bonds and certain Additional Bonds, assuming certain redemptions, sinking fund payment and interest payments, and excluding the final year of debt

service payments related to the Series 2022 Bonds or the Series 2016 Bonds (as applicable). The Corporation will be required to maintain the amount of the Debt Service Reserve Fund Requirement in the Debt Service Reserve Fund. Upon issuance of the Series 2022 Bonds, the Debt Service Reserve Fund Requirement will be equal to \$ [REDACTED]. See the proposed form of the Bond Indenture attached in **Appendix C** hereto. Subject to satisfying the provisions in the Master Indenture related to additional indebtedness, the Corporation may issue Additional Bonds under the Bond Indenture, which would be secured by amounts in the Debt Service Reserve Fund.

The Debt Service Reserve Fund will be used to make transfers to the Bond Fund to the extent amounts in the Bond Fund are insufficient to make required payments of principal of and interest on the Series 2022 Bonds or the Series 2016 Bonds (or both). The Debt Service Reserve Fund will not be pledged as security for any bonds or Obligations other than the Series 2022 Bonds, the Series 2016 Bonds and any Additional Bonds issued under the Bond Indenture.

Other Covenants of the Obligated Group

In the Master Indenture, each Member of the Obligated Group will make certain additional covenants with respect to maintenance of the Mortgaged Premises, use of bond proceeds and maintenance of its existence as a tax-exempt, nonprofit corporation. See the proposed form of the Master Indenture attached in **Appendix C** hereto.

Pledged Assets

Under the Master Indenture, each Member of the Obligated Group will grant to the Master Trustee a security interest in its Pledged Assets. During the continuance of an Event of Default under the Master Indenture, all Pledged Assets are required to be transferred to the Master Trustee and applied as required in the Master Indenture. See the proposed form of the Master Indenture attached in **Appendix C** hereto.

“Pledged Assets” means all Accounts, Equipment, Gross Receipts, general intangibles, inventory, documents, instruments and chattel paper of each Member of the Obligated Group, now owned or hereafter acquired, and all supporting obligations related thereto and all proceeds thereof, including, without limitation all of the Obligated Group’s rights under Residency Agreements with respect to, or lease of, residential units in the residence and care facilities owned by any Member of the Obligated Group; provided, however, that Pledged Assets shall not include contract rights consisting of charitable pledges nor any assets derived from Excluded Real Property. The security interest will extend to those Pledged Assets that are (1) inventory or proceeds therefrom, (2) accounts (including all rights to payments for services rendered) arising in the ordinary course of the Member’s business or proceeds therefrom, (3) general intangibles and chattel paper or proceeds therefrom, all as defined by the Uniform Commercial Code of the Commonwealth (the “UCC”).

The security interest in Pledged Assets will be perfected to the extent permitted by the UCC as in effect in the Commonwealth. Continuation statements with respect to such filings must be filed periodically to continue the perfection of such security interest.

Cash held by the Corporation may not be subject to any perfectible security interest under the UCC. The security interest in any item of inventory will be inferior to the interest of a buyer in the ordinary course of business and the security interest in any Equipment will be inferior to a purchase money security interest, as defined in the UCC, perfected in connection with such Equipment. The lien on certain other Pledged Assets may not be enforceable against third parties unless such other Pledged Assets are transferred and delivered to the Master Trustee (which transfer the Obligated Group is not required by the Master Indenture to make prior to a default thereunder and which transfer may be set aside if it occurs within 90 days of the filing of a petition of bankruptcy), is subject to exception under the UCC and may be lost if the proceeds are commingled or expended by the Obligated Group. In addition, the federal government restricts the assignment of rights arising out of Medicare, Medicaid and other federal programs.

In the event of the bankruptcy of a Member of the Obligated Group pursuant to the Federal Bankruptcy Code, any receivables in favor of such bankrupt Member coming into existence and any Pledged Assets of such bankrupt member received on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of proceedings in the Bankruptcy Court with respect to such bankrupt member may no longer be subject to the lien granted to secure the Obligations issued under the Master Indenture and, with respect to the Pledged Assets, the interest of the Master Trustee holding Obligations for the benefit of the Holders would be shared with

general creditors of such bankrupt Member. Under certain circumstances, a Bankruptcy Court or a court of equity may have the power to direct the use of Pledged Assets to meet expenses of the bankrupt entity before paying debt service on the Obligations. With respect to Pledged Assets not subject to the lien, the Holders of Obligations under the Master Indenture would occupy the position of an unsecured creditor.

Mortgage; Equipment

Pursuant to the Deed of Trust, as security for the payment of amounts due on certain Obligations issued under the Master Indenture, including the Series 2022 Obligation, the Corporation has conveyed a first mortgage lien on the Community, together with all buildings, improvements and fixtures thereon constituting the Mortgaged Premises, defined below, subject to Permitted Liens. Contemporaneously with the delivery of the Series 2022 Bonds, the Corporation will deliver to the Master Trustee a new mortgagee title insurance policy on the Mortgaged Premises or an endorsement to the existing mortgagee title insurance policy on the Mortgaged Premises in an amount necessary to make the total amount of the title insurance policy on the Mortgaged Premises equal to the full principal amount of the secured Obligations outstanding under the Master Indenture, including the Series 2022 Obligation. Payments under the title policy may be limited by certain factors, including the market value of the Mortgaged Premises.

In addition, pursuant to the Deed of Trust, the Corporation has pledged, assigned and granted to the Master Trustee a security interest in the Equipment on the Mortgaged Premises as security for the payment of amounts due on the Series 2022 Obligation and certain other Obligations issued under the Master Indenture in the future at the option of the Obligated Group. The security interest in such Equipment on the Mortgaged Premises will be perfected to the extent and only to the extent that such security interest may be perfected by filing financing statements under the UCC. Continuation statements with respect to such filings must be filed periodically to continue the perfection of such security interest. The security interest in the Equipment will be subject to Permitted Liens that exist prior to or that may be created subsequent to the time the security interest in the Equipment attaches and is subject to the right of the Members of the Obligated Group to transfer Equipment free of the security interest created therein under certain circumstances.

Under certain circumstances, if additional parity indebtedness is incurred by the Obligated Group to finance new facilities or improvements to existing facilities, the Obligated Group will be required to extend the lien and security interest of the Deed of Trust to cover such facilities. See the proposed form of the Master Indenture attached in **Appendix C** hereto. The Community and all facilities subsequently subjected to such lien are referred to as the "Mortgaged Premises" herein. The Community includes all facilities owned and operated by the Corporation, including the Mortgaged Premises, but excluding the Excluded Real Property. For the circumstances in which any portion of the Community may be transferred from the Obligated Group, see the proposed form of the Master Indenture attached in **Appendix C** hereto.

Amendments to Covenants and Security Provisions

Subject to certain exceptions, the covenants and other security provisions of the Master Indenture and the Deed of Trust may be amended with the consent of the holders of not less than a majority in aggregate principal amount of all Obligations then Outstanding (which may include Obligations issued in the future). Such amendments may alter or eliminate the covenants and security provisions described in this Official Statement. See the proposed form of the Master Indenture attached in **Appendix C** hereto.

KENDAL AT LEXINGTON

The Corporation is a not-for-profit nonstock corporation organized and existing under the laws of the Commonwealth that is exempt from federal income taxation under Section 501(c)(3) of the Code. Appendix A to this Official Statement includes a description of the Corporation, its operations and the Community. Appendix B to this Official Statement includes audited financial statements of the Corporation for the Fiscal Year ended December 31, 2020, which statements have been audited by CliftonLarsonAllen LLP, independent certified public accountants.

PLAN OF FINANCE

The proceeds of the Series 2022 Bonds, together with other available funds, will be used by the Authority, at the direction of the Corporation, to undertake the Plan of Finance.

Upon delivery of the Series 2022 Bonds, a portion of the net proceeds thereof and other available funds will be paid to the bond trustee for the Series 2017A Bonds to refund, defease and redeem the Series 2017A Bonds in full on January 1, 2023. The remainder of the proceeds thereof will be deposited in (1) the Debt Service Reserve Fund to the extent necessary to make the balance therein equal the Debt Service Reserve Requirement, and (2) the Cost of Issuance Fund established under the Bond Indenture to be used to pay certain costs of issuance of the Series 2022 Bonds. See “**ESTIMATED SOURCES AND USES OF FUNDS**” herein. Upon the issuance of the Series 2022 Bonds and the refunding of the Series 2012A Bonds, the total unpaid principal amount of Outstanding Obligations under the Master Indenture will be approximately \$ [REDACTED].

ESTIMATED SOURCES AND USES OF FUNDS

The Corporation’s estimates of sources and uses of funds in connection with the issuance of the Series 2022 Bonds and the refunding of the Series 2017A Bonds are provided below (rounded to the nearest dollar).

SOURCES OF FUNDS

Par Amount of the Series 2022 Bonds	\$
Plus Original Issue Premium	
Series 2017A Debt Service Reserve Fund	
Series 2017A Bond Fund	
Corporation Funds	_____
TOTAL SOURCES OF FUNDS	\$ _____

USES OF FUNDS

Refunding of Series 2017A Bonds	\$
Deposit to Debt Service Reserve Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
TOTAL USES OF FUNDS	\$ _____

(1) Represents the deposit to the Debt Service Reserve Fund necessary to make the balance therein equal the Debt Service Reserve Fund Requirement. See “**SECURITY FOR THE SERIES 2022 BONDS – Debt Service Reserve Fund**” herein. See also the proposed form of the Bond Indenture in **Appendix C** hereto.

(2) Includes Underwriter’s discount, accounting, title, Authority and legal fees. See “**UNDERWRITING**” herein.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each [12-month period ending on January 1][fiscal year of the Corporation ending on December 31], the amounts payable to holders of the Series 2022 Bonds and the Series 2016 Bonds. Figures may not add due to rounding.

[Fiscal] Year Ending [January 1] [December 31]	<u>Series 2022 Bonds</u>		<u>Series 2016 Bonds</u>	Total
	Principal or Sinking Fund <u>Payments</u>	<u>Interest</u>	Principal and <u>Interest</u>	Debt Service <u>Payments</u>
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
Total				

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FORWARD DELIVERY OF THE SERIES 2022 BONDS

The Corporation expect that the Series 2022 Bonds will be issued and delivered on or about [October 5, 2022]. There are numerous conditions which must be satisfied prior to issuance and delivery of the Series 2022 Bonds and the following description is not meant to be an exhaustive list of such conditions. There can be no assurance that all of the conditions to the issuance and delivery of the Series 2022 Bonds will be satisfied nor that the Series 2022 Bonds will be issued.

Settlement

On or about [October 5, 2022] (or such other date as may be mutually agreed upon by the Authority, the Corporation and the Underwriter), subject to the terms and conditions of the Forward Delivery Bond Purchase Agreement (as hereinafter defined), the Authority and the Corporation will deliver the Series 2022 Bonds to the Underwriter, and will deliver or cause to be delivered to the Underwriter the other documents, opinions, certificates and instruments required by the Forward Delivery Bond Purchase Agreement to be delivered as part of the settlement as more fully discussed below. Subject to the terms and conditions of the Forward Delivery Bond Purchase Agreement, the Underwriter will accept such delivery and pay the purchase price for the Series 2022 Bonds. All of the foregoing described transactions are referred to as the “Settlement” herein, and the date upon which such transactions are consummated is referred to as the “Settlement Date” herein. A date on or about [February , 2022], is referred to as the “Initial Closing Date” herein.

In connection with the Underwriter’s obligation to purchase the Series 2022 Bonds pursuant to the Forward Delivery Bond Purchase Agreement, each purchaser of the Series 2022 Bonds (each, a “Purchaser” and collectively, the “Purchasers”) will be required to execute and deliver a Delayed Delivery Contract (the “Delayed Delivery Contract”) in substantially the form attached as **Appendix G** hereto. The proposed form of the Delayed Delivery Contract is attached hereto at the request and for the convenience of the Underwriter.

Neither the Authority nor the Corporation will not be a party to the Delayed Delivery Contract and will not in any way be responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Conditions to Settlement

General. The settlement and the issuance of the Series 2022 Bonds are conditioned upon the satisfaction of the specific conditions of the Forward Delivery Bond Purchase Agreement, including delivery of certain documents described in the Forward Delivery Bond Purchase Agreement including, among other items, the opinion of Bond Counsel with respect to the Series 2022 Bonds in substantially the form set forth in **Appendix D** hereto, and certain other opinions or letters of Bond Counsel, counsel to the Corporation, and counsel to the Underwriter, as well as certificates of the Authority and the Corporation.

The obligation of the Underwriter to purchase the Series 2022 Bonds is subject to certain conditions as set forth in the Forward Delivery Bond Purchase Agreement including: (i) the failure or inability of the Authority or the Corporation to satisfy the conditions set forth in said Agreement on the Settlement Date; (ii) a change in law shall have occurred the effect of which would (A) prohibit the Underwriter from purchasing the Series 2022 Bonds or selling the Series 2022 Bonds (or beneficial ownership interest therein) or (B) make the issuance, sale or delivery of the Series 2022 Bonds illegal or otherwise prevent the issuance of any of the opinions required to be delivered at Settlement, including, in each instance, proposed or enacted changes in law with an effective date (retroactive or otherwise) on or prior to the Settlement Date; (iii) this Official Statement, as the same may be amended, supplemented or restated prior to the time of Settlement, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (iv) a stop order, ruling, regulation, or official statement by, or on behalf of, the SEC or any other governmental agency is issued to the effect that the issuance, offering, or sale of the Series 2022 Bonds (or obligations of a similar character), is in violation or would be in violation of any provisions of the federal securities laws; (v) Bond Counsel does not deliver its opinion in substantially the form and effect set forth in Appendix D hereto; or (vi) an event of default (howsoever defined) has occurred and is continuing on the Settlement Date under the Bond Indenture or Trust Indenture relating to the Series 2022 Bonds or the Master Indenture. The

Underwriter may, in its sole and absolute discretion, waive any such conditions under the Forward Delivery Bond Purchase Agreement without the consent of the Purchasers. Except as explicitly specified in the Delayed Delivery Contract, Purchasers will not be able to withdraw their orders and, if the Series 2022 Bonds are issued, the Purchasers will not be excused from performance of their obligations to take up and pay for the related Series 2022 Bonds on the Settlement Date.

Updated Official Statement. During the period between the Initial Closing Date and the Settlement (the “Forward Delivery Period”), certain information contained in this Official Statement could change in a material respect. The Authority and the Corporation have agreed to update this Official Statement to the extent necessary to assure its accuracy as of the Settlement Date, and to provide the same to prospective Purchasers on or prior to the Settlement Date. The Corporation anticipates that during the Forward Delivery Period certain filings made under the Electronic Municipal Market Access portal of the Municipal Securities Rulemaking Board will be incorporated herein by reference. The Corporation further anticipates that an updated Official Statement will be delivered not more than 25 days prior to the Settlement.

Issuance of Legal Opinions. It is a condition to the issuance of the Series 2022 Bonds on the Settlement Date that Bond Counsel deliver its approving opinion with respect to the Series 2022 Bonds in substantially the form attached hereto as **Appendix D** hereto. The ability of Bond Counsel to deliver its opinion on the Settlement Date is subject to Bond Counsel’s review and analysis at that time of certain matters, including, among others, the application of the proceeds of the Series 2022 Bonds and pertinent provisions of statutes, regulations, rulings and court decisions, including, but not necessarily limited to, Virginia law and federal income tax and security laws then in effect or proposed to be in effect. Bond Counsel has advised the Authority, the Corporation and the Underwriter that, assuming satisfaction by the Authority, the Corporation and the Underwriter of their respective obligations to be satisfied in the Forward Delivery Bond Purchase Agreement, and the issuance of the Series 2022 Bonds, and no change in any applicable law, regulations or rulings, or in interpretations thereof, or in any other facts or circumstances (tax or otherwise) which, in Bond Counsel’s view, affect or are material to its opinion (including, without limitation, the existence of any litigation), Bond Counsel expects to be able to issue on the Settlement Date its approving opinion with respect to the Series 2022 Bonds in substantially the form attached as **Appendix D** hereto. In addition, in order to deliver such opinion, appropriate certifications and representations will be required to establish the reasonable expectations of the Authority. No assurances can be made that there will be no change in any applicable law, regulations or rulings, or in the interpretations thereof, prior to the Settlement Date; the facts and circumstances that are material to such opinions will not differ, as of the Settlement Date, from those that are currently expected; or such certifications and representations will be delivered and made in connection with the issuance of the Series 2022 Bonds. As a consequence of any of the foregoing, Bond Counsel may be unable to render the above-described opinion.

Additional Risk Related to the Forward Delivery Period

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. Except as described herein, neither the Underwriter nor the Purchasers may refuse to purchase the Series 2022 Bonds by reason of general market or specific credit changes, including, but not limited to, (a) changes in the rating assigned to the Series 2022 Bonds or (b) changes in the financial condition, operations, performance, properties or prospects of the Corporation prior to the Settlement Date.

In addition to the risks set forth above, Purchasers of the Series 2022 Bonds are subject to certain additional risks, some of which are described below.

Rating Risk. No assurance can be given that the rating described under “**RATING**” herein will continue to be in effect on the Settlement Date for the Series 2022 Bonds. The Forward Delivery Bond Purchase Agreement does not permit the Underwriter to refuse to accept delivery of and pay for the Series 2022 Bonds because of a decrease, suspension or withdrawal of the ratings assigned to the Series 2022 Bonds. Further, the Delayed Delivery Contract does not permit the Purchasers of the Series 2022 Bonds to refuse to accept delivery of and pay for the Series 2022 Bonds because of any decrease, suspension or withdrawal of the ratings assigned to the Series 2022 Bonds. See **Appendix G** hereto for the form of the Delayed Delivery Contract.

Secondary Market Risk. The Underwriter is not obligated to establish a secondary market in the Series 2022 Bonds, and no assurances can be given that a secondary market will exist for the Series 2022 Bonds during the Forward Delivery Period. Prospective Purchasers should assume that the Series 2022 Bonds will not be a liquid investment

throughout the Forward Delivery Period. Should events occur before the Series 2022 Bonds are issued and delivered on the Settlement Date that affect the market value of the Series 2022 Bonds, and if a secondary market in the Series 2022 Bonds does not exist, Purchasers may be unable to re-sell all or a portion of the Series 2022 Bonds held by them or on their behalf.

Federal Tax Proposals. The Forward Delivery Bond Purchase Agreement obligates the Authority to deliver and the Underwriter to acquire the Series 2022 Bonds if certain conditions are met. It is possible that legislation could be introduced (or that legislation previously introduced could be amended) that, if adopted, would reform or modify the system of federal taxation. Such legislation could (a) eliminate the tax exemption granted to interest payable on “state or local bonds,” such as the Series 2022 Bonds, or (b) diminish the value of the federal tax exemption granted interest on the Series 2022 Bonds under the current system of federal income taxation. Notwithstanding the enactment of legislation that could diminish the value of the federal tax exemption for interest payable on “state or local bonds,” the requirements for the delivery of the Series 2022 Bonds might nonetheless be satisfied. In such event, the Purchasers would be required to accept delivery of the Series 2022 Bonds. Prospective Purchasers are encouraged to consult their tax advisors regarding the likelihood that such bills would be introduced or amended or enacted and the consequences of such enactment to the Purchasers.

Other Investment Considerations. Events occurring prior to the Settlement Date may have significant consequences to persons who have agreed to purchase the Series 2022 Bonds on the Settlement Date. The values of the Series 2022 Bonds of each maturity on the Settlement Date are unlikely to be the same as, and in all likelihood will be greater or less than, the purchase price therefor, and such differences may be substantial. Several factors may adversely affect such values including, but not limited to, a general increase or decrease in interest rates for all obligations and other indebtedness, any threatened or adopted change in the federal income tax laws affecting the relative benefits of owning tax-exempt securities versus other types of investments, such as fully taxable obligations, or any adverse development with respect to the Corporation’s results of operations, financial condition or prospects or with respect to the ratings of the Series 2022 Bonds. In addition, although the delivery of the opinion of Bond Counsel in substantially the form attached hereto as **Appendix D** is a condition to the issuance and delivery of the Series 2022 Bonds, changes or proposed changes in federal income tax laws or regulations or interpretations thereof which do not impair the ability of Bond Counsel to render said opinion could nonetheless affect the market value of tax-exempt securities generally, including, without limitation, the Series 2022 Bonds.

Delayed Delivery Contract. Each person placing an order for the Series 2022 Bonds which is accepted by the Underwriter will be required to execute a Delayed Delivery Contract in substantially the form set forth in **Appendix G** hereto.

By placing an order with the Underwriter for the purchase of the Series 2022 Bonds and executing the Delayed Delivery Contract, each Purchaser acknowledges and agrees that the Series 2022 Bonds are sold on a “forward” basis, and that the Purchaser is obligated to accept delivery of and pay for the Series 2022 Bonds on the Settlement Date subject to the ability of the Underwriter to terminate its obligation to purchase the Series 2022 Bonds under certain circumstances as provided in the Forward Delivery Bond Purchase Agreement. By submission of its order and executing the Delayed Delivery Contract, each Purchaser confirms that it has reviewed this Official Statement, has considered the risks associated with purchasing the Series 2022 Bonds and is duly authorized to purchase the Series 2022 Bonds. Each Purchaser understands that the Series 2022 Bonds are being sold on a “forward” basis, and the Purchaser will purchase and agree to accept delivery of such Series 2022 Bonds from the Underwriter on or about the Settlement Date, pursuant to the Forward Delivery Bond Purchase Agreement.

BONDHOLDERS’ RISKS

[TO BE FURTHER REVISED/UPDATED]

General

The Series 2022 Bonds are limited obligations of the Authority, payable solely from and secured exclusively by the funds pledged thereto, including the payments to be made by the Corporation under the Loan Agreement and the Series 2022 Obligation. Certain risks are inherent in the successful operation of the Community. Such risks should be considered in evaluating the Community’s ability to generate sufficient revenues to pay principal or redemption

price of, and interest on the Series 2022 Bonds when due. This section discusses some of these risks but is not intended to be a comprehensive listing of all risks associated with the operation of the Community and the payment of the Series 2022 Bonds. The order in which such risks are presented does not necessarily reflect the relative importance of such risks or the likelihood that any of the events or circumstances described below will occur or exist.

There are many diverse factors that may have a substantial bearing on the risks generally incident to the operation of the Community. Such factors include generally imposed fiscal policies, adverse use of adjacent or neighboring real estate, the ability to maintain the Community, local community acceptance of the Community, changes in demand for the Community, changes in the number of competing facilities, changes in the costs of operation of the Community, changes in the laws of the Commonwealth affecting long term care programs, the limited income of the elderly, changes in the long term care and health care industries, difficulties in or restrictions on the Corporation's ability to raise rates charged, general economic conditions and the availability of working capital. In recent years, a number of long term care facilities throughout the United States have defaulted on various financing obligations or otherwise have failed to perform as originally expected. There can be no assurance the Corporation will not experience one or more of the adverse factors that caused other facilities to struggle or fail. Many other factors may adversely affect the operation of facilities like the Community and cannot be determined at this time.

A prospective investor is advised to read this entire Official Statement, including the appendices hereto, including the section titled "SECURITY FOR THE SERIES 2022 BONDS" and this section for a discussion of certain risks related to an investment in the Series 2022 Bonds.

Limited Obligations

The Series 2022 Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof, including the Authority and the City of Lexington. Neither the Commonwealth, nor any political subdivision thereof, including the Authority and the City of Lexington, shall be obligated to pay principal of or premium, if any, or interest on the Series 2022 Bonds or other costs incident thereto except from the revenues and receipts pledged thereof, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the City of Lexington, is pledged to the payment of principal of the Series 2022 Bonds or interest thereon or other costs incident thereto.

Actual Results May Differ from Historical and Projected Results

Certain audited and unaudited historical financial information regarding the Corporation is set forth in Appendices A and B hereto. There can be no assurance that the financial results achieved in the future will be similar to historical results. Such future results will vary from historical results and the variations may be material. Therefore, the historical financial results cannot be taken as a representation that the Corporation will be able to fulfill its obligations under the Loan Agreement, the Master Indenture and the Series 2022 Obligation, respectively.

Uncertainty of Fee Collection

The Series 2022 Bonds will be payable solely from payments or prepayments to be made by the Corporation under the Loan Agreement and by the Obligated Group on the Series 2022 Obligation. Except to the extent that the holders receive, under certain circumstances, proceeds of insurance, sale or condemnation awards, the ability of the Corporation to make payments under the Loan Agreement and the ability of the Obligated Group to make payments on the Series 2022 Obligation is dependent upon the generation by the Obligated Group of revenues in the amounts necessary for the Obligated Group to pay the principal or redemption price of and interest on the Series 2022 Bonds as well as other operating and capital expenses. In particular, payment of the Series 2022 Bonds is dependent on the continuing ability of the Corporation to fill the Community and any additions thereto with residents who purchase the right to live at the Community by paying an Entrance Fee, to collect new Entrance Fees from residents occupying independent living units vacated by deceased residents and permanent transfers to the nursing beds or assisted living units, and to keep the Community substantially occupied by residents who can pay the full amount of such Entrance Fees and the monthly maintenance fees.

The Corporation's policy is to increase both Entrance Fees and monthly maintenance fees annually as necessary to offset increasing costs due primarily to inflation and other factors. There can be no assurance that such

increases can or will be made in the future or that increases in expenses will be no greater than assumed. Also, since many of the residents may be living on fixed incomes or incomes that do not readily change in response to changes in economic conditions, there can be no assurance that any such fee increases can be paid by residents or that such increases will not adversely affect the utilization of the Community. As a charitable tax-exempt organization, the Corporation may be unable or unwilling to require residents who lack adequate financial resources to leave the Community. The Corporation also accepts residents for admission who are unable to pay full fees to the extent that “fellowship funds” are available to cover such fees. The cost of caring for these residents could have an adverse effect on the financial condition of the Obligated Group. In addition, the number of persons who can afford payment of the substantial Entrance Fees and monthly maintenance fees may be affected by general economic conditions. In particular, a depressed housing market may prevent prospective residents from selling their homes and generating cash to pay Entrance Fees. In the future, to maintain its tax-exempt status, the Corporation may be required to accept residents unable to pay all fees or be required to provide services to a certain number of indigent persons unable to pay any fees.

The realization of future revenues and expenses are subject to, among other things, the capabilities of management of the Corporation, government regulation and future economic (including but not limited to availability of credit) and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the Series 2022 Bonds. No representation or assurance can be made that revenues will be realized by the Corporation in amounts sufficient to make the required payments with respect to debt service on the Series 2022 Bonds.

Additions to the Obligated Group

Upon satisfaction of certain conditions in the Master Indenture, other entities can become Members of the Obligated Group. See the proposed form of Master Indenture in **Appendix C** hereto. The Corporation currently has no plans to add additional Members to the Obligated Group. However, if and when new Members of the Obligated Group are added, the Obligated Group’s financial situation and operations will likely be altered from that of the Obligated Group as currently constituted.

Transfers Out of the Obligated Group;

Under the terms of the Master Indenture, the Obligated Group, subject to certain restrictions, may transfer assets to organizations outside the Obligated Group. See the proposed form of Master Indenture in **Appendix C** hereto for a description of the provisions under which the Obligated Group may transfer cash and other liquid assets, and dispose of the Pledged Assets.

State Regulatory Issues

Certificate of Public Need. Under the Virginia Medical Care Facilities Certificate of Public Need Law, the Corporation must obtain a Certificate of Public Need (“CON”) for any significant changes in its capacity to provide health care services, for the addition of certain health care services, or for certain capital expenditures. Although the Corporation does not foresee undertaking any project requiring a CON in the near future, the CON law generally may affect the Corporation’s ability to undertake other improvements to the Community necessary to attract new residents.

Assisted Living and Nursing Bed Regulation. Under Virginia law, the Corporation’s assisted living units are regulated by the Virginia Department of Social Services as “adult care residences,” and the nursing care beds are further subject to extensive legislative, regulatory, and inspection requirements of various federal and state agencies.

Virginia Continuing Care Law; Rights of Residents; Resident Activities. The Virginia Continuing Care Provider Registration and Disclosure Act (the “Virginia Continuing Care Law”) requires the Corporation to file with the Virginia State Corporation Commission – Bureau of Insurance, and provide to each resident of the Community, a detailed annual disclosure statement and in certain circumstances requires the Corporation to escrow deposits of Entrance Fees. The Virginia Continuing Care Law also regulates the form of resident contracts and establishes certain rights of residents, including the right to organize, to obtain refunds under certain circumstances and not to have resident contracts canceled except for good cause. The Virginia Continuing Care Law gives the State Corporation Commission power to promulgate regulations and issue injunctions and cease-and-desist orders.

The Corporation's management believes that it is in compliance with the requirements of the Virginia Continuing Care Law and that continued compliance will not materially affect its operation, but there is no certainty that the Virginia Continuing Care Law will not adversely affect operation of the Community or the financial condition of the Corporation. The enactment of changes in the Virginia Continuing Care Law or further legislation restricting operation of life care facilities, creating additional residents' rights or requiring certain financial reserves could adversely affect the financial condition of the Corporation. In addition, the ability of the Master Trustee to foreclose its lien on the Community or enforce other rights under the financing documents may be adversely affected by litigation on behalf of residents. Although under the current residency agreements, residents have no special lien or claim against any property of the Corporation, there can be no certainty that residents could not successfully claim or otherwise restrict the use of the Corporation's property in bankruptcy proceedings or other disputes. Although the Corporation expects to continue to use the continuing care concept of contracting with residents, it is under no obligation to do so.

Organized Resident Activity

The Corporation may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of monthly fees with respect to the Community or other charges without increase. Moreover, the Corporation may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly fees and other charges. No assurance can be given that the Corporation will be able satisfactorily to meet the needs of such resident groups.

Sale of Homes; Economic Conditions

The number of persons who can afford payment of the substantial Entrance Fees and monthly service fees may be affected by general economic conditions. It is anticipated that a substantial number of existing and potential applicants for residency at the Community will expect to pay the Entrance Fees from the proceeds of the sale of a current residence. If prospective residents encounter difficulties in selling their current homes due to local or national economic conditions affecting the sale and finance of residential real estate, such prospective residents may not have sufficient funds to pay the Entrance Fees or to meet other obligations under their residency agreements, thereby causing a delay in scheduled occupancy of the Community or remarketing of vacated independent living units, which would have an adverse impact on the revenues of the Corporation.

Entrance Fee Refunds

Following departure of a resident from the Community and the termination of a residency agreement, the Corporation may be obligated to refund a portion of the departing resident's Entrance Fee. See "THE COMMUNITY – Termination and Refunds" in Appendix A hereto.

Economic Stability

In recent years there have been many challenges to global and national economic stability which have, at times, resulted in substantial disruption to the financial markets and losses to investment portfolios resulting in reduced availability for credit, aggressive fluctuations in interest rates, reduced economic activities and general financial strain. Any future market turmoil could affect the market and demand for the Series 2022 Bonds in addition to adversely affecting the value of any investments of the Corporation, the market value of homes in the market area of the Community and the ability of residents and prospective residents to pay Entrance Fees, monthly fees or otherwise meet their financial obligations under their agreements with the Corporation.

Reimbursement Under Federal and State Programs

The Corporation receives reimbursement from Medicaid, Medicare and other governmental programs for some persons treated at the health care center portion of the Community, and such amounts provided for approximately % of the Corporation's revenues for the fiscal year ended [December 31, 2021]. Participation in such programs subjects the Corporation to control and regulation by government agencies. Reimbursement under these programs is subject to both federal and state law and regulations. Inability to comply with such laws and regulations may affect receipt of Medicare and Medicaid reimbursement and may thus adversely affect the Corporation's revenues. Failure

to comply with these laws can result in regulatory action, monetary fines, loss or restriction of licensure or certification, and other remedies. There is no certainty that compliance with the laws or regulatory actions under them will not adversely affect operation of the Community or the financial condition of the Corporation.

The health care industry in general is subject to regulation by a number of federal, state and local governmental agencies, including the Centers for Medicare and Medicaid Services. As a result, the industry is sensitive to legislative changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions that affect health care providers and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare program. Additional legislation dealing with nursing home revenues could be introduced that, if enacted, might have an adverse impact upon the revenues of the Community.

Health Care Reform

Recently passed health care reform law at the federal level would impose certain expanded contracting requirements on long-term care facilities regarding coordination of care with hospitals and hospital systems going forward. In addition, legislation is periodically introduced in Congress and in the Virginia legislature that could result in limitations on revenues, reimbursements, or charges for health care facilities. For example, the elimination of medical expenses as an itemized deduction could have an adverse effect on the residents of the Community and ultimately their ability to pay the costs of living at the Community. At this time, no determination can be made as to whether such federal or state legislation will be enacted or, if enacted, its impact on the Community.

Tax-Exempt Status

The Corporation has received letters from the Internal Revenue Service (“IRS”) confirming its status as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code. In order to maintain such status, the Corporation will be required to conduct its operations in a manner consistent with representations it previously made to the IRS and with current and future IRS regulations and rulings governing tax-exempt facilities for the residence and care of the elderly. 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 and, in particular, the acceptance of low income residents by facilities comparable to the Community and such facilities’ ability to utilize tax-exempt financing. Compliance with current and future regulations and rulings of the IRS could adversely affect the Corporation’s ability 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 Series 2022 Bonds. The Corporation’s loss of tax-exempt status would likely have a significant adverse effect on the Obligated Group, its operations, and the tax-exempt status of interest on the Series 2022 Bonds. In the Loan Agreement, the Corporation has covenanted to maintain its status as a tax-exempt organization.

Nature of Income of the Elderly

A large percentage of the monthly income of some residents of the Community is fixed income derived from pensions and social security. If, due to inflation or otherwise, substantial increases in monthly service fees are required to cover increases in operating costs, nursing care costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased monthly service fees. Management conducts a financial analysis of each potential resident before a residency agreement is executed to determine the likely ability of the resident to meet the financial obligations to the Corporation; however, no assurance may be given that future events, including life expectancy, will not result in residents encountering difficulty in paying monthly service fees.

Limited Resources of the Corporation

The Corporation’s primary business consists of the ownership and operation of the Community providing services to the elderly. Although it may seek donations from groups and individuals, the Corporation has no guaranteed sources of funds if revenues from operation of the Community are not sufficient to cover expenses, including debt service on the Series 2022 Bonds.

Limited Value at Foreclosure

The Community has been specifically designed and constructed as a continuing care retirement facility and may not be practically suited to alternative uses. As a result, the number of entities that could be expected to purchase or lease the Community are limited, and thus the ability of the Master Trustee to realize funds from the sale or rental of the Community upon an event of default may be limited. Such value may be also limited by actual or alleged rights of residents. See “**BONDHOLDERS’ RISKS - State Regulatory Issues**” herein.

In addition, the practical realization of value from the real property subject to the Deed of Trust upon any default will depend on the exercise of remedies specified under the Deed of Trust, principally, foreclosure. Under Virginia law, however, the remedies may not be readily available or may otherwise be limited. Other statutory provisions (such as the federal bankruptcy laws) also may have the effect of delaying enforcement of the lien and security interest under the Deed of Trust in the event of a default by the Corporation.

There may be a difference between the actual value of the Community and the amount of the Series 2022 Obligation and the Outstanding Obligations, and that difference may be material and adverse to holders of the Series 2022 Bonds. In particular, it cannot presently be determined with certainty what the value of the Community would be in the event of foreclosure under the Deed of Trust. Further, the value of the Community at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the Series 2022 Bond transaction. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Community to suggest that its value would remain stable or would not decrease if the general values of property in its local area were to decline.

No appraisal of the value of the Community has been obtained in connection with the issuance of the Series 2022 Bonds, and no representation is made as to the value of the Community.

Environmental Risks

The Corporation is subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (1) air and water quality control requirements, (2) waste management requirements, including medical waste disposal, (3) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (4) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the clinics, (5) requirements for training employees in the proper handling and management of hazardous materials and wastes and (6) other requirements.

The Corporation may be subject to liability for investigating and remedying any hazardous substances that may exist on, or have migrated off, of its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (1) result in damage to individuals, property or the environment, (2) interrupt operations and increase their cost, (3) result in legal liability, damages, injunctions or fines and (4) result in investigations, administrative proceedings, penalties or other governmental agency actions. The Corporation may encounter such issues in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Corporation. At the present time management of the Corporation is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues which, if determined adversely to the Corporation, would have a material adverse effect on its operations or financial condition.

Although the Corporation has obtained Phase I environmental studies in the past, it has not secured a Phase I environmental study in connection with the issuance of the Series 2022 Bonds. The Corporation is not aware of any current releases of pollutants or contaminants at the Community that would give rise to enforcement actions under applicable state or federal environmental statutes. However, there could be other such releases not known to the Corporation at the Community as of the date of this Limited Offering Memorandum and there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such

enforcement actions were initiated, the Corporation could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Community.

Competition

The Community is located in an area where other continuing care retirement facilities and other competitive facilities exist or may be developed. See “**MARKET AREA AND COMPETITION**” in **Appendix A** hereto. The Community may also face additional competition in the future as a result of changing demographic conditions and the construction of new, or the renovation or expansion of existing continuing care facilities in the geographic area served by the Community. The Corporation will also face competition from other forms of retirement living including condominiums, apartment buildings and facilities not specifically designed for the elderly, some of which may be designed to offer similar facilities, but not necessarily similar services, at lower prices. In addition, there are few entry barriers to future competitors because competing facilities generally do not require a certificate of need approval for residential living facilities. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted.

Labor Union Activity and Staffing

Although the employees of the Corporation are not represented by a union and management is not aware of any labor organizational efforts, health care facilities in Virginia are being subjected to increasing union organizational efforts. The unionization of the Corporation’s employees could have an adverse effect on the Corporation’s financial condition. Furthermore, although the Corporation has been able to attract desirable employees in the past, low unemployment in the Lexington area may adversely affect the availability of and the wages of future staff, which in turn may adversely affect the Corporation’s financial condition. In recent years, the residential and health care industry has also suffered from a shortage of skilled nursing personnel that has forced up nursing wage scales. Management of the Corporation believes that it will be able to retain current personnel and hire any additional required staff, but the presence of other residential health care providers may make it difficult over time to attract and retain skilled personnel.

Insurance; Professional Liability Claims and Losses

The Master Indenture requires the Corporation to carry certain insurance. See the proposed form of Master Indenture in **Appendix C** hereto. The Corporation maintains insurance through an insurance risk retention group, the Peace Church Risk Retention Group, a group insurance captive corporation licensed by the State of Vermont, to cover basic professional and general liability insurance on a claims-made basis. Entrance into the captive insurance corporation required a capital purchase of stock of approximately \$51,000. The investment is accounted by the cost method. See “**FINANCIAL INFORMATION – Insurance**” in **Appendix A** hereto.

While the Corporation believes that it maintains adequate insurance coverage and reserves, there can be no assurance that future claims will not exceed insurance limits and available reserves. If such situation arose, it could adversely affect the financial condition of the Corporation.

The operations of the Corporation, and thereby of the Community, may also be affected by increases in the incidence of professional liability lawsuits against healthcare facilities in general and increases in the dollar amount of patient damage recoveries, resulting in increased insurance costs and an increased difficulty in obtaining malpractice insurance. Litigation may also arise from the corporate and business activities of the Corporation, including from its status as an employer. Many of these risks would be covered by insurance, but some might not be. For example, antitrust claims, claims arising from wrongful termination, business disputes and workers’ compensation may not be covered by insurance or other sources and may, in whole or in part, be a liability of the Corporation if determined or settled adversely. The Corporation believes it maintains professional liability insurance in the appropriate amount. It is not possible at this time to determine either the extent to which such insurance coverage will continue to be available to the Corporation or the premiums at which such coverage can be obtained.

Market for Bonds

Although it is the present practice of the Underwriter to make a secondary market in the bond issues that it offers, it is under no obligation to do so. Occasionally, because of general market conditions or because of adverse

history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially lower than the original purchase price. While there can be no guarantee or assurance that their present secondary marketing practices will always be continued, the Underwriter presently intends to make a secondary market in the Series 2022 Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Series 2022 Bonds or, if a secondary market exists, that the Series 2022 Bonds can be sold for any particular price.

Bankruptcy

The filing by, or against, the Corporation or the Authority for relief under the United States Bankruptcy Code (the “Bankruptcy Code”) would have an adverse effect on the ability of the Master Trustee and holders of the Series 2022 Bonds to enforce their claim or claims to the security granted by the Master Indenture, and their claim or claims to money owed them as unsecured claimants, if any. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Corporation or the Authority, as applicable, and their respective property and as an automatic stay of any act or proceeding to enforce a lien against such property. Moreover, following such a filing the revenues and accounts receivable and other property of the Corporation or the Authority, as applicable, acquired after the filing (and under some conditions prior to the filing) would not be subject to the liens and security interests created under the Master Indenture. In addition, the bankruptcy court has the power to issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code; such a court order could require that the property of the Corporation or the Authority, as applicable, including the Gross Receipts of the Corporation and proceeds thereof, to be used for the benefit of the Corporation, despite the lien and security interest of the Master Trustee and the Deed of Trust therein.

The amount of the secured claim which could be filed by the Master Trustee on behalf of the holders of the Series 2022 Bonds would be limited to the value of the Community at the time the bankruptcy proceeding was commenced. This amount would likely be less than the principal amount of the Series 2022 Bonds and the other Outstanding Obligations, since the failure of the Community to produce sufficient revenues to pay operating expenses and debt service requirements prior to the bankruptcy would reduce the value of the Community. To the extent the aggregate principal amount of the Series 2022 Obligation and any other Outstanding Obligations exceeds the value of the Community, the excess would be an unsecured claim which would rank on a parity with the claims of unsecured general creditors of the Corporation. As a result, if the Community was sold following commencement of a bankruptcy proceeding, it is unclear how much the holders of the Series 2022 Bonds would receive.

In a bankruptcy proceeding, the debtor could file a plan of reorganization which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The holders of the Series 2022 Bonds may only receive post-petition interest on the Series 2022 Bonds to the extent the value of their security exceeds their claim. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan.

No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. More particularly, the Bankruptcy Code would permit the liquidation of the Corporation or the adoption of a reorganization plan for the Corporation or the Authority, as applicable, even though such plan had not been accepted by (1) the holders of a majority in aggregate principal amount of the Series 2022 Bonds, if the plan is “fair and equitable” and does not discriminate unfairly against the holders of the Series 2022 Bonds as a class and is in the “best interest of the creditors”, which may mean that the holders of the Series 2022 Bonds are provided with the benefit of their original lien or the “indubitable equivalent;” or (2) any holder of the Series 2022 Bonds if the holders of the Series 2022 Bonds, as a class, are deemed unimpaired under the plan.

In addition, if the bankruptcy court were to conclude that the holders of the Series 2022 Bonds have “adequate protection,” it may (1) substitute other security for the security subject to the lien of the Master Indenture or (2) subordinate the lien of the holders of the Series 2022 Bonds to persons who supply credit to the Corporation or the Authority, as applicable, after commencement of the case. In the event of the bankruptcy of the Corporation or the

Authority, any amount realized by the Master Trustee or holders of the Series 2022 Bonds may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under then existing circumstances. Any transfers made to the holders of the Series 2022 Bonds or the Master Trustee at or prior to the commencement of the case may be avoided and recaptured if such transfers are (a) avoidable by a judicial lien creditor who obtained its lien on the date the case commenced (regardless of whether such a creditor actually exists), (b) preferential or fraudulent or (c) voidable under applicable law by any actual unsecured creditor. The holders of the Series 2022 Bonds may also be subject to avoidance and recapture of post-petition transfers, turnover of property of the debtor which they, the Master Trustee or a custodian hold and assumption, assignment or rejection of executory contracts.

Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health care facility's bankruptcy, to collect and retain for the benefit of holders of the Series 2022 Bonds portions of revenues consisting of Medicare and other governmental receivables.

Additional Indebtedness

The Master Indenture permits any Member of the Obligated Group to incur Additional Indebtedness which may be equally and ratably secured with the Series 2022 Obligation. Any such additional parity indebtedness would be entitled to share ratably with the holders of the Series 2022 Obligation, as set forth in the Master Indenture, in any money realized from the exercise of remedies in the event of a default under the Master Indenture. The issuance of additional parity indebtedness could impair the ability of the Corporation to maintain its compliance with certain covenants described in the proposed form of Master Indenture in **Appendix C** hereto. Despite compliance with the conditions upon which Additional Indebtedness may be incurred at the time such debt is created, the ability of the Corporation to make the necessary payments to repay the Series 2022 Obligation may be materially adversely affected upon the incurrence of such Additional Indebtedness.

Certain Amendments to Master Indenture

In general, the Master Indenture permits amendments to be made thereto (except for certain amendments that do not require consent of the holders of the outstanding Obligations) only with the consent of the holders of a majority in aggregate principal amount of Obligations then outstanding. Upon the issuance of the Series 2022 Bonds, the Series 2022 Obligation will represent approximately % of all Obligations outstanding under the Master Indenture for purposes of voting, controlling and exercising certain remedies. Pursuant to the Master Indenture, the amount of any Obligation that evidences and secures Derivative Indebtedness shall be deemed to be zero and such Obligation shall be disregarded for purposes of any request, direction or consent of the Holders requested or permitted under the Master Indenture, unless the related agreement has been terminated.

The Master Indenture further provides that, without the consent of the owners of all the Obligations at the time Outstanding, nothing therein shall permit, or be construed as permitting, an amendment to the Master Indenture which would:

- (1) Change the times, amounts or currency of payment of the principal of, premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation.
- (2) Permit the preference or priority of any Obligation over any other Obligation, without the consent of the holders of all Obligations then Outstanding.
- (3) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the holders of which is required to authorize such amendment, without the consent of the holders of all Obligations then Outstanding.

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of the Obligated Group and any future Member of the Obligated Group under the Series 2022 Obligation will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligated Group and any future Member of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Obligations, including the Series 2022 Obligation pledged under the Bond Indenture as security for the Series 2022 Bonds. The obligations described herein of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (a) are requested with respect to payments on any Obligations issued by a Member of the Obligated Group other than the Member of the Obligated Group from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or issued for the benefit of a Member of the Obligated Group which is not a "governmental unit" within the meaning of Section 141 of the Code or any person organized under the laws of the United States of America, or any state thereof, that is an organization described in Section 501(c)(3) of the Code exempt from federal income taxation under Section 501(a) of the Code; (b) are requested to be made from any money or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such money or assets for such a payment; (c) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (d) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future Member of the Obligated Group may fall within the categories (ii) and (iii) above with respect to the Series 2022 Obligation cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A Member of the Obligated Group may not be required to make any payment on any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group to the extent that such payment would render such Member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a Member of the Obligated Group in order to pay debt service on the Series 2022 Obligation may be voided by a trustee in bankruptcy in the event of bankruptcy of a Member of the Obligated Group, or by third-party creditors in an action brought pursuant to Virginia fraudulent conveyance statutes. Under the Bankruptcy Code, a trustee in bankruptcy and, under Virginia fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the Bankruptcy Code or Virginia fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a Member of the Obligated Group to pay debt service on an Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that such Member of the Obligated Group is analogous to a guarantor of the debt of the Obligated Group who directly benefited from the borrowing and that sufficient consideration for such Member's guaranty was not received and that the incurrence of such Obligation has rendered or will render such Member of the Obligated Group insolvent.

Limitation on Security Interest

The effectiveness, priority and perfection of the security interest in the Obligated Group's Pledged Assets granted in the Master Indenture and the Deed of Trust and the ability to receive and realize on the same may be limited by a number of factors, including: (1) present or future prohibitions against assignment contained in any applicable statutes or regulations; (2) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of any Member of the Obligated Group, to collect and retain accounts receivable from Medicare and other governmental programs; (3) commingling of the proceeds of Pledged Assets with other money of a Member of the Obligated Group not subject to the security interest in Pledged Assets; (4) statutory liens; (5) rights arising in

favor of the United States of America or any agency thereof; (6) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (7) federal bankruptcy laws which may affect the enforceability of the mortgage or the security interest in the Pledged Assets of the Obligated Group which are earned by the Obligated Group within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against a Member of the Obligated Group; (8) rights of third parties in Pledged Assets converted to cash and not in the possession of the Master Trustee; (9) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Virginia Uniform Commercial Code as from time to time in effect; and (10) rights of residents of the Community pursuant to residency agreements.

Pursuant to the Master Indenture, each Member of the Obligated Group that pledges its Pledged Assets under the Master Indenture covenants and agrees that, if an Event of Default involving a failure to pay any installment of interest or principal on an Obligation should occur and be continuing, it will deposit the proceeds of its Pledged Assets with the Master Trustee. Such deposits will continue daily until such default is cured. It is unclear whether the covenant to deposit the proceeds of Pledged Assets with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Pledged Assets, as described above, no opinion will be expressed by counsel to the Obligated Group as to enforceability of such covenant with respect to the required deposits.

In addition, accounts receivable of the Members of the Obligated Group which constitute Pledged Assets and are pledged as security under the Master Indenture may be sold if such sale is in accordance with the provisions of the Master Indenture. Any lien created under the Master Indenture would terminate and be immediately released upon any such sale with respect to any such accounts receivable so sold.

Limitations on Enforceability of Remedies

The financial results of all the Members of the Obligated Group will be combined for purposes of various covenants and tests, including debt incurrence tests, under the Master Indenture. Although the assets of the Obligated Group are expected to produce revenues necessary to provide for payment of the Series 2022 Bonds, under the terms of the Master Indenture, substantial portions of all such assets could be conveyed to other Members of the Obligated Group. In an action against a Member of the Obligated Group involving the enforceability of an Obligation or the security interest in Pledged Assets granted as security therefor, payment of such Obligation may not be enforced if sufficient consideration was not received by such Member of the Obligated Group for such Obligation and its incurrence will render such Member of the Obligated Group insolvent.

The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Bond Indenture, the Master Indenture, Loan Agreement and the Deed of Trust. Any attempt by the Master Trustee or the Bond Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Bond Indenture, the Loan Agreement, the Deed of Trust and the Master Indenture may not be readily available.

Any default in the performance of a covenant set forth in the Master Indenture would constitute an “Event of Default” under the Master Indenture only following notice by the Master Trustee and lapse of time. The Master Trustee may give such notice at any time in its discretion, but is not required to give such notice without the request of the Holders of at least 25% in aggregate principal amount of the Obligations outstanding under the Master Indenture. Events of Default specified by the Master Indenture are remediable through enforcement action taken by the Master Trustee in its discretion or at the request of the Holders of not less than 25% in aggregate principal amount of the Obligations outstanding under the Master Indenture. Notwithstanding any provision of the Master Indenture described in this paragraph, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture will have the right to control all remedial proceedings.

Upon issuance of the Series 2022 Bonds, the principal amount of the Series 2022 Obligation will constitute approximately % of the aggregate principal amount of all Obligations outstanding under the Master Indenture for purposes of voting, controlling and exercising certain remedies. The Master Indenture permits the issuance of additional Obligations under the circumstances specified therein, so the proportion of the principal amount of the Series 2022 Obligation to the principal amount of all Obligations at any time outstanding under the Master Indenture is subject to change. The bank or trust company serving as Bond Trustee or Master Trustee may acquire other

Obligations, either as holder for its own account or in a fiduciary capacity similar to that of Master Trustee. In exercising its respective duties and discretion, the Master Trustee might exercise its rights under different Obligations differently, reducing such proportion that otherwise might have been sufficient for the Master Trustee to control enforcement proceedings under the Master Indenture. The Master Trustee and Bond Trustee may in certain circumstances have other conflicts of interest.

Upon an acceleration of the Series 2022 Obligation and all other Obligations issued under the Master Indenture, after paying the expenses and other amounts due the Master Trustee, amounts available to pay the Obligations will be prorated among all holders of Obligations without preference or priority of principal or premium over interest or of interest over principal or premium, or of any Obligation over any other Obligation.

Federal Tax Matters

Possible Changes in the Corporation's Tax Status. The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Corporation of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Corporation and thereby the revenues of the Corporation. The Corporation has obtained a determination letter from the Internal Revenue Service to the effect that Corporation is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code. As an exempt organization, Corporation is subject to a number of requirements affecting its operation. The failure of the Corporation to remain qualified as an exempt organization would affect the funds available to the Corporation for payments to be made under the Loan Agreement. Failure of the Corporation or the Authority to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being refinanced with Series 2022 Bond proceeds, could cause interest on the Series 2022 Bonds to be included in the gross income of holders of Series 2022 Bonds or former holders of Series 2022 Bonds for federal income tax purposes.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of charitable organizations. There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Corporation by requiring it to pay income taxes.

Intermediate Sanctions. Section 4958 of the Code, provides the IRS with an "intermediate" tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Previous to the "intermediate sanctions law," the IRS could punish such violations only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (i.e., a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a "first tier" penalty excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in an excess benefit transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10% of the amount of the excess benefit, subject to a maximum penalty of \$10,000. A "second tier" penalty excise tax of 200% of the amount of the excess benefit may be imposed on the disqualified person (but not the organizational manager) if the excess benefit transaction is not corrected in a specified time period.

Bond Audit. IRS officials have stated that more resources will be allocated to audits of tax-exempt bonds in the charitable organization sector. The Series 2022 Bonds may be subject to audit, from time to time, by the IRS. The Corporation believes that the Series 2022 Bonds properly comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2022 Bonds, as described under the heading "TAX EXEMPTION" below. No ruling with respect to the tax-exempt status of the Series 2022 Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts, and are not guarantees. There can be no assurance, therefore, that an audit of the Series 2022 Bonds will not adversely affect the Series 2022 Bonds.

Other Tax Status Issues. The IRS has also issued Revenue Rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under Section 501(c)(3). Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential

services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the community's elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility.

Other Legislation. Section 7872 of the Code (Treatment of Loans with Below Market Interest Rates), provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation.

A refundable entrance fee payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee. Section 7872(h) provides a "safe harbor" exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether the residency agreements come within the scope of the continuing care facility safe harbor or within the statute itself.

Provided the residency agreement falls within the scope of Section 7872, the safe harbor exemption under Section 7872(h) is applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident's spouse) has attained age 62 before the close of the year and (iii) irrespective of the amount of the "loan" by the resident (or the resident's spouse) to the continuing care facility. Section 425 of the Tax Relief and Health Care Act of 2006 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent.

Any determination of applicability of Section 7872 could have the effect of discouraging potential residents from becoming or remaining residents of the Community.

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 and of retirement communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Corporation has covenanted to take all appropriate measures to maintain its tax-exempt status, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Corporation to charge and collect revenues at the level required by the Loan Agreement, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2022 Bonds.

Risks Related to Bank Financing

The Obligated Group may incur debt in the future through private placements with one or more financial institutions (each a "Bank Loan"). The terms of each Bank Loan will likely be negotiated separately and could create certain risks that could negatively affect the Obligated Group's ability to make the payments on the Series 2022 Bonds. The risks associated with a Bank Loan include, but are not limited to the following:

- (1) being variable rate (which would subject the Obligated Group to interest rate risk, if interest rates were to increase);
- (2) having a balloon payment at maturity (which would subject the Obligated Group to either a large payment of cash at maturity or require the Obligated Group to obtain alternate financing, and there could be no guarantee that the Obligated Group could accomplish either);

(3) having financial covenants that are more restrictive than those in the Master Indenture and the Loan Agreement (which could result in a situation where the Obligated Group is in default of its obligations under a Bank Loan but not the Series 2022 Bonds and thus result in an acceleration of the Series 2022 Bonds); and

(4) having the holder of the Bank Loan exercise certain remedies if the Obligated Group defaults on its obligations under the Master Indenture (specifically, if the holder of one or more Bank Loans controls a significant proportion of the Obligations outstanding under the Master Indenture, that holder could exercise certain remedies in a default scenario.

Risks Associated with Interest Rate Swaps

The Obligated Group may enter into interest rate swaps or hedge agreements and to secure its obligations under such agreements under the Master Indenture (this includes securing any associated termination payments). Any interest rate swap or other hedge agreement to which any Member of the Obligated Group is a party may, at any time, have a negative value. There may be automatic termination events under the swap agreements and other provisions that give the Obligated Group or the swap provider the right to terminate the applicable swap agreement. If either a swap or other hedge counterparty or the applicable Member of the Obligated Group terminates such an agreement when the agreement has a negative value to the applicable Member of the Obligated Group, the Obligated Group would generally be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial. An early termination of a swap or hedge agreement entered into by a Member of the Obligated Group could reduce the amount of funds available to the Obligated Group to pay the principal of and interest due on the Series 2022 Bonds. A counterparty may generally only terminate such an agreement upon the occurrence of defined events of default and termination events including without limitation nonpayment by the Obligated Group or other counterparty or in the event rating agencies withdraw or downgrade the applicable ratings of the Corporation (or other counterparty, as applicable) below specified levels. In addition, if certain events occur, the Obligated Group may be required to deliver collateral to secure the amount that would be owed to the counterparty under any interest rate swap or other hedge agreement if such agreement were to be terminated at that time, and the amount of collateral required to be delivered could be substantial. A required posting of collateral could reduce the amount of funds available to the Obligated Group to pay the principal of and interest due on the Series 2022 Bonds.

Cybersecurity

Like many organizations, the Corporation is highly dependent on digital technologies. These systems necessarily hold large quantities of highly sensitive protected health information that is highly valued on the black market. As a result, the electronic systems and networks of organizations like the Corporation are considered likely targets for cyber-attacks and other potential breaches of their systems. In addition to regulatory fines and penalties, the healthcare entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. The Corporation has taken, and continues to take, measures to protect its information technology system against such cyber-attacks, but there can be no assurance that the Corporation will not experience a significant breach. If such a breach occurs, the financial consequences of such a breach could have a materially adverse impact on the Corporation. [The Corporation does carry cybersecurity insurance.][CONFIRM]

COVID-19

The global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020, and a national emergency by the President of the United States on March 13, 2020. The continued spread of COVID-19, and actions taken by federal and state governments in response thereto, has impacted and will continue to impact financial markets, national, state and local economies, and long term care facilities in general. Management of the Corporation has and continues to take numerous actions in its continuing efforts to address the evolving challenges of the COVID-19 pandemic, and are in regular contact with local, State, and federal health agencies, but the Corporation cannot predict the ultimate effects of COVID-19 on the financial and operating conditions of the Community or an investment in the Series 2022 Bonds. See “FINANCIAL INFORMATION – Impact of COVID-19” in Appendix A hereto.

Other Risk Factors

Various other factors, such as fluctuations in interest rates and changes in tax laws affecting the Obligated Group's cost of capital, could also affect the future financial strength of the Obligated Group, and therefore its ability to make required payments of principal and interest on the Series 2022 Obligation. A significant portion of the Obligated Group's budget relates to fixed expenses, which cannot be easily reduced or eliminated.

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Corporation:

- (1) Reinstatement or establishment of mandatory governmental wage, rent or price controls;
- (2) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;
- (3) Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Corporation;
- (4) The cost and availability of energy;
- (5) Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the Community in order to maintain the charitable status of the Corporation;
- (6) Inflation or other adverse economic conditions;
- (7) Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;
- (8) The occurrence of natural disasters, including hurricanes, volcanic eruptions and typhoons, floods or earthquakes, which may damage the facilities of the Corporation, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities; or
- (9) Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as Corporation generally carry.

UNDERWRITING

The Authority, the Corporation and the Underwriter will enter into a Forward Delivery Bond Purchase Agreement (the "Forward Delivery Bond Purchase Agreement") which provides that the Underwriter will purchase the Series 2022 Bonds at a purchase price reflecting an underwriter's discount of \$ _____ (_____ % of the principal amount of the Series 2022 Bonds).

The obligation of the Underwriter to pay for the Series 2022 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including (1) delivery of specified opinions of counsel and (2) delivery of a certificate of the Corporation that there has been no material adverse change in its condition (financial or otherwise) from that set forth in this Official Statement. The obligation of the Underwriter to pay for the Series 2022 Bonds is also subject to certain additional terms and conditions as more particularly described under "**FORWARD DELIVERY OF THE SERIES 2022 BONDS**" herein.

The Corporation has agreed in the Bond Purchase Agreement to indemnify the Underwriter against certain liabilities relating to this Official Statement. The Underwriter may offer and sell the Series 2022 Bonds to certain dealers (including dealer banks and dealers depositing the Series 2022 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS

The Act provides that bonds issued pursuant thereto shall be securities in which all public officers and public bodies of the Commonwealth and all its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, trustees and other fiduciaries may properly and legally invest funds. No representation is made as to the eligibility of the Series 2022 Bonds for investment or any other purpose under any law of any other state. The Act also provides that bonds issued pursuant thereto may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

TAX EXEMPTION

[TO BE REVIEWED/REVISED BY BOND COUNSEL]

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Series 2022 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal tax purposes) subject to the alternative minimum income tax, such interest is taken into account in determining adjusted current earnings for purposes of computing such tax, and (c) is exempt from income taxation by the Commonwealth of Virginia. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Series 2022 Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the Authority and the Corporation as to certain facts relevant to both the opinion and requirements of the Code, and applicable regulations thereunder, and is subject to the condition that there is compliance subsequent to the issuance of the Series 2022 Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The Authority and the Corporation have covenanted to comply with current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2022 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2022 Bonds. Failure by the Authority or the Corporation to comply with such covenants, among other things, could cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*," 63 Bus. Law. 1277 (2008), and "*Legal Opinion Principles*," 53 Bus. Law. 831 (May 1998). Purchasers of the Series 2022 Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Series 2022 Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention after the dates of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Original Issue Discount

The initial public offering prices of certain of the Series 2022 Bonds may be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount of such Series 2022 Bonds and the respective initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such Series 2022 Bonds is sold will constitute original issue discount. The respective offering prices set forth on the inside cover of this Official Statement are expected to be the initial offering prices to the public at which a substantial amount of each maturity of Series 2022 Bonds are sold.

Under the Code, for purposes of determining the holder's adjusted basis in Series 2022 Bonds with original issue discount, such discount treated as having accrued while the holder holds the Series 2022 Bond will be added to the holder's basis therein. Original issue discount will accrue on a constant yield to maturity method based on regular compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such Series 2022 Bond.

Prospective purchasers of Series 2022 Bonds should consult their own tax advisors with respect to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Series 2022 Bonds.

Original Issue Premium

Series 2022 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Series 2022 Bond must be reduced by the amount of premium which accrues while such Series 2022 Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Series 2022 Bonds while so held. Purchasers of such Series 2022 Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Series 2022 Bonds.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Series 2022 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, "S corporations," foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2022 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors as to the status of interest on the Series 2022 Bonds under the tax laws of any state other than Virginia.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Series 2022 Bonds, under current Service procedures, the Service will treat the Authority as the taxpayer and the owners of the Series 2022 Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value, liquidity and/or marketability of the Series 2022 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2022 Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Series 2022 Bonds who purchase Series 2022 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Series 2022 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2022 Bonds.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2022 Bonds are subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the Corporation upon delivery of the Series 2022 Bonds, in substantially the form set forth in **Appendix D** hereto (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to authorization and validity of the Series 2022 Bonds and to the tax-exempt status of interest thereon as described in "**TAX EXEMPTION**" herein. Bond Counsel has not been engaged to investigate the financial resources of the Corporation or its ability to provide for payment of the Series 2022 Bonds, and the Bond Opinion will make no statement as to such matters 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 Series 2022 Bonds. Certain legal matters will be passed upon for the Authority by its counsel, [Mann, Vita & Elrod, P.L.L.C., Lexington, Virginia]; for the Corporation by its counsel, Glenn, Feldmann, Darby & Goodlatte, Roanoke, Virginia; and for the Underwriter by its counsel, Troutman Pepper Hamilton Sanders LLP, Richmond, Virginia.

FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of December 31, 2020, included in **Appendix B** hereto have been audited by CliftonLarsonAllen LLP, independent auditors, as stated in their report appearing therein. A summary of the statements of operations of the Corporation for each of the last three fiscal years ended December 31, 2020, and for the eleven-month periods ended November 30, 2020, and November 30, 2021, is included in **Appendix A** hereto.

RATING

The Series 2022 Bonds have been rated “[BBB-]” by Fitch Ratings (“Fitch”). This rating reflects only the view of such rating agency and an explanation of the significance of such rating may be obtained from such rating agency. The rating is not a recommendation to buy, sell or hold the Series 2022 Bonds. There is no assurance that such rating will be maintained for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely by Fitch, if in its sole judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Series 2022 Bonds.

LITIGATION

The Authority

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 Series 2022 Bonds or in any way contesting or affecting the validity of the Series 2022 Bonds or any proceedings taken with respect to the issuance or sale thereof, or in any way contesting or affecting the validity of or application of any moneys or the security provided for the Series 2022 Bonds.

The Corporation

Management of the Corporation is of the opinion that there is no litigation or any proceedings of any nature pending or, to its knowledge, threatened against the Corporation that, if decided adverse to the Corporation, would have a material adverse effect on the financial position of the Corporation.

RELATIONSHIP OF PARTIES

McGuireWoods LLP, Richmond, Virginia, Bond Counsel, provides legal services on other matters to U.S. Bank Trust Company, National Association, which is serving as Bond Trustee and Master Trustee, and to the Underwriter.

Troutman Pepper Hamilton Sanders LLP, Richmond, Virginia, counsel to the Underwriter, also provides legal services on other matters to U.S. Bank Trust Company, National Association, which is serving as Bond Trustee and Master Trustee.

FINANCING DOCUMENTS AND SELECTED COVENANTS

Attached as **Appendix C** hereto are the proposed forms of the Financing Documents. The Bond Indenture, the Master Indenture and the Loan Agreement contain certain covenants of the Obligated Group with respect to maintenance of the Community, incurrence of additional debt, disposition of assets, use of bond proceeds, maintenance of the existence of the Corporation as a tax-exempt, nonprofit corporation and information reporting. Below is a summary of selected covenants contained in the Financing Documents, which is qualified in its entirety by the forms attached as **Appendix C** hereto.

Rate Covenant. Under the Master Indenture, each Member of the Obligated Group covenants to set rates and collect charges for its facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated as of the end of each Fiscal Year, will not be less than 1.20; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto will not be taken into account in making the foregoing calculation until the earlier to occur of (A) the first full Fiscal Year commencing four years after the beginning of construction of such capital improvements or (B) the first full Fiscal Year commencing after substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of independent or assisted living units or health care beds, the Long-Term Debt Service Requirement with respect thereto will not be taken into account until Stable Occupancy (which is defined as the earlier to occur of (1) the first full Fiscal Year next succeeding the Fiscal Year in which the occupancy of such independent or assisted living units or health care beds reaches 90% or (2) the first full Fiscal Year following the Fiscal Year in which occurs that date which is 18 months following the date upon which substantially all such independent or assisted living units or health care beds are placed in service); in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence).

In the event the Long-Term Service Debt Coverage Ratio, calculated as of the end of any Fiscal Year, is less than 1.20 but greater than 1.00 and the Obligated Group has at least 300 Days' Cash on Hand, no Event of Default will be deemed to have occurred and no further action need be taken. However, in the event that for two consecutive Fiscal Years the Long-Term Debt Service Coverage Ratio, calculated as of the end of such Fiscal Years, is less than 1.20 but greater than 1.00, the Obligated Group will retain a Consultant after the end of the second Fiscal Year to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.20 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount.

In the event the Long-Term Debt Service Coverage Ratio, calculated as of the end of any Fiscal Year, is less than 1.20 but greater than 1.00 and the Obligated Group does not have at least 300 Days' Cash on Hand, the Obligated Group will retain a Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.20 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount.

In the event the Long-Term Debt Service Coverage Ratio, calculated as of the end of any Fiscal Year, is less than 1.00, the Obligated Group will retain a Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.20 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount.

Notwithstanding the foregoing, if for two successive Fiscal Years, the Long-Term Debt Service Coverage Ratio is less than 1.00, it will be an Event of Default.

The preceding covenants will not be construed to (1) limit the right of any Member to establish and implement policies for the admission of residents to its facilities, (2) prohibit any Member from providing services without charge or at reduced rates for persons unable to pay in whole or in part if reasonably deemed necessary by the Member to retain its status as an organization exempt from federal income taxation or to comply with any applicable requirements of law as then in effect, or (3) limit the ability of any Member to grant fellowships to residents from fellowship funds held by a Member or from funds received from donors restricting the use of funds provided to the Member.

Liquidity Covenant. Under the Master Indenture, each Member of the Obligated Group covenants to conduct its business so that, on each Liquidity Testing Date, the Obligated Group has not less than 120 Days' Cash on Hand. If the Obligated Group does not have at least 120 Days' Cash on Hand, the Group Representative will promptly notify the Master Trustee. If the Days' Cash on Hand, calculated as of the end of any Fiscal Year, is less than 120, the Corporation shall deliver to the Master Trustee a copy of a resolution approved by its Board of Trustees that explains in reasonable detail the reasons for the deficiency and adopting a specific plan designed to achieve at least 120 Day's Cash on Hand for future Fiscal Years. If the Days' Cash on Hand is less than 120 for any two consecutive Fiscal Years, the Members shall retain a Consultant to make recommendations regarding the rates, fees and charges of the Obligated Group, the Obligated Group's methods of operation and other factors affecting its financial condition in order to achieve at least 120 Day's Cash on Hand for future Fiscal Years.

The Members will follow any management report and plan or any Consultant's recommendations and plan delivered pursuant to paragraphs above, except to the extent feasible (as determined in the reasonable judgment of the governing body of such Member) and permitted by law and, if applicable, its status as a tax-exempt organization. So long as the Members will, as required by the Master Indenture, deliver the management report and plan or retain a Consultant and so long as the Members will follow such management report and plan or such Consultant's recommendations and plan to the fullest extent feasible as set forth in the Master Indenture, the Master Indenture will be deemed to have been complied with for a Liquidity Testing Date even if the Days' Cash on Hand is less than 120 on such Liquidity Testing Date, and such circumstances will not constitute an Event of Default under the Master Indenture.

Liquidity Testing Date means each December 31, commencing December 31, 2022.

Management Consultant. If the Obligated Group is required to engage a Consultant for any of the reasons described under the subheading "Rate Covenant" above, the Obligated Group shall engage the Consultant as follows:

(1) Upon selecting a Consultant, the Obligated Group shall provide notice of the selection of a Consultant to the Master Trustee, and the Master Trustee shall provide notice of the selection of a Consultant to the Holders of all Obligations Outstanding. The Obligated Group shall cause notice of the selection of a Consultant to be posted on EMMA. The notice shall state that the Holders will be deemed to consent to the selection of the Consultant, unless a Holder submits an objection in writing to the Master Trustee within 15 days of the notice being sent by the Master Trustee to the Holders. If Holders of more than one-third in aggregate principal amount of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group shall select another Consultant within 14 days after receiving notice of the objections.

(2) When the Master Trustee provides notice of the selection of a Consultant, the Master Trustee shall also request that any Related Bond Trustee send a similar notice to the owners of the Related Bonds. Each Related Bond Trustee shall provide notice that states that the Related Bond owners will be deemed to consent to the selection of the Consultant, unless an owner submits an objection in writing to the Related Bond Trustee within 15 days of the notice being sent by the Related Bond Trustee to the Related Bond owners. If owners of more than one-third in aggregate principal amount of the Related Bonds Outstanding have objected to the Consultant selected, the Obligated Group shall select another Consultant within 14 days after receiving notice of the objections.

(3) All Consultant reports shall be prepared in accordance with then-effective industry appropriate standards.

(4) In the event that the Obligated Group fails to make a selection of a Consultant, or fails to make a selection within the appropriate time period, the Master Trustee shall select, on behalf of the Obligated Group.

(5) Any recommendations made by a Consultant shall be filed with the Master Trustee within 90 days after the date the Consultant is selected.

Payment of Kendal Fees. In the Loan Agreement, the Obligated Group makes the following covenants with respect to the Monthly System Fee payable to The Kendal Corp. under its affiliation agreement with Kendal. See "**KENDAL AT LEXINGTON – The Kendal Corporation and its Relationship to Kendal at Lexington**" in **Appendix A** hereto.

If the Obligated Group's Long-Term Debt Service Coverage Ratio in any fiscal year is less than 1.20, the Obligated Group shall cause The Kendal Corp. to rebate to the Obligated Group the Monthly System Fees paid to Kendal during such fiscal year in an amount equal to the lesser of (1) 50% of the total Monthly System Fees paid in such fiscal year, and (2) such amount that would have been necessary for the Obligated Group's Long-Term Debt Service Coverage Ratio for such fiscal year to equal at least 1.20. If any amounts have been so rebated and not subsequently repaid by the Obligated Group to The Kendal Corp., at the completion of any subsequent fiscal year (the "Applicable Fiscal Year"), the Obligated Group may repay any such rebated amounts to the extent that, if such amount had been repaid in the Applicable Fiscal Year, the Obligated Group's Long-Term Debt Service Coverage Ratio would have been not less than 1.20.

Notwithstanding the above, the Obligated Group may pay the Monthly System Fees without restriction and shall not cause The Kendal Corp. to rebate any of the Monthly System Fees after the Long-Term Debt Coverage Ratio has not been less than 1.20 for six consecutive calendar quarters.

CONTINUING DISCLOSURE

Continuing Disclosure Certificate

Upon the issuance of the Series 2022 Bonds, the Corporation will execute a Continuing Disclosure Certificate obligating the Corporation to provide certain annual and event disclosure as provided in SEC Rule 15c2-12 (the “Rule”). See **Appendix E** hereto for the proposed form of the Continuing Disclosure Certificate. Except as described below, the Corporation has complied in all material respects with its prior continuing disclosure undertakings during the previous five years. [The Corporation inadvertently omitted certain operating data in its Fiscal Year 2013 filing and subsequently supplemented that filing to include the required information. The Corporation filed one annual report and certain quarterly reports in an untimely manner, in no event more than five days beyond the required filing deadline. The Corporation inadvertently omitted certain operating data in its Fiscal Year 2016 filing and has recently supplemented that filing to include the required information.] [TO BE UPDATED]

The Continuing Disclosure Certificate provides holders of the Series 2022 Bonds with certain enforcement rights in the event of a failure by the Corporation to comply with the terms thereof. There can be no assurance, however, as to the outcome of any effort to enforce the terms of the Continuing Disclosure Certificate. Moreover, a default under the Continuing Disclosure Certificate will not constitute a default under the Bond Indenture, the Loan Agreement, the Deed of Trust, the Series 2022 Obligation or the Master Indenture. The Continuing Disclosure Certificate may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Holders of the Series 2022 Bonds are advised that the Continuing Disclosure Certificate should be read in its entirety for more complete information regarding its contents.

No financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2022 Bonds and the Authority will not provide any such information. The Authority shall have no liability to the holders of the Series 2022 Bonds or any other person with respect to disclosures by the Corporation.

Limited Information

Under the Continuing Disclosure Certificate, the Corporation is required to provide only limited information at specified times and such information may not be sufficient to value the Series 2022 Bonds at any particular time.

Additional Disclosure

Under the Loan Agreement, the Corporation covenants that it will provide the following additional information.

Within 45 days after the end of each quarter of each Fiscal Year of the Corporation, commencing with the fiscal quarter ending December 31, 2022, the Corporation shall provide to the Bond Trustee, the Underwriter and EMMA (collectively, the “Required Information Recipients”), the following information:

- (1) The cumulative unaudited financial statements, including income statements, balance sheet and statement of cash flows, of the Obligated Group for the Fiscal Year to date, showing a comparison to the Obligated Group’s current budget;
- (2) Occupancy statistics for the Facilities for such Fiscal Quarter and year to date, which shall include (a) the average number of units available for the quarter, (b) the average number of units occupied for the quarter, (c) the percent of units occupied during the quarter, and (d), the number of independent living units vacated during the quarter, specifying the reason for turnover;
- (3) Computations of the Long-Term Debt Service Coverage Ratio calculated on an annualized basis for the period beginning on the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter then ended, the number of Days’ Cash on Hand as of the end of such Fiscal Quarter;

(4) An abbreviated narrative of the operating and financial environment of the Obligated Group for such Fiscal Quarter; and

(5) A Skilled nursing facility payor mix for the Community by percentage of revenue, as of the last day of such quarter.

The Corporation shall provide, upon request, to any beneficial owner or any registered municipal securities broker or dealer or a member in good standing of the National Association of Securities Dealers, Inc., a copy of any report and recommendations of any Management Consultant required to be delivered to the Bond Trustee. See **“FINANCING DOCUMENTS AND SELECTED COVENANTS”** herein.

Failure of the Corporation to comply with the provisions regarding additional disclosures will not be deemed an Event of Default under the Loan Agreement.

MISCELLANEOUS

The Corporation has furnished all information in this Official Statement except the information in **“THE AUTHORITY”**, **“UNDERWRITING”**, **“SERIES 2022 BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS”**, **“TAX MATTERS”** and the information in **“LITIGATION”** herein, as it relates to the Authority. The Authority assumes no responsibility for the accuracy or completeness of any information in this Official Statement other than the information in **“THE AUTHORITY”** and the information in **“LITIGATION – The Authority”** herein, and, except for the provision of that information, has not otherwise participated in the preparation of this Official Statement.

U.S. Bank Trust Company, National Association, as Master Trustee and Bond Trustee, has neither reviewed nor participated in the preparation of this Official Statement

The execution and delivery of this Official Statement has been duly authorized by the Authority and approved by the Corporation. The Authority has deemed this Official Statement “final” within the meaning of the Rule.

INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF LEXINGTON, VIRGINIA

By: _____
Its: Vice Chairman

Approved:

LEXINGTON RETIREMENT COMMUNITY, INC.,
d/b/a Kendal at Lexington

By: _____
Its: Executive Director

APPENDIX A
KENDAL AT LEXINGTON

APPENDIX B

FINANCIAL STATEMENTS OF KENDAL AT LEXINGTON

APPENDIX C

PROPOSED FORMS OF THE FINANCING DOCUMENTS

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

*Set forth below is the proposed form of opinion of McGuireWoods LLP, Bond Counsel.
It is preliminary and subject to change prior to delivery of the Series 2022 Bonds.*

[TO BE PROVIDED BY BOND COUNSEL]

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) dated as of October __, 2022, is executed and delivered by Lexington Retirement Community, Inc. d/b/a Kendal at Lexington, a not-for-profit Virginia nonstock corporation (the “Corporation”), in connection with the issuance by the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), of its \$ _____ Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the “Bonds”). The Corporation hereby covenants and agrees as follows:

Section 1. Purpose and Definitions.

(a) This Disclosure Certificate is being executed and delivered by the Corporation for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) by providing certain annual financial information and material event notices required by the Rule (collectively, the “Continuing Disclosure”). The Bonds are being issued pursuant to a Bond Trust Indenture dated as of October 1, 2016, as previously supplemented and amended and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the “Bond Indenture”), between the Authority and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as Bond Trustee (the “Bond Trustee”). The Bonds will be secured pursuant to obligations issued under the Master Trust Indenture dated as of October 1, 2016 (as supplemented from time to time, the “Master Indenture”), between U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as master trustee (the “Master Trustee”) and the Corporation as current sole member of an obligated group (the “Obligated Group”).

(b) For purposes of this Disclosure Certificate, each capitalized term used herein shall have the meaning given it in the Master Indenture, unless otherwise defined herein.

“Appendix A” means Appendix A to the Official Statement.

“Official Statement” means the Official Statement dated February __, 2022, relating to the sale of the Bonds.

Section 2. Annual Disclosure.

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

(i) annual financial statements of the Obligated Group, including a consolidated or combined and an unaudited consolidating or combining balance sheet as of the end of such Fiscal Year, a consolidated or combined and an unaudited consolidating or combining statement of revenues and expenses and changes in net assets for such Fiscal Year and a consolidated or combined and an unaudited consolidating or combining statement of cash flows for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a report of a firm of independent certified public accountants (the “Audited Financial Statements”);

(ii) to the extent such items are not included in the audited financial statements referred to in (a) above, the current fee structure for the Corporation’s independent living units, assisted living units and nursing care beds, certain financial and operating data with respect to the Obligated Group and its facilities as of the end of the Fiscal Year, including occupancy data of the type described in “Fee Structure”, “Occupancy” and in the table “Borden Center Payor Mix” in “Borden Center (Skilled Nursing Care) and Webster Center (Assisted Living) Sources of Revenue” all in “THE COMMUNITY” and “Historical Financial Performance” and “Summary of Financial Information” in “FINANCIAL INFORMATION” all in Appendix A;

(iii) the annual operating budget of the Obligated Group; and

(iv) any change in the overall CMS Star status of any Member of the Obligated Group (and for the avoidance of doubt, if there has been no change in then no information is required to be provided).

If the financial statements filed pursuant to Section 2(a)(i) are not audited (the “Unaudited Financial Statements”), the Corporation shall file such statements as audited when available.

(b) The Corporation shall file annually with the Municipal Securities Rulemaking Board (the “MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) within 120 days after the end of the Corporation’s fiscal year, commencing with the Corporation’s fiscal year ending December 31, 2022, with a copy to the Bond Trustee and the Master Trustee or, if such Audited Financial Statements are not available by 120 days after the end of such fiscal year, the Unaudited Financial Statements for such fiscal year to be replaced subsequently by the Audited Financial Statements to be delivered within 15 days after such Audited Financial Statements become available for distribution.

(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 Corporation shall file with the MSRB in a timely manner notice specifying any failure of the Corporation to provide the Annual Disclosure by the date specified above.

Section 3. Event Disclosure. The Corporation shall file with the MSRB, with a copy to the Bond Trustee and the Master Trustee, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 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 Bonds, or other material events affecting the tax status of the Bonds.
- (g) Modifications to rights of the holders of the Bonds, if material.
- (h) Bond calls, if material, and tender offers.
- (i) Defeasances of all or any portion of the Bonds.
- (j) Release, substitution, or sale of property securing repayment of the Bonds, if material.
- (k) Rating changes.
- (l) Bankruptcy, insolvency, receivership or similar event of the Corporation.*
- (m) The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the

* For the purposes of the event identified in Section 3(1), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

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.

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(o) Incurrence of a financial obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Corporation, any of which affect security holders, if material.

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Corporation, any of which reflect financial difficulties.

Section 4. Debt Service Schedule Filing. The Corporation shall file with the MSRB, with a copy to the Bond Trustee and the Master Trustee, in a timely manner not in excess of 90 days after the incurrence of any Indebtedness, a chart that shows the annual debt service requirements for all Indebtedness of the Corporation then Outstanding in substantially the same form as the chart appearing under the heading “ANNUAL DEBT SERVICE REQUIREMENTS” in the Official Statement.

Section 5. Financial Statements for Obligated Group. All financial statements filed pursuant to Sections 2 and 3 shall clearly identify and describe the financial performance of the Obligated Group alone by either separate financial statements or with schedules or information included with consolidated financial statements that permit review of the financial performance of the Obligated Group and its compliance with financial covenants with respect to the Bonds. All filings made under this agreement shall clearly identify which financial statements relate to the Obligated Group and which relate to both the Obligated Group and other entities.

Section 6. Termination. The obligations of the Corporation will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 7. Amendment. The Corporation may modify its obligations hereunder without the consent of the holders of the Bonds, provided that this Disclosure Certificate as so modified complies with the Rule as it exists at the time of modification and is supported by an approving legal opinion of a firm nationally-recognized in the field of municipal securities. The Corporation shall within a reasonable time thereafter file with the MSRB a description of such modification(s), with a copy to the Bond Trustee and the Master Trustee.

Section 8. Defaults.

(a) Failure by the Corporation to comply with any covenant or obligation regarding continuing disclosure specified in this Disclosure Certificate shall not constitute an “Event of Default” under the Loan Agreement dated as of October 1, 2016, as previously amended and as further amended by the Second Amendment to Loan Agreement dated as of October 1, 2022, between the Corporation 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 Corporation and the Bond Trustee, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Corporation’s covenant to provide the Continuing Disclosure.

Section 9. 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. All information provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 10. Additional Disclosure. The Corporation may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Corporation 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 11. Dissemination Agent. The Corporation may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Corporation may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Corporation will be the dissemination agent.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Governing Law. This Disclosure Certificate shall be construed and enforced in accordance with the laws of the Commonwealth.

LEXINGTON RETIREMENT COMMUNITY, INC.
d/b/a Kendal at Lexington

By: _____
Its: _____

APPENDIX F

DTC BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2022 Bonds, payments of principal of and premium, if any, and interest on the Series 2022 Bonds to DTC, its nominee, Direct and Indirect Participants, as defined below, or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2022 Bonds and other bond-related transactions by and between DTC, Direct and Indirect Participants and Beneficial Owners is based solely on information furnished by DTC.

The DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 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 Series 2022 Bonds 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 issues, 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 (the "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 (the "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 Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 are, however, 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 Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 Series 2022 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 Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 holdings 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. Beneficial Owners of Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults' and proposed amendments to the security documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2022 Bonds within an issue 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 Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and premium, if any, and interest payments on the Series 2022 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 detailed information from the Authority on the 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 Bond Trustee, the paying agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority and the Bond Trustee or the paying agent, as applicable, 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 Series 2022 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2022 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2022 Bonds will be printed and delivered to DTC.

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.

The Authority and the Bond Trustee have no responsibility or obligation to the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to: (a) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (b) the payment by DTC, any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect to the principal of and interest on the Series 2022 Bonds; (c) the delivery or timeliness of delivery by any Direct Participant or any Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Series 2022 Bonds to be given to owners of the Series 2022 Bonds; (d) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Series 2022 Bonds; or (e) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owners of the Series 2022 Bonds.

So long as Cede & Co. is the registered owner of the Series 2022 Bonds, as nominee of DTC, references in this Official Statement to Bondholders shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholders of Series 2022 Bonds for all purposes under the Series 2022 Bonds.

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 Series 2022 Bonds without the consent of Beneficial Owners or Bondholders.

APPENDIX G
FORM OF DELAYED DELIVERY CONTRACT

[TO BE PROVIDED]

§ _____
**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington),
Series 2022 (Forward Delivery)**

FORWARD DELIVERY BOND PURCHASE AGREEMENT

February __, 2022

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

Lexington Retirement Community, Inc.
d/b/a Kendal at Lexington
Lexington, Virginia

Ladies and Gentlemen:

The undersigned, B.C. Ziegler and Company (the “Underwriter”), offers to enter into this Forward Delivery Bond Purchase Agreement (the “Agreement” or the “Bond Purchase Agreement”) with the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) and Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the “Corporation”), which will become binding upon the Authority, the Corporation and the Underwriter upon acceptance evidenced by execution of this Bond Purchase Agreement. Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the hereinafter-defined Loan Agreement, Master Indenture and Bond Indenture.

1. Purchase and Sale of Series 2022 Bonds.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and covenants contained in this Bond Purchase Agreement, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of its \$ _____ in aggregate principal amount Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (Forward Delivery) (the “Series 2022 Bonds”). The purchase price of the Series 2022 Bonds shall be \$ _____ (representing the \$ _____ .00 aggregate principal amount of the Series 2022 Bonds, plus an original issue premium of \$ _____, and less the underwriter’s discount of \$ _____). The Corporation will use the proceeds of the Series 2022 Bonds, together with other available funds, to (i) refund the outstanding principal amount of the Authority’s Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A (the “Series 2017A Bonds”), (ii) pay all or a portion of the costs of issuance incurred in connection with the issuance of the Series 2022 Bonds, and (iii) fund a debt service reserve fund for the Series 2022 Bonds.

(b) On February __, 2022, or at such other time or at such other date as shall have been mutually agreed upon by the Authority, the Corporation and the Underwriter (the “Initial Closing Date”), the certificates, opinions and other documents required by Section 9 hereof shall be executed and delivered (all of the foregoing actions are herein referred to collectively as the “Initial Closing”). The Initial Closing

shall take place on the Initial Closing Date at the offices Bond Counsel, or at such other location as shall be mutually agreed upon by the Authority, the Corporation and the Underwriter. Assuming the Initial Closing is consummated in accordance with the provisions of this Bond Purchase Agreement, then, subject to the provisions of this Bond Purchase Agreement, the Underwriter shall be obligated to purchase the Bonds and pay the purchase price therefor at the Settlement, except as otherwise provided for herein. Payment of the purchase price for the Series 2022 Bonds shall be made by wire or check in immediately available funds payable to the order of U.S. Bank Trust Company, National Association, as bond trustee (the “Bond Trustee”), for the account of the Authority on October 5, 2022, or such other place, time, or date as shall be mutually agreed upon by the Authority, the Corporation and the Underwriter (the “Settlement Date”), against delivery of the Series 2022 Bonds to the Bond Trustee on behalf of The Depository Trust Company (“DTC”) under the DTC Fast System of Registration. The date and time of such delivery and payment is herein called the “Settlement.” The delivery of the Series 2022 Bonds shall be made in either temporary or in definitive form (provided neither the printing of a wrong CUSIP number on any Bond nor the failure to print a CUSIP number thereon shall constitute cause to refuse delivery of any Bond) and registered in the name(s) of Cede & Co.

(c) Subject to Section 21, the Underwriter, in its discretion, may permit other securities dealers who are members of the Financial Industry Regulatory Authority, Inc. (“FINRA”) to assist in selling the Series 2022 Bonds, and the Underwriter agrees to pay or re-allow such securities dealers a fee or selling commission to be paid from the underwriting fee provided in Section 8 of this Bond Purchase Agreement. Subject to Section 21, the Underwriter agrees that it will exercise its best efforts not to sell the Series 2022 Bonds in a manner which will jeopardize the tax-exempt status of the interest on the Series 2022 Bonds and, in connection with this Bond Purchase Agreement, agrees that it will exercise its best efforts not to sell Series 2022 Bonds to an “underwriter” or “dealer” for a price lower than 100% of the aggregate principal amount of Series 2022 Bonds being sold. The Underwriter agrees that it will exercise its best efforts to determine whether purchasers of the Series 2022 Bonds are “underwriters” or “dealers.”

(d) The Series 2022 Bonds shall be issued under and secured as provided in a Bond Trust Indenture dated as of October 1, 2016, as previously supplemented and amended, and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the “Bond Indenture”), between the Authority and the Bond Trustee, and the Series 2022 Bonds shall have the maturities and interest rates, be subject to redemption and be otherwise as described and as set forth in Exhibit A hereto and the Bond Indenture.

(e) The Corporation has caused to be delivered to the Underwriter (i) a letter dated the date hereof, and addressed to the Corporation and the Underwriter from CliftonLarsonAllen LLP (the “Auditor”) as to the performance by the Auditor of certain procedures in connection with the preparation of the Preliminary Official Statement (as hereinafter defined) and consenting to the references to such firm in the Preliminary Official Statement, and (ii) a consent letter dated February __, 2022, whereby the Auditor consents to the inclusion in the Preliminary Official Statement of its report on the financial statements of the Corporation included in Appendix B to the Preliminary Official Statement.

2. **Description of Financing.** Pursuant to and in accordance with the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”) and a resolution adopted by the Authority on February __, 2022 (the “Resolution”), the Authority has authorized the issuance and delivery of the Series 2022 Bonds and the loan of the proceeds of the Series 2022 Bonds to the Corporation. The Series 2022 Bonds will be issued under and secured by the Bond Indenture.

Pursuant to a Loan Agreement dated as of October 1, 2016, as previously amended, and as further amended by a Second Amendment to Loan Agreement dated as of October 1, 2022 (collectively, the “Loan Agreement”), between the Authority and the Corporation, the Corporation will deliver to the Authority a

promissory note securing the Series 2022 Bonds in the principal amount of the Series 2022 Bonds (the “Series 2022 Obligation”), dated as of the date of delivery, the required payments on which will be sufficient to pay, among other things, all principal of and premium, if any, and interest on the Series 2022 Bonds and certain related expenses. Simultaneously with the issuance of the Series 2022 Bonds, the Corporation will enter into a Supplemental Indenture for the Series 2022 Obligation (the “Series 2022 Supplement”), supplementing the Master Trust Indenture dated as of October 1, 2016, as previously supplemented (the “Master Indenture”), each between the Corporation and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as master trustee (the “Master Trustee”). The Master Indenture will recognize the Series 2022 Obligation as an Obligation (as defined in the Master Indenture) thereunder secured by the terms thereof on parity with the other Obligations issued thereunder. All Obligations under the Master Indenture, including the Series 2022 Obligation, will also be secured by a first mortgage lien on certain real estate of the Corporation, and a security interest in certain personal property of the Corporation created by the Master Indenture and a Second Amended and Restated Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as October 1, 2016, as amended (the “Deed of Trust”), between the Corporation, the Master Trustee and the deed of trust trustee(s) named therein. As of the date of Initial Closing, the Corporation will be the only Member of the Obligated Group (as defined in the Master Indenture).

The Series 2022 Bonds, the Bond Indenture, the Master Indenture, the Series 2022 Supplement, the Loan Agreement, the Series 2022 Obligation and the Deed of Trust will be in the forms previously supplied to you, with such subsequent modifications as shall be approved by you and us.

3. **Preliminary Official Statement, Official Statement, Updated Official Statement and Offering of Series 2022 Bonds.** The Authority and the Corporation each hereby authorize and ratify the distribution by the Underwriter of the Preliminary Official Statement dated February __, 2022 (the “Preliminary Official Statement”), and the Official Statement of even date with this Bond Purchase Agreement (the “Official Statement,” except that, if the Official Statement has been amended between the date hereof and the date of Initial Closing, the term “Official Statement” shall refer to the Official Statement as so amended), relating to the Series 2022 Bonds. The Preliminary Official Statement is “deemed final” as of its date by the Authority and the Corporation for purposes of Rule 15c2-12 (“Rule 15c2-12”) promulgated by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”), except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12. The Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12. The Series 2022 Bonds will be offered for sale by the Underwriter pursuant to a definitive Official Statement. The Official Statement shall be substantially in the form of the Preliminary Official Statement with only such changes therein as shall have been approved by the Underwriter.

(a) The Underwriter acknowledges that (i) the Authority has not participated in the preparation of the Official Statement, has made no independent investigation regarding the Official Statement or furnished any information contained in the Official Statement, and (ii) the Authority assumes no responsibility with respect to the sufficiency, accuracy, or completeness of any of the information contained in the Official Statement or any other document used in connection with the offer and sale of the Series 2022 Bonds, except the information contained under the headings “THE AUTHORITY” and “LITIGATION – The Authority” therein.

(b) The Corporation shall deliver, or cause to be delivered, to the Underwriter copies of the Preliminary Official Statement in sufficient quantity in order for the Underwriter to comply with Rule 15c2-12(b)(2).

(c) Within seven (7) business days after the execution of this Bond Purchase Agreement and in sufficient time to accompany any confirmation requesting payment from any customer,

the Corporation shall deliver, or cause to be delivered, to the Underwriter copies of the Official Statement in sufficient quantity, in the Underwriter's opinion, to accompany any confirmation that requests payment from any customer and to comply with Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Authority and the Corporation hereby confirm that they do not object to distribution of the Official Statement in electronic form.

(d) To the extent required by rules of the Commission or the MSRB, the Authority and the Corporation hereby authorize the Underwriter to deliver the Official Statement to the MSRB, and the Underwriter agrees to make such delivery. If, between the date of this Bond Purchase Agreement and the date which is the "end of the underwriting period" (as defined in Rule 15c2-12), any event shall occur which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Underwriter and the Authority and if, in the opinion of the Underwriter or Authority, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Corporation will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and Authority.

(e) Notwithstanding any prior amendments or supplements to the Official Statement, the Corporation and the Authority, in cooperation with the Underwriter, shall prepare an updated Official Statement (the "Updated Official Statement"), dated a date not more than twenty-five (25) nor fewer than ten (10) days prior to the Settlement (both dates inclusive), relating to the Series 2022 Bonds, which Updated Official Statement, as of such date, will be correct and complete and will not contain any untrue statement of a 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. The Authority and the Corporation shall furnish to the Underwriter, on or before the Settlement Date, the Updated Official Statement manually executed by an authorized agent of the Corporation and printed, conformed copies of the Updated Official Statement in such quantities as requested by the Underwriter to enable the Underwriter to comply with Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board.

(f) Each of the Authority and the Corporation agrees that it will cooperate with the Underwriter in the qualification of the Series 2022 Bonds for offering and sale and the determination of their eligibility for investment under the 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 Series 2022 Bonds in any such jurisdiction. The Corporation will pay for the reasonable out-of-pocket expenses, including reasonable attorneys' fees, of the Authority in connection therewith.

4. Continuing Disclosure. The Corporation will execute and deliver a Continuing Disclosure Certificate dated as of the Settlement Date (the "Continuing Disclosure Certificate") in order to comply with the requirements for the dissemination of certain annual financial information and operating data, including audited financial statements, and notices required by Rule 15c2-12. Pursuant to the Continuing Disclosure Certificate, the Corporation will undertake, as applicable, to provide the annual financial information, operating data and notices of the occurrence of certain events specified therein at the times, to the persons and in the manner set forth therein.

5. Representations and Warranties of the Authority. By the Authority's acceptance hereof it hereby represents and warrants to, and covenants and agrees with, the Underwriter and the Corporation that:

(a) The Authority is a validly existing political subdivision of the Commonwealth of Virginia, a body politic and corporate, and is vested with the rights and powers to issue the Series 2022 Bonds under the Act.

(b) The Authority has the power (1) to enter into and perform its obligations under this Bond Purchase Agreement, the Bond Indenture and the Loan Agreement (the “Authority Documents”) and the transactions contemplated thereby and by the Official Statement, (2) to secure the Series 2022 Bonds as provided in the Authority Documents, (3) to loan a portion of the proceeds of the Series 2022 Bonds to the Corporation so that it may undertake the refunding described in the Official Statement, such loan being in furtherance of the purposes for which the Authority was organized, and (4) to assign the Series 2022 Obligation to the Bond Trustee. The Authority has taken or will take all action required by the Act in connection therewith.

(c) The Authority (1) has duly authorized the execution and delivery of the Authority Documents, (2) has duly authorized the assignment of the Series 2022 Obligation and the issuance, sale and delivery of the Series 2022 Bonds, and (3) has taken or will take all action necessary or appropriate to carry out the issuance, sale and delivery of the Series 2022 Bonds to the Underwriter.

(d) To the knowledge of the Authority, the Authority is not in default in the payment of the principal of, premium, if any, or interest on any of its other indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred that would adversely affect the Authority’s power or authority to issue the Series 2022 Bonds, to execute and deliver the Authority Documents and to perform the obligations thereunder, 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 this representation does not include a default with respect to other financings in which the Authority has acted as “conduit” issuer for other public or private entities not affiliated with the Corporation, wherein a default by such public or private entity would not have a material effect on the credit of the Authority or of the Corporation.

(e) The execution and delivery of the Authority Documents, the assignment of the Series 2022 Obligation and the performance by the Authority of its obligations thereunder are within the powers of the Authority and will not conflict with or constitute a breach or result in a violation of (1) the Act or the Authority’s bylaws, (2) any federal or Virginia constitutional or statutory provision, (3) to the best of the Authority’s knowledge, any current order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Authority or its property or (4) 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) The Authority by resolution has approved the (i) distribution of the Preliminary Official Statement and the distribution of the Official Statement in connection with the offer and sale of the Series 2022 Bonds and (ii) the distribution of the Updated Official Statement

(g) All authorizations, consents, approvals, findings and certificates of governmental bodies or agencies required to be obtained by the Authority in connection with (1) the execution and delivery by the Authority of the Authority Documents and the issuance of the Series 2022 Bonds, and (2) the performance by the Authority of its obligations under the Authority Documents and the Series 2022 Bonds have been obtained and are in full force and effect; provided, however, that no representation is made with respect to (1) compliance with any applicable Blue Sky or securities laws of any state or (2) consents, filings, approvals, etc., required in connection with the tax-exempt status of the interest on the Series 2022 Bonds.

(h) There is no litigation, inquiry or investigation of any kind before or by any judicial court or governmental agency pending or, to the knowledge of the Authority, threatened against the Authority with respect to (1) its organization or existence, (2) its authority to execute and deliver the Authority Documents or the Series 2022 Bonds or to perform its obligations thereunder, (3) the validity or enforceability of the Series 2022 Bonds or any of the Authority Documents, (4) the title of the officers

executing the Authority Documents or the Series 2022 Bonds, or (5) any authority or proceedings relating to the authority of such officers to execute and deliver the Authority Documents or the Series 2022 Bonds on behalf of the Authority, and no such authority or proceedings have been repealed, revoked, rescinded or amended; provided, however, the foregoing does not include any litigation or administrative proceeding that may have been filed against, but not served on, the Authority, and of which it has no knowledge.

(i) When authenticated by the Bond Trustee and delivered to and paid for by the Underwriter in accordance with the terms of the Bond Indenture and this Bond Purchase Agreement, the Series 2022 Bonds will (1) have been duly authorized, executed and issued, (2) constitute legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms except as limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws and usual equity principles, and (3) be secured by the Bond Indenture.

(j) The Preliminary Official Statement is deemed to be final as of its date within the meaning of Rule 15c2-12, except for omitted information permitted by paragraph (b)(1) of Rule 15c2-12, the Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12, and the Updated Official Statement will be deemed to be a final official statement with the meaning of Rule 15c2-12; provided, however, that the Authority makes no representation with respect to the statements made in the Preliminary Official Statement, the Official Statement or the Updated Official Statement except for those statements describing or relating to the Authority under the captions “THE AUTHORITY” and “LITIGATION – The Authority” therein.

6. Representations and Warranties of the Corporation. By the Corporation’s acceptance hereof, the Corporation hereby represents and warrants to, and covenants and agrees with, the Underwriter and the Authority, that:

(a) The Corporation is a not-for-profit, nonstock corporation duly organized and validly existing in good standing under the laws of the Commonwealth of Virginia and has full power and authority to own its properties and to operate its business, as currently conducted.

(b) The Corporation is (1) an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and (2) not a “private foundation” as defined in Section 509(a) of the Code. The Corporation has conducted its operations and filed all required reports or documents with the Internal Revenue Service so as to maintain such status. The Corporation is organized and operated exclusively for benevolent, fraternal, charitable or reformatory purposes, and not for pecuniary profit, and no part of its net 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 (the “1933 Act”), and of Subsection 12(g)(2)(D) of the Securities Exchange Act of 1934, as amended. The Corporation has not received notice or communication of any kind from the Internal Revenue Service directly or indirectly questioning its status under Section 501(c)(3) of the Code or indicating that it is or will be audited with respect to such status.

(c) The Corporation has authorized the execution and delivery of this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Master Indenture, the Series 2022 Obligation, the Series 2022 Supplement, the Deed of Trust and the Loan Agreement (collectively, the “Corporation Documents”). The Corporation has approved the Preliminary Official Statement, the Official Statement, the Updated Official Statement and the terms of the Bond Indenture. The Corporation will take all action necessary or appropriate to cooperate in the issuance, sale and delivery of the Series 2022 Bonds by the Authority to the Underwriter.

(d) The execution and delivery of the Corporation Documents, the performance of the Corporation’s obligations thereunder and the approval of the Official Statement and the Corporation

Documents are within the corporate powers of the Corporation and will not, in any material respect, conflict with or constitute a breach or result in a violation of (1) the articles of incorporation or bylaws of the Corporation, (2) any federal or Virginia constitutional or statutory provision, (3) any agreement or instrument to which the Corporation is a party or by which it is bound, or (4) any current order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Corporation or its property.

(e) The Corporation has obtained all consents, approvals, authorizations and orders of governmental or regulatory authorities (collectively, the “Consents”) that are required to be obtained by the Corporation as a condition precedent to the issuance of the Series 2022 Bonds, the execution and delivery of the Corporation Documents or the performance by the Corporation of its obligations thereunder, with the exception of those Consents not yet required to be obtained and as otherwise disclosed in the Official Statement. All such Consents previously obtained are in full force and effect. The Corporation will obtain when needed all other Consents required for the performance of its obligations under the Corporation Documents and has no reason to believe that all required or necessary Consents cannot be promptly obtained when needed.

(f) There is no litigation at law or in equity or any proceeding before any governmental agency pending or, to the knowledge of the Corporation, threatened, in which any liability of the Corporation is not adequately covered by insurance, or in which any judgment or order would have a material adverse effect on the business (financial or otherwise) or assets of the Corporation or affect its existence or authority to do business, the validity of the Corporation Documents or the performance by the Corporation of its obligations thereunder.

(g) The Corporation is not a party to any contract or agreement or subject to any charter or other restriction not disclosed in the Official Statement, the performance of or compliance with which may have a material adverse effect on the financial condition or operations of the Corporation.

(h) The Corporation 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 and is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such instrument.

(i) The financial statements of the Corporation as set forth in Appendix B to the Official Statement (the “Financial Statements”), present fairly the financial condition of the Corporation as of the respective dates, and the results of operations for the respective periods, set forth therein and have been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted therein. Since December 31, 2020, no material and adverse change has occurred in the financial position or results of operations of the Corporation, nor has the Corporation incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement.

(j) The Preliminary Official Statement did not, as of its date or as of the date hereof, the Official Statement does not, as of its date, and will not (as supplemented or amended pursuant to this Agreement) through the date of publication of the Updated Official Statement, and the Updated Official Statement will not, as of its date and as of the date of Settlement, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading; provided, however, that the Corporation makes no representation or warranty as to the statements and information contained in the Preliminary Official Statement, the Official Statement or the Updated Official Statement under the captions “THE AUTHORITY”, “LITIGATION – The Authority”, “TAX EXEMPTION” and “UNDERWRITING” and the statements and information contained in Appendices D and F of the Preliminary Official Statement,

the Official Statement and the Updated Official Statement. The Corporation hereby consents to the use of the Official Statement and Updated Official Statement in connection with the solicitation of purchases of the Series 2022 Bonds by the Underwriter and confirms that it has consented to the use of the Preliminary Official Statement.

(k) During the last five years, the Corporation has not failed to comply in any material respect with any previous continuing disclosure undertaking pursuant to Rule 15c2-12, except as described in the Preliminary Official Statement and the Official Statement.

By delivering an executed copy of the Updated Official Statement to the Authority and the Underwriter, as of the Settlement Date, the Corporation shall be deemed to have reaffirmed, with respect to the Updated Official Statement, and as of its date, the representations, warranties and covenants set forth above with respect to the Official Statement.

7. Indemnification.

(a) The Corporation hereby agrees to indemnify and hold harmless the Authority and the Underwriter, together with each officer, employee, agent and member of the governing body of the Authority and the Underwriter and each person who controls the Authority or the Underwriter within the meaning of either the 1933 Act or the 1934 Act from and against any and all losses, claims, damages, liabilities, costs and expenses (including, without limitation, fees and disbursements of counsel and other expenses incurred by them or any of them in connection with investigating or defending any loss, claim, damage, or liability or any suit, action, or proceeding, whether or not resulting in liability), to which they or any of them may become subject under the 1933 Act, the 1934 Act, or any other applicable statute or regulation, whether federal or state, or at common law or otherwise, insofar as such losses, claims, damages, liabilities, costs and expenses (or any suit, action, or proceeding in respect thereof) arise out of or are based upon any untrue or misleading statement or alleged untrue or misleading statement of a material fact contained in the Official Statement, the Updated Official Statement or in any amendment or supplement to any of the foregoing, or arise out of or are based upon the omission or alleged omission to state therein a fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, provided, however, the Corporation will not be liable in any such case to (i) the Underwriter to the extent that any such loss, claim, damage, liability, cost, or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished by the Underwriter specifically for use in connection with the preparation thereof, or (ii) the Authority with respect to statements and information contained therein under the headings “THE AUTHORITY” and “LITIGATION – The Authority” in the Official Statement or the Updated Official Statement. This indemnity agreement will be in addition to any liability that the Corporation may otherwise have.

(b) The Underwriter shall indemnify and hold harmless the Authority and the Corporation, each of their respective members, officers and employees, and each person who controls the Authority or the Corporation within the meaning of either the 1933 Act or the 1934 Act to the same extent as the foregoing indemnity from the Corporation to the Underwriter, but only with reference to written information relating to the Underwriter furnished by it specifically for inclusion in the Official Statement or the Updated Official Statement. This indemnity agreement will be in addition to any liability that the Underwriter may otherwise have. The Corporation acknowledges that the statements set forth under the heading “UNDERWRITING” in the Official Statement or the Updated Official Statement constitute the only information furnished in writing by or on behalf of the Underwriter for inclusion in the Official Statement or the Updated Official Statement. The Underwriter shall also pay for or reimburse the Authority for any legal or other expenses incurred by the Authority in connection with investigating any claim against it and defending any action alleging noncompliance with Blue Sky laws with respect to the Series 2022 Bonds.

(c) Promptly after receipt by any party entitled to indemnification under this Section of notice of the commencement of any suit, action, or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the Corporation or the Underwriter under this Section, notify the Corporation or the Underwriter, in writing, as the case may be, of the commencement thereof, but the omission so to notify the Corporation or the Underwriter shall not relieve such party from any liability which it may have to any indemnified party otherwise than under this Section or from any liability under this Section unless the failure to provide notice prejudices the defense of such suit, action, or proceeding. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled, but not obligated, to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party, promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties at the sole cost and expense at the indemnifying party. Upon such indemnified party's receipt of notice from the indemnifying party of the indemnifying party's election to so assume the defense of such action and approval by the indemnified party of counsel, which approval shall not be unreasonably withheld, the indemnifying party shall not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the indemnified parties under this paragraph who are parties to such action), (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the indemnifying party's receipt of notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party pursuant to the provisions hereof; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(d) An indemnifying party shall not be liable for any settlement of any such action effected without its consent, which consent shall not be unreasonably withheld, but if settled with the consent of the indemnifying party, the indemnifying party agrees to indemnify and hold the indemnified party or parties, including an officer, employee, agent, member or director, or other controlling person of an indemnified party, harmless from and against any loss or liability, including reasonable legal and other expenses incurred in connection with the defense of the action, by reason of such settlement to the extent of the indemnification provided for in this paragraph.

(e) In the event and to the extent that any indemnified party is entitled to indemnification from an indemnifying party under the terms of paragraph (a) or paragraph (b) above in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to therein, but such indemnification is unavailable to such indemnified party in respect of any such losses, claims, damages, liabilities, costs, or expenses due to such indemnification being impermissible under applicable law or otherwise, then the indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, costs, or expenses in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party and such indemnified party, respectively, from the offering of the Series 2022 Bonds, the relative fault of the indemnifying party and such indemnified party, respectively, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, costs, or expenses, as well as any other relevant equitable

considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the indemnifying party or the indemnified party and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission of the indemnifying party or the indemnified party. The Corporation and the Underwriter, respectively, agree that it would not be just and equitable if contribution pursuant to this paragraph (e) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this paragraph (e). The amount paid or payable by any indemnified party as a result of the losses, claims, damages, liabilities, costs, or expenses referred to above in this paragraph (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with defending any such action or claim. This paragraph (e) shall not apply in the event of losses, claims, damages, liabilities, costs, or expenses caused by or attributable to the willful misconduct or gross negligence of an indemnified party. Notwithstanding, anything to the contrary contained in this paragraph (e), it is understood and agreed that this paragraph (e) is not intended, and shall not be construed, to expand, broaden, or increase in any way, whether in terms of scope, amount, or otherwise, the liability of the Corporation or the Underwriter in respect of any of the losses, claims, damages, liabilities, costs, or expenses referred to in paragraph (a) or paragraph (b) or otherwise, as that liability is set forth in paragraph (a) or paragraph (b) above.

8. Underwriting Fee and Costs.

(a) In consideration of the Underwriter's execution of this Bond Purchase Agreement, and for the performance of the Underwriter's obligations hereunder, the Corporation agrees to pay or cause to be paid to the Underwriter a total underwriting fee, including all of its expenses, in an amount equal to \$_____ which shall be due and payable at Settlement. The Underwriter is authorized to deduct its underwriting fees from the proceeds of the Series 2022 Bonds as the underwriter's discount.

(b) Whether or not the Series 2022 Bonds are sold by the Authority, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the Authority's or the Corporation's obligations hereunder. All costs incurred in connection with the issuance or attempted issuance of the Series 2022 Bonds and all expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Series 2022 Bonds (including, without limitation, reasonable attorneys' fees and expenses, including bond counsel, Underwriter's Counsel (as identified herein), the Corporation's counsel, accountants' fees and expenses, trustee's fees, trustee's counsel, title insurance and the expenses and costs for the preparation, printing, photocopying, execution and delivery of the Series 2022 Bonds, the Bond Documents and all other agreements and documents contemplated hereby) shall be paid by the Corporation.

9. Conditions to the Underwriter's Obligations for Initial Closing. The Underwriter's obligations hereunder shall be subject to the due performance in all material respects by the Corporation and the Authority of their obligations and agreements to be performed hereunder at or prior to the Initial Closing Date and to the accuracy of and compliance in all material respects with their representations and warranties contained herein, as of the date hereof and as of the Initial Closing Date, 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 Initial Closing Date:

(a) Each of this Bond Purchase Agreement, the Master Indenture and the Deed of Trust shall have been duly authorized, executed and delivered by the respective parties thereto 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 the Settlement.

(b) At or before the Initial Closing, the Underwriter shall receive:

i. (A) Copies of the original counterparts of this Bond Purchase Agreement, the

Master Indenture, and the Deed of Trust and (B) final forms of the Continuing Disclosure Certificate, Loan Agreement, the Bond Indenture, the Series 2022 Supplement and the Series 2022 Obligation, each in form and substance satisfactory to the Underwriter;

ii. The following opinions, dated the date of the Initial Closing, in form and substance satisfactory to the Underwriter and its counsel:

(i) bond counsel opinion of McGuireWoods LLP, Bond Counsel (“Bond Counsel”), relating to the Series 2022 Bonds, dated the Initial Closing Date and addressed to the Authority and the Underwriter, to the effect that assuming satisfaction by the Authority, the Corporation and the Underwriter of their respective obligations to be satisfied in this Bond Purchase Agreement and the issuance of the Series 2022 Bonds on or around October 5, 2022, including, without limitation, the receipt of the necessary tax certifications from the Authority, the Corporation and the Underwriter, and no change in any applicable law, regulations or rulings, or in interpretations thereof, or in any other facts or circumstances (tax or otherwise) which, in its view, affect or are material to its opinion (including, without limitation, the existence of any litigation), that it intends to issue its opinion as of the Settlement Date, in substantially the form set forth in as Appendix D to the Official Statement;

(ii) a preliminary supplemental opinion of Bond Counsel in the form set forth as Exhibit B.1 to this Bond Purchase Agreement;

(iii) a preliminary opinion of Glenn, Feldmann, Darby & Goodlatte, counsel to the Corporation, in substantially the form set forth as Exhibit C.1 to this Bond Purchase Agreement and in form and substance satisfactory to Underwriter’s Counsel;

(iv) a preliminary disclosure letter of Glenn, Feldmann, Darby & Goodlatte, counsel to the Corporation;

(v) a preliminary opinion of _____, counsel to the Authority, in substantially the form set forth as Exhibit D.1 to this Bond Purchase Agreement;

(vi) a preliminary opinion of Troutman Pepper Hamilton Sanders LLP, Underwriter’s Counsel;

(vii) such other opinions as may be reasonably requested by the Underwriter.

iii. An Initial Closing certificate of the Authority, satisfactory in form and substance to the Underwriter, executed by the authorized representatives of the Authority, or of any other of the Authority’s duly authorized officers satisfactory to the Underwriter, dated as of the date of the Initial Closing, to the effect that: (i) the Authority has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Initial Closing and that each of its representations and warranties contained herein is true and correct in all material respects as of the Initial Closing; (ii) the Authority has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2022 Bonds and the Authority Documents and the distribution of the Preliminary Official Statement, the Official Statement and the Updated Official Statement; (iii) no litigation is pending, or, to his or her knowledge, threatened against the Authority, to restrain or enjoin the issuance or sale of the Series 2022 Bonds or in any way affecting any authority for or the validity of the Series 2022 Bonds or the Authority Documents, the Authority’s existence or powers or its right to use the proceeds of the Series 2022

Bonds; (iv) the information contained under the headings “THE AUTHORITY” and “LITIGATION – The Authority” in the Official Statement does not as of the date thereof and as of the date of the Initial Closing contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein pertaining to the Authority, in light of the circumstances under which they were made, not misleading; and (v) the execution, delivery, receipt and due performance of the Series 2022 Bonds and the Authority Documents under the circumstances contemplated hereby and thereby and the Authority’s compliance with the provisions thereof will not, to the best of the Authority’s knowledge, conflict with or constitute on the Authority’s part a breach of or a default under any existing law or court or administrative regulation, decree, or order or any agreement, indenture, lease, or other instrument to which the Authority is subject or by which the Authority is bound.

iv. Copies, certified as of the date of the Initial Closing by the Authority to be true and correct copies, of the Resolutions.

v. Due evidence of the recording of any Uniform Commercial Code financing statements required with respect to the Authority Documents and the Corporation Documents.

vi. An Initial Closing certificate of the Corporation, satisfactory in form and substance to the Underwriter and Bond Counsel, executed by an authorized representative of the Corporation, dated as of the date of the Initial Closing, to the effect that: (i) since the date hereof there has not been any material adverse change in the business, properties, financial position, or results of operations of the Corporation, whether or not arising from transactions in the ordinary course of business, other than as previously disclosed in writing to the Underwriter and except in the ordinary course of business, the Corporation has not suffered or incurred any material liability, other than as previously disclosed in writing to the Underwriter; (ii) there is no action, suit, proceeding, or, to the best of the officer’s knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to his or her knowledge, threatened against or affecting the Corporation or any affiliate or its property or, to his or her knowledge after making due inquiry with respect thereto, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or the validity or enforceability of the Series 2022 Bonds, the Bond Indenture or the Corporation Documents which have not been previously disclosed in writing to the Underwriter and which is not disclosed in the Official Statement; (iii) to his or her knowledge, all information furnished to the Underwriter for use in connection with the marketing of the Series 2022 Bonds and all of the information contained in the Official Statement was, as of the date thereof, and is as of the date of the Initial Closing, true in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; (iv) the Corporation has duly authorized, by all necessary action, the execution, delivery, receipt and due performance of the Corporation Documents, to the extent a party hereto or thereto, and the distribution of the Preliminary Official Statement, the Official Statement and the Updated Official Statement; (v) the Corporation has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Initial Closing; and (vi) the representations contained herein have not been amended, modified, or rescinded and are in full force and effect, and the information and representations and warranties contained herein are true and correct, as of the Initial Closing.

vii. A certificate or certificates, dated the date of the Initial Closing, signed by the Secretary of the Corporation or another authorized officer of the Corporation acceptable to the Underwriter, to the effect that (1) attached thereto is a copy of the articles of incorporation of the Corporation, and all amendments thereto, certified as of a recent date by the Virginia State

Corporation Commission (“VSCC”), and that such documents have not been amended since such date; (2) attached thereto is a true and complete copy of the bylaws of the Corporation, as in effect on the date of such certification; and (3) attached thereto is a true and complete copy of the resolutions of the Board of Directors of the Corporation authorizing the execution and delivery of the Corporation Documents, as applicable, and the approval of the Preliminary Official Statement, the Official Statement, the Updated Official Statement and the Bond Indenture and all transactions contemplated by such documents.

viii. [Intentionally Omitted].

ix. A certificate, dated no earlier than ten business days prior to the date of the Initial Closing, issued by the VSCC to the effect that the Corporation is in good standing as of the date of such certificate.

x. Receipts evidencing the proper recording of the Deed of Trust or delivery of these documents to the Title Company pursuant to acceptable closing instructions.

xi. A “pro-forma” copy of a title insurance policy, or an endorsement to an existing title insurance policy, securing the Deed of Trust, naming the Master Trustee as insured in an amount required under the Master Indenture as of the Initial Closing Date, insuring that the Deed of Trust constitutes a first lien on the Mortgaged Premises (as defined in the Deed of Trust) only to those exceptions as have been approved by the Underwriter and its counsel.

xii. Certificates of insurance showing coverages of the types and amounts set forth in the Master Indenture and a certificate of an Insurance Consultant (as defined in the Master Indenture), to the effect that the insurance coverage, with respect to type and amount, complies with the requirements of the Master Indenture.

xiii. A bring-down letter of the Auditor dated the date of the Initial Closing and addressed to the Corporation and the Underwriter confirming and amending in certain respects their agreed upon procedures letter of February ___, 2022, together with a consent letter of the Auditor consenting to the use of the financial statements set forth in Appendix B to the Official Statement.

xiv. Evidence satisfactory to Bond Counsel that the Corporation is an organization described in Section 501(c)(3) of the Code.

xv. Written evidence that Fitch Ratings, Inc. has issued a rating of “[BBB-]” for the Series 2022 Bonds.

xvi. Such additional certificates and other documents, agreements and opinions as the Underwriter and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

All opinions shall be addressed to the Underwriter and may also be addressed to such other parties as the giver of such opinion agrees to. 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 obligations hereunder to be satisfied prior to the Initial Closing is not so satisfied, this Bond Purchase Agreement may be terminated by the Underwriter by notice in writing to the Corporation and the Authority. The Underwriter may waive compliance by the Corporation or the Authority of any one or more of such conditions or extend the time for their performance.

10. **The Underwriter's Right to Cancel Prior to Initial Closing.** The Underwriter shall have the right to cancel its obligations hereunder by notifying the Authority and the Corporation in writing and in compliance with Section 16 hereof of its election so to do between the date hereof and the Initial Closing, if at any time hereafter and on or prior to the Initial Closing:

(a) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation, or a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States of America, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States of America for passage by the President of the United States of America, or be enacted by the Congress of the United States of America, or an announcement or a proposal for any such legislation shall be made by a member of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States of America or the Tax Court of the United States of America shall be rendered, or a ruling, regulation, or order of the Treasury Department of the United States of America or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in or proposes the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the Corporation, any of the Corporation's affiliates, state and local governmental units or by any similar body or upon interest received on obligations of the general character of the Series 2022 Bonds which, in the Underwriter's opinion, materially and adversely affects the market price of the Series 2022 Bonds;

(b) Any legislation, ordinance, rule, or regulation shall be introduced in or be enacted by any governmental body, department, or agency of the United States or of any state, or a decision by any court of competent jurisdiction within the United States or any state shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2022 Bonds;

(c) A stop order, ruling, regulation, or official statement by, or on behalf of, the Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Series 2022 Bonds, or the issuance, offering, or sale of the Series 2022 Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provisions of the federal securities laws, including without limitation the registration provisions of the 1933 Act, or the registration provisions of the 1934 Act, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect (the "1939 Act");

(d) Legislation shall be introduced by amendment or otherwise in, or be enacted by, the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered to the effect that obligations of the general character of the Series 2022 Bonds including all the underlying obligations, are not exempt from registration under or from other requirements of the 1933 Act or the 1934 Act, or that the Bond Indenture is not exempt from qualification under or from other requirements of the 1939 Act, or with the purpose or effect of otherwise prohibiting the issuance, offering, or sale of obligations of the general character of the Series 2022 Bonds, as contemplated hereby or by the Official Statement;

(e) Any event shall have occurred, or information becomes known, which, in the Underwriter's reasonable opinion, makes untrue in any material respect any representation by or certificate of the Authority or the Corporation hereunder, or any statement or information furnished to the Underwriter by the Authority or the Corporation for use in connection with the marketing of the Series 2022 Bonds or any material statement or information contained in the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; provided, however, that the Authority and the Corporation shall be granted a reasonable amount of time in which to cure any such untrue or misleading statement or information;

(f) 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;

(g) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the Series 2022 Bonds or obligations of the general character of the Series 2022 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or a change to the net capital requirements of, the Underwriter;

(h) A general banking moratorium or suspension or limitation of banking services shall have been established by federal, Virginia, District of Columbia, Connecticut or New York authorities;

(i) A default has occurred with respect to the obligations of, or proceedings have been instituted under the federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city located in the United States having a population in excess of one million persons or any entity issuing obligations on behalf of such a city or state;

(j) Any proceeding shall be pending, or to the knowledge of the Underwriter, threatened, to restrain, enjoin, or otherwise prohibit the issuance, sale, or delivery of the Series 2022 Bonds by the Authority or the purchase, offering, sale, or distribution of the Series 2022 Bonds by the Underwriter, or for any investigatory or other proceedings under any federal or state securities laws or the rules and regulations of FINRA relating to the issuance, sale, or delivery of the Series 2022 Bonds by the Authority or the purchase, offering, sale, or distribution of the Series 2022 Bonds by the Underwriter;

(k) A war involving the United States of America shall have been declared, or any conflict involving the armed forces of the United States of America shall have escalated, or acts of terrorism shall have been committed against the citizens or the government of the United States of America or the property of either, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2022 Bonds; or

(l) The rating of any indebtedness of the Corporation shall have been downgraded or withdrawn by a national rating service, and such downgrade or withdrawal, in the Underwriter's opinion, will materially adversely affect the market price of the Series 2022 Bonds.

11. **Conditions to the Underwriter's Obligations for Settlement.** The Underwriter's obligations hereunder shall be subject to the due performance in all material respects by the Corporation and the Authority of their obligations and agreements to be performed hereunder at or prior to the Settlement Date and to the accuracy of and compliance in all material respects with their representations and warranties contained herein, as of the date hereof and as of the Settlement Date, 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 Settlement Date:

(a) Each of the Authority Documents and the Corporation Documents shall have been duly authorized, executed and delivered by the respective parties thereto 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 the Settlement.

(b) At or before the Settlement Date, the Underwriter shall receive:

i. Certified or executed copies, as applicable, of the Authority Documents and the Corporation Documents, each in form and substance satisfactory to the Underwriter;

ii. The approving opinion of Bond Counsel dated the date of Closing and in the form set forth as Appendix D to the Official Statement and the supplemental opinion of Bond Counsel, dated the date of Closing and addressed to the Underwriter, in form and substance satisfactory to the Underwriter, substantially in the form attached hereto as Exhibit B.2;

iii. An opinion of Glenn, Feldmann, Darby & Goodlatte, counsel to the Corporation, dated the date of the Settlement and in a form reasonably acceptable to the Underwriter and its counsel, substantially in the form attached hereto as Exhibit C.2;

iv. A disclosure letter of Glenn, Feldmann, Darby & Goodlatte, counsel to the Corporation;

v. An opinion of _____, counsel to the Authority, dated the date of the Settlement, and in a form reasonably acceptable to the Underwriter, its counsel and Bond Counsel, substantially in the form attached hereto as Exhibit D.2;

vi. An opinion of Troutman Pepper Hamilton Sanders LLP, Underwriter's Counsel, dated the date of the Settlement, and in a form reasonably acceptable to the Underwriter.

vii. A closing certificate of the Authority, satisfactory in form and substance to the Underwriter, executed by the authorized representatives of the Authority, or of any other of the Authority's duly authorized officers satisfactory to the Underwriter, dated as of the date of the Settlement, to the effect that: (i) the Authority has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Settlement and that each of its representations and warranties contained herein is true and correct in all material respects as of the Settlement; (ii) the Authority has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2022 Bonds and the Authority Documents; (iii) no litigation is pending, or, to his or her knowledge, threatened against the Authority, to restrain or enjoin the issuance or sale of the Series 2022 Bonds or in any way affecting any authority for or the validity of the Series 2022 Bonds or the Authority Documents, the Authority's existence or powers or its right to use the proceeds of the Series 2022 Bonds; (iv) the information contained under the headings "THE AUTHORITY" and "LITIGATION – The Authority" in the Updated Official Statement does not as of the date thereof and as of the date of the Settlement contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein pertaining to the Authority, in light of the circumstances under which they were made, not misleading; and (v) the execution, delivery, receipt and due performance of the Series 2022 Bonds and the Authority Documents under the circumstances contemplated hereby and thereby and the Authority's compliance with the provisions thereof will not, to the best of the Authority's knowledge, conflict with or constitute on the Authority's part a breach of or a default under any existing law or court or administrative regulation, decree, or order or any agreement, indenture, lease, or other instrument to which the Authority is subject or by which the Authority is bound.

viii. A closing certificate of the Corporation, satisfactory in form and substance to the Underwriter and Bond Counsel, executed by an authorized representative of the Corporation, dated as of the date of the Settlement, to the effect that: (i) since the date hereof there has not been any material adverse change in the business, properties, financial position, or results of operations of the Corporation, whether or not arising from transactions in the ordinary course of business, other than as previously disclosed in writing to the Underwriter and except in the ordinary course of business, the Corporation has not suffered or incurred any material liability, other than as previously disclosed in writing to the Underwriter; (ii) there is no action, suit, proceeding, or, to the best of the officer's knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to his or her knowledge, threatened against or affecting the Corporation or any affiliate or its property or, to his or her knowledge after making due inquiry with respect thereto, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or the validity or enforceability of the Series 2022 Bonds, the Bond Indenture or the Corporation Documents which have not been previously disclosed in writing to the Underwriter and which is not disclosed in the Updated Official Statement; (iii) to his or her knowledge, all information furnished to the Underwriter for use in connection with the marketing of the Series 2022 Bonds and all of the information contained in the Updated Official Statement was, as of the date thereof, and is as of the date of the Settlement, true in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; (iv) the Corporation has duly authorized, by all necessary action, the execution, delivery, receipt and due performance of the Corporation Documents, and the distribution of the Updated Official Statement; (v) the Corporation has duly performed or complied with all of its obligations and conditions to be performed and satisfied hereunder at or prior to the Settlement; and (vi) the representations contained herein have not been amended, modified, or rescinded and are in full force and effect, and the information and representations and warranties contained herein are true and correct, as of the Settlement.

ix. Due evidence of the recording of any Uniform Commercial Code financing statements required with respect to the Authority Documents and the Corporation Documents.

x. A copy of the Series 2022 Obligation;

xi. A specimen of the Series 2022 Bonds.

xii. Evidence of maintenance of insurance required by the Master Indenture.

xiii. A certificate or certificates, dated the date of the Settlement, signed by the Secretary of the Corporation or another authorized officer of the Corporation acceptable to the Underwriter, to the effect that (1) attached thereto is a copy of the articles of incorporation of the Corporation, and all amendments thereto, certified as of a recent date by the VSCC, and that such documents have not been amended since such date; (2) attached thereto is a true and complete copy of the bylaws of the Corporation, as in effect on the date of such certification; and (3) attached thereto is a true and complete copy of the resolutions of the Board of Directors of the Corporation authorizing the execution and delivery of the Corporation Documents, and the approval of the Updated Official Statement and the Bond Indenture and all transactions contemplated by such documents.

xiv. [Intentionally Omitted].

xv. A certificate, dated no earlier than ten business days prior to the date of the Initial Closing, issued by the VSCC to the effect that the Corporation is in good standing as of the date of such certificate.

xvi. Evidence satisfactory to Bond Counsel that the Corporation is an organization described in Section 501(c)(3) of the Code.

xvii. One executed copy of the Tax Certificate and Agreement, dated the date of Settlement, between the Corporation and the Authority, and evidence satisfactory to Bond Counsel that the arbitrage provisions of the Code have been satisfied and a completed Internal Revenue Service Form 8038 signed by an authorized representative of the Authority.

xviii. A “pro-forma” copy of a title insurance policy, or an endorsement to an existing title insurance policy, securing the Deed of Trust, naming the Master Trustee as insured in an amount required under the Master Indenture as of the Settlement Date, insuring that the Deed of Trust constitutes a first lien on the Mortgaged Premises only to those exceptions as have been approved by the Underwriter and its counsel.

xix. Written evidence that Fitch Ratings, Inc. has issued a rating of “[BBB-]” for the Series 2022 Bonds.

xx. A bring-down letter of the Auditor dated the date of Settlement and addressed to the Corporation and the Underwriter confirming and amending in certain respects their agreed upon procedures letter of February __, 2022, but with respect to the Updated Official Statement, together with a consent letter of the Auditor consenting to the use of the financial statements set forth in Appendix B to the Updated Official Statement.

xxi. Such additional certificates and other documents, agreements and opinions as the Underwriter and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

All opinions shall be addressed to the Underwriter and may also be addressed to such other parties as the giver of such opinion agrees to. 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 obligations hereunder to be satisfied prior to the Settlement Date is not so satisfied, this Bond Purchase Agreement may be terminated by the Underwriter by notice in writing to the Corporation and the Authority. The Underwriter may waive compliance by the Corporation or the Authority of any one or more of such conditions or extend the time for their performance and such waiver shall be evidenced by the Underwriter’s payment for the Series 2022 Bonds.

12. **The Underwriter’s Right to Cancel After Initial Closing but Prior to Settlement.** The Underwriter shall have the right to cancel its obligations hereunder by notifying the Authority and the Corporation in writing and in compliance with Section 16 hereof of its election to do so between the date of the Initial Closing and the Settlement Date, if at any time hereafter and on or prior to the Settlement Date:

(a) A Change in Law (as defined below) shall have occurred;

(b) The Official Statement, as the same may be amended or supplemented in accordance with this Agreement prior to the publication of the Updated Official Statement, or the Updated Official Statement, as of the date of Settlement, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the

light of the circumstances under which they were made, not misleading and the Authority and the Corporation fail to supplement the Updated Official Statement to supply such statement or information, or the effect of the Updated Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Series 2022 Bonds or the ability of the Underwriter to enforce contracts for the sale of the Series 2022 Bonds;

(c) A stop order, ruling, regulation, or official statement by, or on behalf of, the Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Series 2022 Bonds, or the issuance, offering, or sale of the Series 2022 Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provisions of the federal securities laws, including without limitation the registration provisions of the 1933 Act, or the registration provisions of the 1934 Act, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect (the “1939 Act”); or

(d) Bond Counsel does not deliver an opinion on the Settlement Date substantially in the form and to the effect set forth in Appendix D to the Official Statement;

(f) an Event of Default (howsoever defined) has occurred and is continuing on the Settlement Date under the Bond Indenture, the Loan Agreement or the Master Indenture.

For purposes of this Section, “Change in Law” means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would (A) as to the Underwriter, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriter from purchasing the Series 2022 Bonds as provided in this Agreement or selling the Series 2022 Bonds or beneficial ownership interests therein to the public, or (B) as to the Authority, make the issuance, sale or delivery of the Series 2022 Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized), or prevent the issuance of any of the opinions required to be delivered at Settlement; provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, or been issued, as the case may be, after the date of this Agreement.

13. **Conditions of the Corporation’s and Authority’s Obligations.** The Corporation’s and Authority’s obligations hereunder are subject to the Underwriter’s performance of its obligations hereunder. The Underwriter represents that it is duly authorized to execute and deliver this Bond Purchase Agreement and that upon execution and delivery of this Bond Purchase Agreement by the other parties hereto, this Bond Purchase Agreement shall constitute a legal, valid and binding agreement of the Underwriter enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditor’s rights generally and by general principles of equity affecting remedies. The Corporation covenants to use its best efforts to accomplish, or cause to be accomplished, the conditions set forth herein prior to the Initial Closing and the Settlement, as applicable.

The Authority’s obligations hereunder to sell the Series 2022 Bonds to the Underwriter shall also be subject to the satisfaction of all of the conditions set forth in Section 9 (with respect to the Initial Closing

and Section 11 above (with respect to the Settlement) (unless waived by the Underwriter and such waiver is reasonably acceptable to the Authority), the performance by the Authority and the Corporation of the obligations and agreements to be performed thereby at or prior to the date of Settlement, including those hereunder, and to the accuracy in all material respects of the representations, warranties and covenants of the Authority and the Corporation contained herein and in the Authority Documents and the Corporation Documents as of the date hereof and as of the date of Settlement; and shall also be subject to the following conditions: (i) the Authority shall receive the purchase price for the Series 2022 Bonds to be delivered and sold hereunder and (ii) all certificates, opinions and other documents relating to the transactions contemplated by this Bond Purchase Agreement.

14. **Changes Affecting the Official Statement After the Initial Closing.** No amendment or supplement to the Official Statement or Updated Official Statement shall be made without the approval of the Underwriter, the Authority and the Corporation. After the Official Statement has been delivered in accordance with Section 3 hereof and until the delivery of the Updated Official Statement, if any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, the Corporation or the Underwriter will so advise the Authority, the Corporation and the Underwriter. After the Updated Official Statement has been delivered in accordance with Section 3 hereof and for 90 days after the “end of the underwriting period” as such term is defined in Rule 15c2 12, if any event shall occur as a result of which it is necessary to amend or supplement the Updated Official Statement in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, the Corporation or the Underwriter will so advise the Authority, the Corporation and the Underwriter. In any such case, the Corporation and the Authority (but, as to the Authority, only with respect to information contained under the captions “INTRODUCTION”, “THE AUTHORITY” or “LITIGATION – The Authority”) will cooperate in preparing and furnishing to the Underwriter and to the dealers (whose names and addresses the Underwriter will furnish to the Corporation) to whom Series 2022 Bonds may have been sold by the Underwriter and to any other dealers upon request, either amendments to the Updated Official Statement or Official Statement, as applicable, or supplemental information so that the statements in the Updated Official Statement or Official Statement, as applicable, as so amended or supplemented will not, in light of the circumstances, be misleading (but, as to the Authority, only with respect to information contained under the captions “INTRODUCTION”, “THE AUTHORITY” or “LITIGATION – The Authority”). The obligations of the Authority set forth in this Section shall not require the Authority to monitor the business and affairs of the Corporation and shall be carried out at the sole expense of the Corporation. The cost of providing such amendment or supplement during the period required by this Section shall be paid by the Corporation.

For purposes of this Agreement, the “end of the underwriting period” shall mean the Settlement Date, or, if the Authority and the Corporation have been notified by the Underwriter, on or prior to the Settlement Date, that the “end of the underwriting period” (within the meaning of Rule 15c2-12) will not occur on the Settlement Date, such later date on which the “end of the underwriting period” (within such meaning) occurs. In the event the Authority and the Corporation have been given notice pursuant to the preceding sentence that the “end of the underwriting period” will not occur on the Settlement Date, the Underwriter agrees to notify the Authority and the Corporation of the date it does occur for all purposes of Rule 15c2-12.

15. **Representations, Warranties and Agreements to Survive Delivery.** All of the Corporation’s and the Authority’s representations, warranties and agreements shall remain operative and in full force and effect (unless expressly waived in writing by the Underwriter), regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Series 2022 Bonds to the Underwriter and the resale by the Underwriter on behalf of the Authority of the Series 2022 Bonds.

16. **Notice.** All notices and other communications hereunder shall be effective if and only if in writing and delivered personally, transmitted by facsimile which the sender's facsimile machine indicates has been sent (in the case of an addressee whose facsimile number is supplied), sent by Federal Express or similar courier, or mailed by registered or certified mail (return receipt requested), charges or postage prepaid, to the addressee at the address that shall most recently have been designated, by effective notice hereunder from the addressee to the sender, as the addressee's desired address for notices hereunder (or, prior to any such notice, at the address for the addressee set forth below):

if to the Authority, to: Industrial Development Authority
of the City of Lexington, Virginia
300 East Washington Street
Lexington, Virginia 24450
Attention: Chairman

with a copy to: _____

Lexington, Virginia _____
Attention: _____, Esquire

with a copy to: McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
Attention: T. W. Bruno
Telephone Number: 804-775-1030
Facsimile Number: 804-440-7731

if to the Corporation: Lexington Retirement Community, Inc.
d/b/a Kendal at Lexington
160 Kendal Drive
Lexington, Virginia 24450
Attention: _____
Telephone Number: _____

with a copy to: Glenn, Feldmann, Darby & Goodlatte
37 Campbell Avenue South West
Roanoke, Virginia 24011
Attention: Harwell "Sam" Darby
Telephone Number: 540-224-8006

if to the Underwriter, to: B.C. Ziegler and Company
5701 Patterson Avenue, Suite 200
Richmond, Virginia 23226
Attention: Tommy Brewer
Telephone Number: 804-793-8490

Unless otherwise provided, written notices so delivered, transmitted, sent or mailed shall be effective on the earlier of (x) actual delivery, (y) the date of transmission, if by facsimile on or before 5:00 p.m. of the addressee's local time, or (z) as applicable, either (i) the first business day following the date of deposit with a qualified guaranteed next day courier service or (ii) the third business day following the date postmarked by the United States Post Office. Any refusal to accept delivery of any such communication shall be considered successful delivery thereof.

17. **Applicable Law; Nonassignability.** This Bond Purchase Agreement shall be governed by the laws of the Commonwealth of Virginia. This Bond Purchase Agreement shall not be assigned by the Authority, the Corporation, or the Underwriter.

18. **Parties In Interest.** This Bond Purchase Agreement shall be binding upon, and has been and is made for the benefit of, the Authority, the Corporation, the Underwriter and, to the extent expressed, any person controlling the Authority, the Corporation or the Underwriter and their respective executors, administrators, successors and assigns and no other person shall acquire or have any right or interest under or by virtue hereof. The term “successors and assigns” shall not include any purchaser, as such, of any Series 2022 Bond.

19. **Non-Fiduciary Acknowledgement.** Each of the Authority and the Corporation acknowledges and agrees that (i) the purchase and sale of the Series 2022 Bonds pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between it and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor, (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Corporation or the Authority, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Corporation or the Authority with respect to the offering of the Series 2022 Bonds or the process leading thereto (whether or not such Underwriter, or any affiliate of such Underwriter, has advised or is currently advising the Corporation or the Authority on other matters) or any other obligation to the Corporation or the Authority except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Corporation and the Authority and (v) it has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2022 Bonds.

20. **Waiver and Release of Personal Liability.** Notwithstanding anything in this Bond Purchase Agreement to the contrary, the obligations and agreements of the Authority contained herein shall be deemed the obligations and agreements of the Authority, and not any member, director, officer, agent or employee of the Authority in his or her individual capacity, and the members, directors, officers, agents and employees of the Authority shall not be liable personally hereon or be subject to any personal liability or accountability based upon or in respect hereof or of any transaction contemplated hereby.

21. **Establishment of Issue Price.** (a) The Underwriter agrees to assist the Authority in establishing the issue price of the Series 2022 Bonds and shall execute and deliver to the Authority at Settlement an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be 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 Series 2022 Bonds.

(b) **[Except as otherwise set forth in Exhibit A attached hereto,]** the Authority will treat the first price at which 10% of each maturity of the Series 2022 Bonds (the “10% test”) is sold to the public as the issue price of that maturity. 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 Series 2022 Bonds. **[If at that time the 10% test has not been satisfied as to any maturity of the Series 2022 Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Series 2022 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Settlement has occurred, until either (i) the Underwriter has sold all Series 2022 Bonds of that maturity or (ii) the 10% test has been satisfied as to the Series 2022 Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Settlement may be at**

reasonable periodic intervals or otherwise upon request of the Authority or Bond Counsel.] For purposes of this Section, if Series 2022 Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2022 Bonds.

[(c) The Underwriter confirms that it has offered the Series 2022 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 Schedule A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Series 2022 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, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2022 Bonds, the Underwriter will neither offer nor sell unsold Series 2022 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:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2022 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2022 Bonds to the public at a price that is no higher than the initial offering price to the public.]

(d) The Underwriter confirms that:

(1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2022 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 third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Series 2022 Bonds of each maturity allocated to it, whether or not the Settlement has occurred, until either all Series 2022 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2022 Bonds of that maturity, provided that, the reporting obligation after the Settlement may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Series 2022 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2022 Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(2) any selling group agreement relating to the initial sale of the Series 2022 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2022 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2022 Bonds of each maturity allocated to it, whether or not the Settlement has occurred, until either all Series 2022 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2022 Bonds of that maturity, provided that, the reporting obligation after the Settlement may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) the Authority acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2022 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2022 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds, as set forth in the third-party 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 third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2022 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2022 Bonds.

(f) The Underwriter acknowledges that sales of any Series 2022 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2022 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(1) “public” means any person other than an underwriter or a related party,

(2) “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 Series 2022 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 Series 2022 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2022 Bonds to the public),

(3) a purchaser of any of the Series 2022 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) 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), (B) 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 (C) 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

(4) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

22. **Execution of Counterparts.** This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

This Bond Purchase Agreement shall become legally effective upon its acceptance by the Authority, as evidenced by the signature of its Chairman, or other authorized representative, in the space provided therefor below, and upon the approval and agreement of this Bond Purchase Agreement by the Corporation, as evidenced by the signatures of its authorized representative in the space provided therefor below.

[Signatures begin on Following Page]

Very truly yours,

B.C. ZIEGLER AND COMPANY

By: _____
Tommy Brewer
Managing Director

Accepted as of the date first above written:

LEXINGTON RETIREMENT COMMUNITY, INC.,
D/B/A KENDAL AT LEXINGTON

By: _____ (SEAL)

Name: _____

Title: _____

Accepted as of the date first above written:

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA

By: _____ (SEAL)

Name: _____

Title: _____

EXHIBIT A

TERMS OF BONDS

§ _____

**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington),
Series 2022 (Forward Delivery)**

[TO FOLLOW]

EXHIBIT B

B.1. Form of Preliminary Supplemental Opinion of Bond Counsel

October __, 2022

B.C. Ziegler and Company
Richmond, Virginia

§ _____
**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington),
Series 2022 (Forward Delivery)**

Ladies and Gentlemen:

We are serving as bond counsel in connection with the issuance of the above-referenced bonds (collectively, the “Bonds”). The Bonds will be purchased by B.C. Ziegler and Company (the “Underwriter”) pursuant to a Forward Delivery Bond Purchase Agreement, dated February __, 2022 (the “Bond Purchase Agreement”), among the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”), Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the “Corporation”), and B.C. Ziegler and Company, as underwriter. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Bond Purchase Agreement.

At your request, we have reviewed (a) the Bond Purchase Agreement, (b) portions of the Official Statement of the Authority dated February __, 2022, relating to the Bonds (the “Official Statement”), and (c) certified copies of the 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 applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, and by usual equity principles.

2. The statements in the Official Statement in the sections entitled “**THE SERIES 2022 BONDS**”, “**SECURITY FOR THE SERIES 2022 BONDS**”, “**BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS**”, “**TAX EXEMPTION**”, “**LEGAL MATTERS**”, “**RELATIONSHIP OF PARTIES**” (but only with respect to McGuireWoods LLP), “**FINANCING DOCUMENTS AND SELECTED COVENANTS**” and “**CONTINUING DISCLOSURE**” and in Appendix D and Appendix E accurately and fairly summarize the material provisions of the Bonds and the 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 Bond

Indenture, the Master Indenture and the Series 2022 Supplement are not required to be qualified as Trust Indentures pursuant to the Trust Agreement Act of 1939, as amended.

Very truly yours,

B.2 Form of Supplemental Opinion of Bond Counsel

October __, 2022

B.C. Ziegler and Company
Richmond, Virginia

§ _____
**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington),
Series 2022 (Forward Delivery)**

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 the above-referenced bonds (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. Unless otherwise defined, each capitalized term used in this opinion has the meaning given in the Bond Trust Indenture dated as of October 1, 2016, a previously supplement and amended, and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as bond trustee.

At your request, we have reviewed (a) the Forward Delivery Bond Purchase Agreement dated February __, 2022 (the "Bond Purchases Agreement"), among the Authority, Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the "Corporation"), and B.C. Ziegler and Company, as underwriter, (b) portions of the Updated Official Statement of the Authority dated September __, 2022 (the "Updated Official Statement"), and (c) certified copies of the proceedings of the Authority with respect to the Bond Purchase Agreement and the Updated 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 applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, and by usual equity principles.

2. The statements in the Updated Official Statement in the sections entitled "**THE SERIES 2022 BONDS**", "**SECURITY FOR THE SERIES 2022 BONDS**", "**BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS**", "**TAX EXEMPTION**", "**LEGAL MATTERS**", "**RELATIONSHIP OF PARTIES**" (but only with respect to McGuireWoods LLP), "**FINANCING DOCUMENTS AND SELECTED COVENANTS**" and "**CONTINUING DISCLOSURE**" and in Appendix D and Appendix E accurately and fairly summarize the material provisions of the Bonds and the 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 Bond Indenture, the Master Indenture and the Series 2022 Supplement are not required to be qualified as Trust Indentures pursuant to the Trust Agreement Act of 1939, as amended.

Very truly yours,

EXHIBIT C

C.1 Form of Preliminary Opinion of Counsel to the Corporation

[TO BE PROVIDED]

C.2 Form of Opinion of Counsel to the Corporation

[TO BE PROVIDED]

EXHIBIT D

D.1 Preliminary Form of Authority Counsel Opinion

October __, 2022

B.C. Ziegler and Company
Richmond, Virginia

McGuireWoods LLP
Richmond, Virginia

U.S. Bank Trust Company, National Association,
as bond trustee
Richmond, Virginia

Lexington Retirement Community, Inc.
Charlottesville, Virginia

§ _____
**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington),
Series 2022 (Forward Delivery)**

Ladies and Gentlemen:

I have acted as counsel to the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) in connection with the issuance by the Authority of the above-referenced bonds (the “Series 2022 Bonds”).

In so acting, I have reviewed, among other things, the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), the Authority’s bylaws and minute books, and originals or certified copies of the following:

(a) Ordinances adopted [and readopted] by the City Council of the City of Lexington, Virginia, on [_____, 19 __, and _____, 19 __, respectively,] creating the Authority pursuant to the Act;

(b) Resolutions of the Authority authorizing the issuance of the Bonds, adopted on February 2, 2022 (the “Resolutions”), authorizing among other things, the execution and delivery or use of the following:

i. Forward Delivery Bond Purchase Agreement, dated January __, 2022 (the “Bond Purchase Agreement), between the Authority, Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the “Corporation”), and B.C. Ziegler and Company (the “Underwriter”);

ii. Bond Trust Indenture dated as of October 1, 2016, as previously supplemented and amended, and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the “Bond Indenture”), between the Authority and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as bond trustee (the “Bond Trustee”);

iii. Loan Agreement dated as of October 1, 2016, as previously amended, and as further amended by the Second Amendment to Loan Agreement dated as of October 1, 2022 (collectively, the “Loan Agreement”), between the Authority and the Corporation;

iv. The Series 2022 Obligation (the “Series 2022 Obligation”) of the Corporation in the original principal amount equal to the aggregate principal amount of the Series 2022 Bonds, with an Authority’s assignment thereof to the Bond Trustee;

v. Form of the Series 2022 Bond; and

vi. Preliminary Official Statement dated February ___, 2022 (the “Preliminary Official Statement”), and the Official Statement, dated as of even date with the Bond Purchase Agreement (the “Official Statement”), relating to the sale of the Bonds.

(c) Such other documents, records, agreements and certificates of the Authority and other parties as I deemed necessary or appropriate to enable us to render the opinions expressed below.

The Bond Purchase Agreement, the Bond Indenture, the Loan Agreement, and the assignment of the Series 2022 Obligation are referred to in this letter as the “Authority Documents.”

For purposes of the opinions expressed below, I have assumed that all signatures on documents and instruments examined are genuine, all documents submitted as originals are authentic, and all documents submitted as copies conform to the originals. In addition, I have assumed, without independent investigation or verification, the due authorization, execution, and deliver of the Bond Purchase Agreement by all parties thereto other than the Authority.

As to factual matters, I have relied upon findings of the Authority contained in the Bond Purchase Agreement, certificates of public officials furnished to me, and certifications by representatives of the Authority. I have no reason to believe that such findings and certifications are incomplete or inaccurate. Whenever the phrase “to my knowledge” is used herein, it refers to my actual knowledge without independent investigation.

Where reference is made in this letter to matters I know or which are within my knowledge, such reference should be understood to mean only that I do not know of any fact or circumstance contradicting the statement which ensues.

Based on the foregoing, and upon such other investigation as I consider necessary for the purpose of expressing this opinion, and subject to the limitations contained herein, I am of the opinion that:

1. The Authority is duly organized and validly existing, and in good standing as an industrial development authority under the Act and has all necessary power and authority to (a) execute and deliver the Series 2022 Bonds and the Authority Documents and (b) perform its obligations under the Authority Documents.

2. The Resolutions have been duly adopted by the Authority and are in full force and effect on the date hereof. The officers of the Authority executing the Bond Purchase Agreement and the Official Statement and the officers listed on the general certificate of the Authority delivered on the date hereof have been duly elected or appointed and are qualified to serve as such officers.

3. The Authority Documents have each been duly authorized by the Authority. The Bond Purchase Agreement has been duly executed and delivered and, subject to paragraph 5 below, constitutes a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.

4. The Series 2022 Bonds have been duly authorized by the Authority.

5. The obligations of the Authority under the Resolutions, the Series 2022 Bonds and the Authority Documents are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

6. The adoption, execution and delivery of and performance by the Authority of its obligations under the Resolution, the Series 2022 Bonds, and the Authority Documents and the assignment of the Series 2022 Obligation will not violate any provisions of (a) the Act or the Authority's bylaws, (b) any other Virginia law, or (c) to the best of my knowledge after due investigation, any agreement or other instrument, order, rule regulation, decree or ordinance to which the Authority is a party or by which it is bound.

7. To the best of my knowledge, no litigation, inquiry, or investigation of any kind in or by a judicial or administrative court or agency is pending or threatened against the Authority (a) with respect to the organization or existence of the Authority, its authority to execute or deliver the Series 2022 Bonds or the Authority Documents, the validity or enforceability of any of such instruments, or any authority or proceedings relating to the execution and delivery of such instruments on behalf of the Authority, or the assignment of the Series 2022 Obligation, and no such authority or proceedings have been repealed, revoked, rescinded, or amended or (b) to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or any other bonds of the Authority or the execution or delivery by the Authority of the Authority Documents or the assignment by the Authority of the Series 2022 Obligation.

8. To the best of my knowledge, the information with respect to the Authority contained in the Official Statement under the sections entitled "THE AUTHORITY" and "LITIGATION – The Authority" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made in such sections concerning the Authority, in light of the circumstances under which they were made, not misleading. The Authority has duly authorized and consented to the use of the Preliminary Official Statement and the Official Statement in the offering and sale of the Series 2022 Bonds. The Authority has not verified, has not passed upon, and does not assume any responsibility for the accuracy and completeness of the statements contained in the Official Statement except as specifically set out above in this paragraph 8.

I have not been requested to express, and therefore do not express, any opinion as to (1) the tax-exempt status of interest on the Series 2022 Bonds, (2) the necessity of registration of the Series 2022 Bonds under the Securities Act of 1933, as amended, or any state blue sky law, any required qualification or registration under the Trust Indenture Act of 1939, as amended, (3) the accuracy or completeness of any other information concerning the business or financial resources of the Corporation or any other person that may have been relied on by the purchasers of the Series 2022 Bonds, (4) the ownership of or status of title to any property covered by the Authority Documents or the priority of any liens or encumbrances thereon or the enforceability of any remedy that may be dependent upon the status of ownership of such property, or (5) the applicability of, or the enforceability of any documents under, the laws of any state other than the Commonwealth of Virginia.

This opinion is solely for your benefit. This opinion may not be distributed to or relied upon by any other person or entity, quoted in whole or in part or otherwise reproduced in any other document, nor is it to be filed with any governmental agency other than the Authority, except with the prior written consent of the Office of the City Attorney for the City of Lexington, Virginia.

Finally, I do not undertake to advise you of any changes in the opinions expressed herein resulting from matters that might hereafter come or be brought to my attention.

Sincerely yours,

D.2 Form of Authority Counsel Opinion

October __, 2022

B.C. Ziegler and Company
Richmond, Virginia

McGuireWoods LLP
Richmond, Virginia

U.S. Bank Trust Company, National Association,
as bond trustee
Richmond, Virginia

Lexington Retirement Community, Inc.
Lexington, Virginia

§ _____
**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington),
Series 2022 (Forward Delivery)**

Ladies and Gentlemen:

I have acted as counsel to the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) in connection with the issuance by the Authority of the above-referenced bonds (the “Series 2022 Bonds”).

In so acting, I have reviewed, among other things, the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), the Authority’s bylaws and minute books, and originals or certified copies of the following:

(a) Ordinances adopted [and readopted] by the City Council of the City of Lexington, Virginia, on [_____, 19 __, and _____, 19 __, respectively,] creating the Authority pursuant to the Act;

(b) Resolutions of the Authority authorizing the issuance of the Bonds, adopted on February 2, 2022 (the “Resolutions”), authorizing among other things, the execution and delivery or use of the following:

i. Forward Delivery Bond Purchase Agreement, dated February __, 2022 (the “Bond Purchase Agreement), between the Authority, Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the “Corporation”), and B.C. Ziegler and Company (the “Underwriter”);

ii. Bond Trust Indenture dated as of October 1, 2016, as previously supplemented and amended, and as further supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (collectively, the “Bond Indenture”), between the Authority and U.S. Bank Trust Company, National Association (successor to U.S. Bank National Association), as bond trustee (the “Bond Trustee”);

iii. Loan Agreement dated as of October 1, 2016, as previously amended, and as further amended by the Second Amendment to Loan Agreement dated as of October 1, 2022 (collectively, the “Loan Agreement”), between the Authority and the Corporation;

iv. The Series 2022 Obligation (the “Series 2022 Obligation”) of the Corporation in the original principal amount equal to the aggregate principal amount of the Series 2022 Bonds, with an Authority’s assignment thereof to the Bond Trustee;

v. Form of the Series 2022 Bond; and

vi. the Updated Official Statement dated as of September ___, 2022 (the “Updated Official Statement”), relating to the sale of the Bonds.

(c) Such other documents, records, agreements and certificates of the Authority and other parties as I deemed necessary or appropriate to enable us to render the opinions expressed below.

The Bond Purchase Agreement, the Bond Indenture, the Loan Agreement, and the assignment of the Series 2022 Obligation are referred to in this letter as the “Authority Documents.”

For purposes of the opinions expressed below, I have assumed that all signatures on documents and instruments examined are genuine, all documents submitted as originals are authentic, and all documents submitted as copies conform to the originals. In addition, I have assumed, without independent investigation or verification, the due authorization, execution, and delivery of the Authority Documents by all parties thereto other than the Authority.

As to factual matters, I have relied upon findings of the Authority contained in the Authority Documents, certificates of public officials furnished to me, and certifications by representatives of the Authority. I have no reason to believe that such findings and certifications are incomplete or inaccurate. Whenever the phrase “to my knowledge” is used herein, it refers to my actual knowledge without independent investigation.

Where reference is made in this letter to matters I know or which are within my knowledge, such reference should be understood to mean only that I do not know of any fact or circumstance contradicting the statement which ensures.

Based on the foregoing, and upon such other investigation as I consider necessary for the purpose of expressing this opinion, and subject to the limitations contained herein, I am of the opinion that:

1. The Authority is duly organized and validly existing, and in good standing as an industrial development authority under the Act and has all necessary power and authority to (a) execute and deliver the Series 2022 Bonds and the Authority Documents and (b) perform its obligations under the Authority Documents.

2. The Resolutions have been duly adopted by the Authority and are in full force and effect on the date hereof. The officers of the Authority executing the Series 2022 Bonds, the Authority Documents and the Updated Official Statement and the officers listed on the general certificate of the Authority delivered on the date hereof have been duly elected or appointed and are qualified to serve as such officers.

3. The Authority Documents have each been duly authorized, executed and delivered by the Authority, and, subject to paragraph 5 below, each constitutes a valid and binding agreement of the Authority, enforceable against the Authority in accordance with its terms.

4. The Series 2022 Bonds have been duly authorized, executed, issued and delivered by the Authority, constitute valid and binding limited obligations of the Authority, enforceable in accordance with their terms, subject to paragraph 5 below.

5. The obligations of the Authority under the Resolutions, the Series 2022 Bonds and the Authority Documents are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors’

rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

6. The adoption, execution and delivery of and performance by the Authority of its obligations under the Resolution, the Series 2022 Bonds, and the Authority Documents and the assignment of the Series 2022 Obligation will not violate any provisions of (a) the Act or the Authority's bylaws, (b) any other Virginia law, or (c) to the best of my knowledge after due investigation, any agreement or other instrument, order, rule regulation, decree or ordinance to which the Authority is a party or by which it is bound.

7. To the best of my knowledge, no litigation, inquiry, or investigation of any kind in or by a judicial or administrative court or agency is pending or threatened against the Authority (a) with respect to the organization or existence of the Authority, its authority to execute or deliver the Series 2022 Bonds or the Authority Documents, the validity or enforceability of any of such instruments, or any authority or proceedings relating to the execution and delivery of such instruments on behalf of the Authority, or the assignment of the Series 2022 Obligation, and no such authority or proceedings have been repealed, revoked, rescinded, or amended or (b) to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or any other bonds of the Authority or the execution or delivery by the Authority of the Authority Documents or the assignment by the Authority of the Series 2022 Obligation.

8. To the best of my knowledge, the information with respect to the Authority contained in the Updated Official Statement under the sections entitled "THE AUTHORITY" and "LITIGATION – The Authority" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made in such sections concerning the Authority, in light of the circumstances under which they were made, not misleading. The Authority has duly authorized and consented to the use of the Updated Official Statement in the offering and sale of the Series 2022 Bonds. The Authority has not verified, has not passed upon, and does not assume any responsibility for the accuracy and completeness of the statements contained in the Updated Official Statement except as specifically set out above in this paragraph 8.

I have not been requested to express, and therefore do not express, any opinion as to (1) the tax-exempt status of interest on the Series 2022 Bonds, (2) the necessity of registration of the Series 2022 Bonds under the Securities Act of 1933, as amended, or any state blue sky law, any required qualification or registration under the Trust Indenture Act of 1939, as amended, (3) the accuracy or completeness of any other information concerning the business or financial resources of the Corporation or any other person that may have been relied on by the purchasers of the Series 2022 Bonds, (4) the ownership of or status of title to any property covered by the Authority Documents or the priority of any liens or encumbrances thereon or the enforceability of any remedy that may be dependent upon the status of ownership of such property, or (5) the applicability of, or the enforceability of any documents under, the laws of any state other than the Commonwealth of Virginia.

This opinion is solely for your benefit. This opinion may not be distributed to or relied upon by any other person or entity, quoted in whole or in part or otherwise reproduced in any other document, nor is it to be filed with any governmental agency other than the Authority, except with the prior written consent of the Office of the City Attorney for the City of Lexington, Virginia.

Finally, I do not undertake to advise you of any changes in the opinions expressed herein resulting from matters that might hereafter come or be brought to my attention.

Sincerely yours,

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

§ _____
Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington)
Series 2022 (Forward Delivery)

[TO BE UPDATED FOR ANY HTOP MATURITIES.]

The undersigned, B.C. Ziegler and Company (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance by the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) of the above-captioned bonds (the “Bonds”).

1. Purchase Contract. The Underwriter, the Authority and Lexington Retirement Community, Inc., d/b/a Kendal at Lexington (the “Corporation”) have entered into a Forward Delivery Bond Purchase Agreement (the “Bond Purchase Agreement”) in connection with the Bonds. The Bond Purchase Agreement has not been modified since its execution on February __, 2022.

2. 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.

3. Defined Terms.

(a) “Maturity” means the Bonds with the same credit and payment terms. The Bonds with different maturity dates, or the Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) “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) at least 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)

(c) “Underwriter” means (i) 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 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 third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’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. The

undersigned understands that the foregoing information will be relied upon by the Authority and the Corporation 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 their Bonds, and by McGuireWoods LLP 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 Authority and the Corporation from time to time relating to the Bonds.

B.C. Ziegler and Company

By: _____
Its: Managing Director

Dated: October ____, 2022

#122982193v2
017036.012

SECOND AMENDMENT TO LOAN AGREEMENT

between

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

and

**LEXINGTON RETIREMENT COMMUNITY, INC.,
d/b/a Kendal at Lexington**

October 1, 2022

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This **SECOND AMENDMENT TO LOAN AGREEMENT** dated as of October 1, 2022 (the "Second Amendment"), between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), and **LEXINGTON RETIREMENT COMMUNITY, INC., d/b/a Kendal at Lexington**, a not-for-profit Virginia nonstock corporation (the "Borrower"), supplements and amends the Loan Agreement dated as of October 1, 2016, as previously supplemented and amended (the "Original Loan Agreement" and, together with the Second Amendment, the "Loan Agreement"),

WITNESSETH:

WHEREAS, the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), authorizes the creation of industrial development authorities in several counties, cities and towns in Virginia and empowers such authorities, among other things, to acquire, improve, maintain, equip, own and sell and make loans with respect to facilities for the residence and care of the aged to the end that the Authority shall protect and promote the health and welfare of the inhabitants of the Commonwealth of Virginia, and further authorizes such authorities to issue their bonds for the purpose of carrying out any of their powers, and to pledge the revenues and receipts from loans with respect thereto, or from any other source, to the payment of such bonds;

WHEREAS, in order to further the purposes of the Act, the Authority has determined to issue its Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the "Series 2022 Bonds"), pursuant to the terms of the Bond Indenture dated as of October 1, 2016, as previously supplemented and amended (the "Original Bond Indenture"), and as supplemented by the Second Supplemental Bond Indenture dated as of October 1, 2022 (the "Second Supplement" and, together with the Original Bond Indenture, the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee, in the aggregate principal amount of \$_____ and use the proceeds thereof to make a loan to the Borrower;

WHEREAS, the Borrower will use the proceeds of the Series 2022 Bonds, together with other available funds, if any, to refinance the Authority's Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A and to finance amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds; and

WHEREAS, the Authority proposes to loan the proceeds of the sale of the Series 2022 Bonds to the Borrower, and the Borrower agrees to repay such loan on the terms and conditions hereinafter set forth;

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.

Except as set forth below or unless the context otherwise requires, all undefined capitalized terms shall have the meanings assigned to them in the Original Loan Agreement, the Bond Indenture or the Master Trust Indenture dated as of October 1, 2016, as previously supplemented an amended (the "Master Trust Indenture"), between the Borrower and U.S. Bank National Association, as master trustee, and as supplemented by the Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022 (together with the Master Trust Indenture, the "Master Indenture"). The following words and terms shall have the following meanings unless the context otherwise requires:

"2022 Supplemental Master Indenture" shall mean the Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022, between the Borrower and the Master Trustee.

"Second Amendment" shall mean this Second Amendment to Loan Agreement dated as of October 1, 2022, between the Authority and the Borrower.

"Second Supplement" shall mean the Second Supplemental Bond Indenture dated as of October 1, 2022, between the Authority and the Bond Trustee.

"Original Bond Indenture" shall mean the Bond Indenture dated as of October 1, 2016, between the Authority the Bond Trustee.

"Original Loan Agreement" shall mean the Loan Agreement dated as of October 1, 2016, between the Authority and the Borrower.

"Third Supplement to Deed of Trust" shall mean the Third Supplement to Second Amended and Restated Credit Line Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of October 1, 2022, from the Borrower, for the benefit of the Master Trustee.

"Underwriter" shall mean, together, B.C. Ziegler and Company, as underwriter for the Series 2022 Bonds.

Section 1.2 Rules of Construction.

The following rules shall apply to the construction of this Second Amendment unless the context otherwise requires:

(a) Singular words shall connote the plural number as well as the singular 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 herein to particular articles or sections are references to articles or sections of this Second Amendment 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 Second Amendment nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations by Authority.

The Authority hereby confirms all of its representations made under the Original Loan Agreement (modified, as appropriate, for the issuance of the Series 2022 Bonds and the Series 2022 Obligation and the refinancing of the project financed by the Authority's Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A (the "Series 2017A Bonds")), as if made on the date of this Second Amendment and makes the following additional representations:

(a) The Authority is duly organized under the Act and has the power to (1) enter into this Second Amendment and the Second Supplement (together, the "Authority Documents"), (2) assign the Series 2022 Obligation to the Bond Trustee, (3) issue the Series 2022 Bonds to refinance the Series 2017A Bonds and (4) carry out its obligations in connection therewith pursuant to the Loan Agreement.

(b) The Authority has duly authorized the execution and delivery of the Authority Documents, the assignment of the Series 2022 Obligation, the performance of its obligations hereunder and thereunder and the issuance of the Series 2022 Bonds and, contemporaneously with the execution and delivery of this Second Amendment, has duly executed and delivered the Second Supplement and issued and sold the Series 2022 Bonds.

(c) The Authority hereby finds that the refinancing of the Series 2017A Bonds is advisable and in furtherance of the purposes for which the Authority was organized and will serve the purposes of the Act.

Section 2.2 Representations by the Borrower.

The Borrower confirms all its representations made under the Original Loan Agreement (modified, as appropriate, for the issuance of the Series 2022 Bonds and the Series 2022 Obligation and the refinancing of the projects financed by the Series 2017A Bonds), as if made on the date of this Second Amendment and makes the following additional representations:

(a) The Borrower is a nonstock corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. The Borrower has the power to enter into this Second Amendment, the Third Supplement to Deed of Trust, the 2022 Supplemental Master Indenture and the Series 2022 Obligation (collectively, the "Borrower Documents") and the transactions contemplated thereunder and, by proper corporate action, has

duly authorized the execution and delivery of the Borrower Documents and the performance of its obligations thereunder.

(b) The Borrower will operate its facilities refinanced by the proceeds of the Series 2022 Bonds, or cause such facilities to be operated, as facilities for the residence and care of the aged until payment of the Series 2022 Obligation in full.

ARTICLE III

REFINANCING

Section 3.1 Loan by the Authority.

Upon the terms and conditions of the Loan Agreement and the Bond Indenture, the Authority shall lend to the Borrower the net proceeds of the sale of the Series 2022 Bonds. The Loan shall be made by depositing the net proceeds of such sale in accordance with Section 204 of the Second Supplement. The Loan shall be disbursed as provided in Section 204 and Article V of the Second Supplement.

Section 3.2 Repayment of Loan.

Prior to or simultaneously with the issuance of the Series 2022 Bonds, to evidence its obligations to repay the Loan, the Borrower shall deliver the Series 2022 Obligation to the Authority for assignment to the Bond Trustee as security for the payment of the Series 2022 Bonds.

Section 3.3 Limitation of Authority's Liability.

Notwithstanding anything herein to the contrary, any obligation the Authority may incur hereunder in connection with refinancing the Series 2017A Bonds 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 Agreement, including payments received under the Series 2022 Obligation.

Section 3.4 Mortgagee Title Policy.

At the incurrence of the Series 2022 Obligation, the Borrower shall deliver to the Master Trustee a mortgagee title insurance policy or endorsement thereto as required by the Master Indenture.

Section 3.5 Amounts Payable.

In addition to the amounts payable required by Sections 4.1(a) and 4.1(b)(1), 4.1(b)(2) and 4.1(b)(4) of the Original Loan Agreement, the Borrower shall also pay, or cause to be paid, the reasonable costs, fees and expenses of the Authority directly related to the Series 2022 Bonds, including at closing a fee in the amount of \$ _____.

ARTICLE IV

CONSENTS AND SPECIAL COVENANTS

Section 4.1 Consents.

The Borrower hereby consents to the execution and delivery of the Second Supplement.

Section 4.2 Covenant to Remain a Member.

The Borrower covenants and agrees that, as long as the Series 2022 Bonds remain Outstanding, it or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture will remain a Member of the Obligated Group.

Section 4.3 Tax Covenants.

The Borrower agrees that all covenants set forth in Section 5.8 of the Original Loan Agreement apply to the use of the proceeds of the Series 2022 Bonds and the use of the project refinanced by the proceeds of the Series 2022 Bonds. The Borrower confirms all its representations and warranties set forth in Section 5.8 of the Original Loan Agreement (modified, as appropriate, for the issuance of the Series 2022 Bonds), as if made on the date of this Second Amendment.

Section 4.4 Additional Disclosure.

The Borrower shall, within 45 days after the end of each quarter of each Fiscal Year, commencing with the fiscal quarter ending December 31, 2022, provide to the Required Information Recipients the skilled nursing facility payor mix for the Facilities by percentage of revenue, all as of the last day of such quarter.

ARTICLE V

PREPAYMENT OF SERIES 2022 OBLIGATION

Section 5.1 Option to Prepay Series 2022 Obligation in Whole.

The Borrower shall have the option to prepay the Series 2022 Obligation in whole, with any applicable premium, before payment of the Series 2022 Bonds so long as any such payment allocable to principal of the Series 2022 Obligation shall be used contemporaneously to discharge a like amount of Series 2022 Bonds; provided, however, that the covenants in Sections 5.7 and 5.8 of the Original Loan Agreement shall continue until the final maturity date of all Bonds or the earlier date on which provision for payment for all Bonds has been made and the covenants in Sections 4.7 and 4.8 of the Original Loan Agreement shall continue for six years thereafter. In such case the Authority shall cause the Bond Trustee to redeem the Series 2022 Bonds as provided in Section 301 of the Second Supplement.

Section 5.2 Option To Prepay Series 2022 Obligation in Part.

The Borrower shall have the option to prepay the Series 2022 Obligation in part, with any applicable premium, so long as any such payment allocable to principal of the Series 2022 Obligation shall be used contemporaneously to discharge a like amount of Series 2022 Bonds. The amount so prepaid shall, so long as all payments then due under the Series 2022 Obligation have been made (a) if Series 2022 Bonds are then redeemable as provided in Section 301 of the Second Supplement, be used to redeem Series 2022 Bonds to the extent possible under such section, and (b) if Series 2022 Bonds are not then redeemable, be transferred to the Bond Fund.

Section 5.3 Amount Required for Prepayment.

To prepay the Series 2022 Obligation in whole or in part under Sections 5.5 or 7.1 of the Original Loan Agreement, or Sections 5.1 or 5.2 of this Second Amendment, the Borrower shall pay to the Bond Trustee, for deposit in the Bond Fund of the Bond Indenture, an amount of cash and Defeasance Obligations, as defined in the Bond Indenture, that will be sufficient (a) in the case of prepayment in whole, to discharge the lien of the Bond Indenture pursuant to Section 801 of the Original Bond Indenture, and (b) in the case of prepayment in part, to cause any Series 2022 Bonds that will be paid with the prepayment to be no longer Outstanding under the Bond Indenture. If the Borrower has prepaid the Series 2022 Obligation, as provided above, the Borrower 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 Series 2022 Bonds to be paid. The Borrower shall instruct the Bond Trustee to give the notice of redemption required by Section 302 of the Second Supplement if any of the Series 2022 Bonds are to be paid other than at maturity.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Confirmation of Original Loan Agreement.

As supplemented and amended by this Second Amendment, the Original Loan Agreement is in all respects ratified and confirmed, and the Original Loan Agreement, including each amendment, shall be read, taken and construed as one and the same instrument. All covenants, agreements and provisions of, and all security provided under the Original Loan Agreement shall apply with full force and effect to the parties thereto. The Issuer and the Borrower confirm all their respective representations made under the Original Loan Agreement as if made on the date of this Second Amendment.

Section 6.2 Applicable Law.

This Second Amendment and the Series 2022 Obligation shall be governed by the applicable laws of the Commonwealth of Virginia.

Section 6.3 Counterparts.

This Second Amendment 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Second Amendment to Loan Agreement to be executed in their respective corporate names.

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

By: _____
Chairman

**LEXINGTON RETIREMENT COMMUNITY,
INC., d/b/a Kendal at Lexington**

By: _____
Name: _____
Title: _____

SUPPLEMENTAL INDENTURE FOR SERIES 2022 OBLIGATION

between

**LEXINGTON RETIREMENT COMMUNITY, INC.,
d/b/a Kendal at Lexington**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee**

Dated as of October 1, 2022

**Supplementing the
Master Trust Indenture
dated as of October 1, 2016**

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Exhibit A – Form of Series 2022 Obligation

This **SUPPLEMENTAL INDENTURE FOR THE SERIES 2022 OBLIGATION** dated as of October 1, 2022 (this "Supplement"), between **LEXINGTON RETIREMENT COMMUNITY, INC., d/b/a Kendal at Lexington** (the "Borrower"), a not-for-profit Virginia nonstock corporation, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and validly existing under the laws of the United States of America, having a corporate trust office in Richmond, Virginia, as master trustee (the "Master Trustee"), supplements the Master Trust Indenture dated as of October 1, 2016 (as previously supplemented, the "Master Indenture"), between the Borrower and the Master Trustee,

WITNESSETH:

WHEREAS, the Borrower and Master Trustee have entered into the Master Indenture, which provides for the issuance by any Member of the Obligated Group (as defined in the Master Indenture) of its obligations thereunder, upon such Member and the Master Trustee entering into an indenture supplemental to the Master Indenture to issue such obligations;

WHEREAS, concurrently with the execution and delivery of this Supplement, the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), is issuing its \$_____ Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the "Series 2022 Bonds"), pursuant to a Bond Indenture dated as of October 1, 2016, as supplemented and amended (the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee");

WHEREAS, the Authority will loan the proceeds of the Series 2022 Bonds to the Borrower pursuant to the terms of a Loan Agreement dated as of October 1, 2016, as supplemented and amended (the "Loan Agreement"), between the Authority and the Borrower;

WHEREAS, pursuant to the Loan Agreement the Borrower has agreed to issue a promissory note in the form of an Obligation created by this Supplemental Indenture (the "Series 2022 Obligation") to evidence the obligation of the Borrower to make the payments required under the Loan Agreement;

WHEREAS, the Borrower is authorized by law and by the Master Indenture, and deems it necessary and desirable, to issue and deliver the Series 2022 Obligation pursuant to the Master Indenture; and

WHEREAS, all acts and things necessary to constitute this Supplement a valid indenture and agreement according to its terms have been done and performed, and the Borrower has duly authorized the execution and delivery of this Supplement and the Series 2022 Obligation;

NOW, THEREFORE, in consideration of the foregoing, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Obligation issued hereunder by the Borrower, the Obligated Group covenants and agrees with the Master Trustee, for the benefit of the bondholders of the Series 2022 Bonds, as follows:

Section 1. Definitions. All terms used herein that are defined in the Master Indenture shall have the meanings assigned to them therein. The following words and phrases shall have the following meanings in this Supplement unless the context otherwise requires:

"Series 2022 Obligation" means the Borrower's promissory note in the principal amount of \$ _____ dated the date of its delivery, issued and delivered to the Authority and assigned to the Bond Trustee pursuant to the Bond Indenture and issued as an Obligation under the Master Indenture pursuant to this Supplement.

"Supplement" means this Supplemental Indenture for the Series 2022 Obligation dated as of October 1, 2022, between the Borrower and the Master Trustee.

Section 2. Issuance of the Series 2022 Obligation. There is hereby created and authorized to be issued, as an Obligation under the Master Indenture, the Series 2022 Obligation in the aggregate principal amount of \$ _____, designated "Kendal at Lexington Promissory Note Constituting the Series 2022 Obligation."

The Series 2022 Obligation shall be dated the date of its delivery, and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of the Series 2022 Obligation attached hereto as Exhibit A. Pursuant to Section 3.01 of the Master Indenture, the Series 2017A Obligation is a joint and several obligation of each Member of the Obligated Group. A reserve fund has been established under the Bond Indenture to secure the Series 2022 Bonds, but no Debt Service Reserve Fund has been established under the Master Indenture.

Section 3. Payments on the Series 2022 Obligation. Principal of, and interest and any applicable redemption premium on, the Series 2022 Obligation are payable in lawful money of the United States of America. Payments of principal of and premium, if any, and interest on the Series 2022 Obligation shall be made at the times and in the amounts specified in the Series 2022 Obligation by wire or other transfer of immediately available funds by the Obligated Group depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or the next preceding Business Day if such date is a Saturday, Sunday or holiday in the city in which the office of the Bond Trustee to which payments are to be made is located), and giving notice to the Master Trustee of each payment of principal, interest or premium on such Obligation, specifying the amount paid and identifying such payment as a payment on the Series 2022 Obligation.

Section 4. Execution and Authentication of the Series 2022 Obligation. The Series 2022 Obligation shall be manually executed for and on behalf of the Borrower by its President or the Chairman of its Governing Body or any other person designated to act by a resolution of its Governing Body. If any officer whose signature appears on the Series 2022 Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. The Series 2022 Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication the Series 2022 Obligation shall not be entitled to the benefits hereof.

Section 5. Prepayment of the Series 2022 Obligation. The Series 2022 Obligation is subject to prepayment as set forth therein.

Section 6. Discharge of Supplement. Upon payment by the Obligated Group of a sum in cash or Defeasance Obligations, or both, sufficient, together with any other cash and obligations held by the Bond Trustee and available for such purpose, to cause all of the outstanding principal of and premium, if any, and accrued interest on the Series 2022 Bonds to be deemed to have been paid within the meaning of Section 801 of the Bond Indenture and to pay all other amounts referred to in such Section 801 to be paid, the Series 2022 Obligation shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture, the Series 2022 Obligation shall no longer be an Obligation under the Master Indenture and this Supplement shall cease to be of further effect.

Section 7. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 8. Severability. If any provision of this Supplement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 9. Counterparts. This Supplement may be executed in several counterparts, each of which together shall be an original and all of which shall constitute one instrument.

Section 10. Governing Law. This Supplement shall be governed by and construed in accordance with laws of the Commonwealth of Virginia, without regard to conflicts of law principles thereof.

Section 11. U.S.A. Freedom Act Requirements of the Master Trustee. 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 Master Trustee will require documentation from each non-individual person such as a business entity, a charity, a trust, or other legal entity verifying its formation and existence as a legal entity. The Master Trustee may also request identifying information to sufficiently verify the identities of individuals claiming authority to represent the entity or other relevant documentation.

IN WITNESS WHEREOF, the Borrower has caused this Supplement to be signed in its name and on its behalf by its duly authorized officer and, to evidence its acceptance of the trusts hereby created, the Master Trustee has caused this Supplement to be signed in its name and on its behalf by its duly authorized officer, all as of the date first above written.

**LEXINGTON RETIREMENT COMMUNITY,
INC., d/b/a Kendal at Lexington**

By: _____
Name: _____
Title: _____

**U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee**

By: _____
Assistant Vice President and
Account Manager

FORM OF SERIES 2022 OBLIGATION

**THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933
OR ANY STATE SECURITIES LAW**

§ _____
**KENDAL AT LEXINGTON PROMISSORY NOTE
CONSTITUTING THE SERIES 2022 OBLIGATION**

LEXINGTON RETIREMENT COMMUNITY, INC., d/b/a Kendal at Lexington, a not-for-profit Virginia nonstock corporation (the "Borrower"), for value received, hereby promises to pay to the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**, or registered assigns, at the designated corporate trust office of U.S. Bank National Association, as Trustee (the "Bond Trustee"), the principal sum set forth above and to pay interest on the unpaid principal balance hereof, in each case as provided in Section 4.1 of the Loan Agreement dated as of October 1, 2016, as supplemented and amended (the "Loan Agreement"), between the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), and the Borrower, and on such other dates as may be required by the Loan Agreement, until the principal amount hereof is paid or made available for payment.

Principal of, premium, if any, and interest on this Note are payable in any coin or currency of the United States of America that, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof, premium, if any, and interest hereon shall be payable in immediately available funds by depositing the same with the Bond Trustee, at or prior to the opening of business on the date the same shall become due and payable, and by giving notice of payment to the Master Trustee, as hereinafter defined, as provided in the Bond Indenture, as hereinafter defined.

This Note is issued in the principal amount of \$ _____, is dated October __, 2022, and is designated as the "Kendal at Lexington Promissory Note Constituting the Series 2022 Obligation" (the "Note" and, together with all other Obligations issued under the Master Indenture, the "Obligations") issued under and pursuant to the Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022 (the "Supplemental Indenture"), supplementing and amending the Master Trust Indenture dated as of October 1, 2016, as previously supplemented (the "Master Indenture"), between the Borrower and U.S. Bank National Association, as Master Trustee (the "Master Trustee"), and delivered pursuant to the Loan Agreement. The Master Indenture, as supplemented and amended by the Supplemental Indenture, is herein called the "Indenture".

Pursuant to the terms of the Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Note and all other Obligations.

This Note is issued for the purpose of securing the payment of the principal of, premium, if any, and interest on the Authority's Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the "Series 2022 Bonds"). The Series 2022 Bonds were issued under the laws of the Commonwealth of Virginia, including particularly the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), and a Bond Indenture dated as of October 1, 2016, as supplemented and amended (the "Bond Indenture"), between the Authority and the Bond Trustee.

Copies of the Indenture are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Note, the terms and conditions of which, and the purposes for which, this Note is issued and the rights, duties and obligations of the Obligor and the Master Trustee under the Indenture, to all of which the holder hereof, by acceptance of this Note, assents.

Any amounts in either account of the Bond Fund (as defined in the Bond Indenture) at the close of business of the Bond Trustee on the day immediately preceding any payment date on this Note in excess of the aggregate amount then required to be contained in such account of such Bond Fund shall be credited against the payments due by the Borrower and the other Obligated Group Members on such next succeeding principal or interest payment date on this Note.

To the extent permitted by and as provided in the Indenture, modifications or changes of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Indenture) and of the holders of the Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. No such modification or change shall be made that will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Note or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation. Any such consent by the holder of this Note shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Note.

In the manner and with the effect provided in the Indenture, this Note and its principal installments will be subject to prepayment and redemption prior to maturity, in whole at any time, or in part from time to time at the option of the Borrower, without penalty, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2022 Bonds to be deemed to have been paid within the meaning of Section 801 of the Bond Indenture and to pay all reasonable fees and expenses of the Authority accrued and to be accrued to the date of discharge of the Bond Indenture with respect to the Series 2022 Bonds.

With respect to principal, if the Obligated Group Representative (i) shall have elected to apply a Series 2022 Bond or Series 2022 Bonds that have been redeemed or otherwise acquired by the Borrower or the Authority and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture and (ii) shall have delivered written notice to the Authority and a copy thereof to the Bond Trustee in accordance with the provisions of Section 303 of the Bond Indenture, and the Authority shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2022 Bond or Series 2022 Bonds thus applied, then the Bond Trustee shall promptly notify the Master Trustee, whereupon the Borrower and the other Obligated Group Members shall receive a credit, equal to the credit received by the Authority, in respect of the payment of principal due on this Note on the same date as the sinking fund payment date under the Bond Indenture for the sinking fund requirement in payment of which the Series 2022 Bond or Series 2022 Bonds have been applied, and the principal amount of this Note due on such date will be reduced accordingly.

Any redemption, either in whole or in part, shall be made upon at least 45 days' notice to the Bond Trustee in the manner and upon the terms and conditions provided in the Indenture. If this Note shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Indenture, interest on this Note shall cease to accrue from the date fixed for redemption, and from and after such date this Note shall be deemed not to be Outstanding, as defined in the Indenture, and shall no longer be entitled to the benefits of the Indenture, and the holder hereof shall have no rights in respect of this Note other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain "Events of Default," as defined in the Indenture, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Indenture.

The holder of this Note shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Note shall be registered on the register to be maintained by the Master Trustee and this Note shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Borrower shall execute and the Master Trustee shall authenticate and deliver in exchange for this Note a new registered Note without coupons, registered in the name of the transferee.

The Borrower and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Note is registered as the absolute owner hereof for all purposes; and neither the Borrower and the other Obligated Group Members, any paying agent, the Master Trustee nor any Obligation registrar shall be affected by

any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Note.

No covenant or agreement contained in this Note or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the Board of Directors of any of the Obligated Group Members nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

This Note shall not be entitled to any benefit under the Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name and on its behalf by the manual or facsimile signature of its _____.

**LEXINGTON RETIREMENT COMMUNITY, INC.,
d/b/a Kendal at Lexington**

By: _____
Name: _____
Title: _____

Form of Master Trustee's Certificate of Authentication

The undersigned Master Trustee hereby certifies that this Series 2022 Obligation is one of the Obligations contemplated by the within-mentioned Indenture.

Date of Authentication: October __, 2022.

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Authorized Signatory

ASSIGNMENT

The Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), (1) hereby irrevocably assigns without recourse the foregoing Series 2022 Obligation to U.S. Bank National Association (the "Bond Trustee"), acting pursuant to a Bond Indenture dated as of October 1, 2016, as supplemented and amended (the "Bond Indenture"), between the Authority and the Bond Trustee and (2) hereby directs Lexington Retirement Community, Inc., d/b/a Kendal at Lexington, as the maker of the Series 2022 Obligation, to make all payments of principal of, premium, if any, and interest thereon directly to the Bond Trustee at its corporate trust office in Richmond, Virginia, or at such other place as the Bond Trustee may direct in writing. Such assignment is made as security for the payment of the Authority's \$_____ Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022, issued pursuant to the Bond Indenture.

Date: October __, 2022.

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

By: _____
Chairman

SECOND SUPPLEMENTAL BOND INDENTURE

between

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

and

U.S. BANK NATIONAL ASSOCIATION, as Bond Trustee

October 1, 2022

Relating to

**\$ _____
Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington)
Series 2022**

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This **SECOND SUPPLEMENTAL BOND INDENTURE** dated as of October 1, 2022 (the "Second Supplement"), 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, having a corporate trust office in Richmond, Virginia, as Bond Trustee (in such capacity, together with any successor in such capacity, the "Bond Trustee"), supplements and amends the Bond Indenture dated as of October 1, 2016 (as supplemented and amended, the "Original Bond Indenture" and, together with the Second Supplement, the "Bond Indenture");

WITNESSETH:

WHEREAS, the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), authorizes the creation of industrial development authorities in several counties, cities and towns in Virginia and empowers such authorities, among other things, to acquire, improve, maintain, equip, own and sell and make loans with respect to facilities for the residence and care of the aged to the end that the Authority shall protect and promote the health and welfare of the inhabitants of the Commonwealth of Virginia, and further authorizes such authorities to issue their bonds for the purpose of carrying out any of their powers, and to pledge the revenues and receipts from loans with respect thereto, or from any other source, to the payment of such bonds;

WHEREAS, the Authority has been duly organized pursuant to the Act;

WHEREAS, the Act authorizes the Authority to issue its bonds for the payment or retirement of bonds, notes and other evidences of debt previously issued by it;

WHEREAS, in order to further the purposes of the Act, the Authority has previously issued its Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A, in the aggregate principal amount of \$20,380,000 (the "Series 2017A Bonds"), in order to assist Lexington Retirement Community, Inc. d/b/a Kendal at Lexington, a not-for-profit Virginia nonstock corporation (the "Borrower"), in financing (1) the acquisition, construction and equipping of an expansion and renovation to the Facility (as hereinafter defined), including, but not limited to, (a) 30 new independent living cottages (approximately 76,995 total square feet) consisting of 20 single-family homes and 5 duplex homes and including related covered porches and garages, (b) an expansion (of approximately 2,691 total square feet) and renovation to the existing dining facility and the addition of a second floor exterior patio, (c) an expansion (of approximately 11,305 total square feet) and renovation to the existing Benjamin Borden Health Center, (d) an expansion (of approximately 4,649 total square feet) and renovation to the existing Webster Assisted Living Health Center, (e) the construction of new emergency road access to the Facility, (f) the construction of a new maintenance facility (of approximately 1,538 total square feet), and (g) the lowering of the road at the main entrance; and (2) costs of issuance incurred in connection with the issuance of the Series 2017A Bonds, capitalized interest on the Series 2017A Bonds, amounts required for reserves and working capital and other routine capital expenditures;

WHEREAS, the Borrower now desires to refinance the Series 2017A Bonds and has requested the Authority, and the Authority has agreed, to issue its Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the "Series 2022 Bonds"), in an

aggregate principal amount of \$ _____ to assist the Borrower with refinancing the Series 2017A Bonds and financing amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Series 2022 Bonds;

WHEREAS, the Authority proposes to loan the proceeds of the sale of the Series 2022 Bonds to the Borrower under a Second Amendment to Loan Agreement dated as of October 1, 2022 (the "Second Amendment"), supplementing and amending the Loan Agreement dated as of October 1, 2016 (as supplemented and amended, the "Original Loan Agreement" and together with the Second Amendment, the "Loan Agreement");

WHEREAS, to evidence its obligations with respect to the Series 2022 Bonds under the Loan Agreement, the Borrower will execute and deliver to the Authority a promissory note (the "Series 2022 Obligation") in the aggregate principal amount of the Series 2022 Bonds under the Master Trust Indenture dated as of October 1, 2016 (the "Master Trust Indenture"), between the Borrower and U.S. Bank National Association, as master trustee, as supplemented by the Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022 (together with the Master Trust Indenture, the "Master Indenture");

WHEREAS, the Series 2022 Bonds and the Bond Trustee's certificate of authentication thereon are to be in substantially the form attached hereto as Exhibit A, with appropriate variations, omissions and insertions as permitted or required by this Second Supplement and the Original Bond Indenture;

WHEREAS, Section 207 of the Original Bond Indenture permits the execution of a supplement to the Original Bond Indenture and an amendment to the Original Loan Agreement in connection with the issuance of Additional Bonds; and

WHEREAS, the execution and delivery of this Second Supplement and the execution and issuance of the Series 2022 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL BOND INDENTURE FURTHER WITNESSETH:

The Authority hereby covenants and agrees with the Bond Trustee and with the respective registered owners, from time to time, of the Series 2022 Bonds as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions.

Unless otherwise required by the context, all words and terms defined in the Original Bond Indenture, the Loan Agreement and the Master Trust Indenture shall have the same meaning in this Second Supplement. In addition, the following words and terms shall have the following meanings in this Second Supplement unless the context otherwise requires:

"Facility" shall mean the residential and health care facilities of the continuing care retirement community known as "Kendal at Lexington."

"Second Amendment" shall mean the Second Amendment to Loan Agreement dated as of October 1, 2022, between the Authority and the Borrower.

"Interest Payment Date" shall mean each _____ 1 and _____ 1, commencing _____ 1, 20__.

"Loan Agreement" shall mean the Original Loan Agreement, as supplemented and amended by the Second Amendment and as it may be supplemented and amended in the future.

"Original Loan Agreement" shall mean the Loan Agreement dated as of October 1, 2016, between the Authority and the Borrower.

"Series 2022 Bonds" shall mean the Authority's Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022.

"Series 2022 Cost of Issuance Fund" shall mean the Series 2022 Cost of Issuance Fund established by Section 501 hereof.

"Series 2022 Escrow Agreement" shall mean the Escrow Agreement dated _____ between the Authority and U.S. Bank National Association, as escrow agent, relating to the refunding of the Series 2017A Bonds.

"Series 2022 Escrow Fund" shall mean the escrow fund established under the Series 2022 Escrow Agreement.

"Series 2022 Obligation" shall mean the Borrower's Promissory Note Constituting Series 2022 Obligation in the initial principal amount of \$ _____ dated the date hereof, issued under the Master Indenture and delivered to the Authority pursuant to the Loan Agreement.

"Series 2022 Term Bonds" shall mean the Series 2022 Bonds maturing on _____ 1 in the years 20__ and 20__.

Section 102. Rules of Construction.

The following rules shall apply to the construction of this Second Supplement unless the context otherwise requires:

- (a) Unless otherwise specified, the interest rate applicable to all Series 2022 Bonds shall be a rate per year consisting of 360 days, with computations of interest over any period of less than 360 days to be made on the basis of twelve 30-day months.

ARTICLE II

**AUTHORIZATION, EXECUTION, AUTHENTICATION, REGISTRATION
AND DELIVERY OF SERIES 2022 BONDS**

Section 201. Authorization of Series 2022 Bonds.

The Authority hereby authorizes the issuance of its Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022, in the aggregate principal amount of \$ _____.

Section 202. Details of Series 2022 Bonds.

(a) The Series 2022 Bonds shall be issuable as registered bonds in the denominations of \$5,000 and multiples thereof, shall be dated the date of their delivery, shall be numbered appropriately, shall bear interest payable semiannually commencing on _____ 1, 20__, and on each _____ 1 and _____ 1 thereafter (each an "Interest Payment Date") at rates, and shall mature on _____ 1 in years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
	\$	%

(b) Each Series 2022 Bond shall bear interest (a) from the date of its delivery if it is authenticated prior to _____ 1, 20__, and (b) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such Series 2022 Bond is authenticated; provided, however, that if at the time of authentication of any Series 2022 Bond interest is in default, such Series 2022 Bond shall bear interest from the date to which interest has been paid.

Principal of, premium, if any, and interest on the Series 2022 Bonds shall be payable in lawful money of the United States of America, but only from the revenues and receipts derived from the Borrower and the security therefor and pledged to the payment thereof as hereinafter provided. Principal of and premium of Series 2022 Bonds shall be payable upon presentation and surrender of the Series 2022 Bonds as they become due at the designated corporate trust office of the Bond Trustee; provided that, for so long as Cede & Co. or other nominee of DTC is the sole Bondholder, principal of and premium, if any, on the Series 2022 Bonds shall be payable as provided in the Letter of Representations. Interest on Series 2022 Bonds shall be payable to

the registered owners by check or draft mailed to such owners at their addresses as they appear on registration books kept by the Bond Trustee as Bond Registrar, as of the 15th day of the month preceding the Interest Payment Date.

If any principal of or premium, if any, or interest on any Series 2022 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 Series 2022 Bond.

Nothing herein shall be construed as prohibiting the Authority from issuing each maturity of Series 2022 Bonds as one fully registered bond for the purpose of qualifying such maturity of Series 2022 Bonds for book entry registration by a securities depository or to be held by the Bond Trustee as "FAST" agent for the securities depository, or any similar arrangement whereby investors may hold a participation interest in such Series 2022 Bonds.

Section 203. Form of Series 2022 Bonds.

The Series 2022 Bonds shall be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as permitted or required by the Bond Indenture.

Section 204. Delivery of Series 2022 Bonds.

(a) The Bond Trustee shall authenticate and deliver the Series 2022 Bonds when the Authority shall have furnished to the Bond Trustee all of the items listed in Section 207(b) of the Original Bond Indenture.

(b) Contemporaneously with the delivery of the Series 2022 Bonds, the Bond Trustee shall apply, or arrange for the application of, the net proceeds thereof in the amount of \$ _____, as follows:

(1) \$ _____ of the proceeds of the Series 2022 Bonds to the Series 2022 Escrow Fund;

(2) \$ _____ of the proceeds in the Series 2022 Bonds to the Reserve Fund, such amount, when combined with the amount already contained in the Reserve Fund, shall be equal to the Reserve Fund Requirement; and

(3) \$ _____ of the proceeds in the Series 2022 Bonds to the Series 2022 Cost of Issuance Fund.

Section 205. Temporary Series 2022 Bonds.

Prior to the preparation of Series 2022 Bonds in definitive form the Authority may issue temporary Series 2022 Bonds in such denominations as the Authority may determine, but otherwise in substantially the form hereinabove set forth with appropriate variations, omissions and insertions. The Authority shall promptly prepare, execute and deliver to the Bond Trustee before the first Interest Payment Date Series 2022 Bonds in definitive form and thereupon, upon presentation and surrender of Series 2022 Bonds in temporary form, the Bond Trustee shall

authenticate and deliver in exchange therefor Series 2022 Bonds in definitive form of the same series and maturity for the same aggregate principal amount. Until exchanged for Series 2022 Bonds in definitive form, Series 2022 Bonds in temporary form shall be entitled to the lien and benefit of the Bond Indenture. Notwithstanding the foregoing, so long as the Series 2022 Bonds are held in book-entry-only form they may be typewritten.

ARTICLE III

REDEMPTION OF SERIES 2022 BONDS

Section 301. Redemption Dates and Prices.

The Series 2022 Bonds may not be called for redemption by the Authority except as provided below:

(a) Extraordinary Optional Redemption. The Series 2022 Bonds are subject to redemption, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption date, without premium, on the earliest date for which notice of redemption can be given at the direction of the Borrower, to the extent the Borrower makes a prepayment on the Series 2022 Obligation under the circumstances permitted by Section 7.1 of the Original Loan Agreement and Section 3.04 of the Master Trust Indenture. In the circumstance contemplated by Section 7.1(b) of the Original Loan Agreement, the Series 2022 Bonds shall be subject to extraordinary optional redemption in an amount that bears the same pro rata relationship to the aggregate principal amount of the Series 2022 Bonds then outstanding as that portion of the Mortgaged Premises financed or refinanced with the proceeds of the Series 2022 Bonds (the "Bond Financed Property") with respect to which the Net Proceeds have been received bears to all Bond Financed Property. In the event of a partial extraordinary optional redemption, an Authorized Representative of the Borrower may direct the Bond Trustee to redeem as directed by the Borrower, the Series 2022 Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Series 2022 Bonds of such maturity bears to the total principal amount of all Series 2022 Bonds issued under the Bond Indenture and then outstanding or in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions.

(b) Optional Redemption - Series 2022 Bonds. The Series 2022 Bonds will be subject to redemption by the Authority, at the direction of the Borrower, prior to maturity in whole, or in part by lot, at any time, on and after _____ 1, 20__, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed) plus accrued interest thereon, if any, to the redemption date, in the event the Borrower exercises its option to prepay all or a portion of the amounts available under the Series 2022 Obligation pursuant to Sections 5.1 or 5.2 of the Second Amendment:

<u>Redemption Period:</u>	<u>Price</u>
_____ 1, 20__, through _____ 31, 20__	103%
_____ 1, 20__, through _____ 31, 20__	102
_____ 1, 20__, through _____ 31, 20__	101
_____ 1, 20__, and thereafter	100

(c) The Series 2022 Term Bonds are required to be redeemed in part pursuant to the terms of the sinking fund requirement provided in Section 303 at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

(d) Except as provided in paragraph (a), if less than all of the Series 2022 Bonds of any maturity are called for redemption, the Series 2022 Bonds to be redeemed shall be selected by DTC in accordance with its procedures, or if DTC is not the securities depository, then by lot in such manner as the Bond Trustee in its discretion may determine, each portion of \$5,000 principal amount being counted as one Bond for such purposes. If a portion of a Bond having a principal amount of more than \$5,000 shall be called for redemption, a new registered Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

(e) If the Borrower exercises any option to prepay the Series 2022 Obligation under Article VII of the Original Loan Agreement or Sections 5.1 or 5.2 of the Second Amendment, or requests any redemption of Series 2022 Bonds permitted hereunder and sufficient amounts are in the funds created herein, the Bond Trustee shall, in the name of the Authority, redeem Series 2022 Bonds as then permitted or required at the earliest practicable date permitted hereunder.

Section 302. Notice of Redemption.

Series 2022 Bonds shall be called for redemption by the Bond Trustee as herein provided upon receipt by the Bond Trustee at least 45 days (or such lesser period to which the Bond Trustee may agree) prior to the redemption date of a certificate of the Borrower specifying the series and principal amount of Series 2022 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Bond Indenture pursuant to which such Series 2022 Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the redemption of Series 2022 Bonds pursuant to the sinking funds provided in Section 303 hereof, and such Series 2022 Bonds shall be called for redemption by the Bond Trustee without the necessity of any action by the Borrower or the Authority. The parties agree that the provisions of Section 302 of the Original Bond Indenture are incorporated herein (modified, as appropriate, to apply to the Series 2022 Bonds) and shall apply to the Series 2022 Bonds as if restated herein.

Section 303. Mandatory Sinking Fund.

(a) As a sinking fund, the Bond Trustee shall redeem the Series 2022 Bonds maturing on _____ 1, 20__, on _____ 1 in years and in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

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

\$

(maturity)

(b) As a sinking fund, the Bond Trustee shall redeem the Series 2022 Bonds maturing on _____ 1, 20__, on _____ 1 in years and in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

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

\$

(maturity)

(c) The Authority shall receive a credit against payments required to be made on any mandatory sinking fund redemption date specified by an Authorized Representative of the Borrower for the Series 2022 Term Bonds in an amount equal to the principal amount of such Series 2022 Term Bonds that have been redeemed (otherwise than by mandatory sinking fund redemption) before the mandatory sinking fund redemption date or purchased by the Authority or the Borrower and delivered to the Bond Trustee for cancellation at least sixty (60) days before the mandatory sinking fund redemption date, provided the principal amount of such Series 2022 Term Bonds have not previously been applied as a credit against any other mandatory sinking fund redemption payment.

ARTICLE IV

GENERAL COVENANTS AND PROVISIONS

Section 401. Covenants and Representations of Authority.

The Authority shall observe and perform all covenants, conditions and agreements on its part contained in the Bond Indenture, in every Series 2022 Bond executed, authenticated and delivered hereunder and in all its proceedings 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 the trust estate. 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 Series 2022 Bonds authorized hereby and to execute this Second Supplement, to execute and assign the Second Amendment, to assign the Series 2022 Obligation and to pledge the revenues, receipts and funds in the manner and to the extent herein set forth;

that all action on its part for the issuance of the Series 2022 Bonds and the execution and delivery of this Second Supplement has been duly and effectively taken; and that the Series 2022 Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof except as limited by bankruptcy laws and usual equity principles.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501. Creation of Series 2022 Cost of Issuance Fund.

There is hereby established with the Bond Trustee a trust fund designated the "Kendal at Lexington: Series 2022 Cost of Issuance Fund."

Section 502. Payments from Series 2022 Cost of Issuance Fund.

Before any payment of shall be made from the Series 2022 Cost of Issuance Fund, there shall be filed with the Bond Trustee:

(a) A requisition, which may be submitted by facsimile, signed by an Authorized Representative of the Borrower, 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) A certificate attached to the requisition, signed by an Authorized Representative of the Borrower stating that:

- (1) the obligation stated on the requisition constitutes a Cost of Issuance and that such item is a proper charge against the Series 2022 Cost of Issuance Fund and has not been the basis for a prior requisition that has been paid; and
- (2) that 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 hereunder, under the Master Indenture or the Loan Agreement, or if such event or condition has happened or existed, or is happening or existing, the specific nature and date of the occurrence of such event or condition and describing the action the Borrower has taken, is taking or proposes to take with respect thereto.

Upon receipt of each such requisition and accompanying certificate, the Bond Trustee shall within two Business Days make payment from the Series 2022 Cost of Issuance Fund in

accordance with such requisition; provided, however, that if such certificate states any default exists under the Bond Indenture, the Master Indenture or under the Loan Agreement, the Bond Trustee shall not be required to make but may make such payments if it determines that such payment is in the interest of the holders of the Series 2022 Bonds. All such payments shall be made by check or federal funds wire payable either (i) directly to the person, firm or corporation to be paid, or (ii) upon receipt of evidence that the Borrower has previously paid such amount, to the Borrower.

(c) At the earlier of 90 days after the issuance of the Series 2022 Bonds or when the Bond Trustee shall have received a certificate of the Borrower signed by an Authorized Representative of the Borrower, stating that all Cost of Issuance have been paid, the balance of any moneys remaining in the Series 2022 Cost of Issuance Fund shall be transferred, at the direction of the Borrower, to the Interest Account in the Bond Fund.

The form of a requisition and certificate for requests for payment from the Series 2022 Cost of Issuance Fund is attached hereto as Exhibit B.

ARTICLE VI

REVENUES AND FUNDS

Section 601. Funds Received.

(a) On the tenth day of each calendar month, the Bond Trustee shall deposit all payments and receipts derived from the Series 2022 Obligation, the Loan Agreement or the security therefor in the following order, subject to credits as provided in Article VI of the Original Bond Indenture and any supplements thereto:

(1) To the Interest Account of the Bond Fund, commencing on _____ 10, 20__, and continuing thereafter, an amount equal to one-sixth of the amount of interest due on the Series 2022 Bonds on the next Interest Payment Date (after first applying as a credit any amounts transferred to the Interest Account pursuant to Section 502 of this Second Supplement, or Section 603 or 703 of the Original Bond Indenture), or such lesser amount that, together with amounts already on deposit in the Interest Account, but subject to the provisions of Section 603(a) of the Original Bond Indenture, will be sufficient to pay interest on the Series 2022 Bonds to become due on the following _____ 1 or _____ 1.

(2) To the Principal Account of the Bond Fund commencing on _____ 10, 20__, and continuing thereafter an amount equal to one-twelfth of the amount of principal that will become due on the Series 2022 Bonds on the following _____ 1 or will be payable on such _____ 1 pursuant to Section 303 of this Second Supplement, or such lesser amount that, together with amounts already on deposit in the Principal Account, will be sufficient to pay principal of the Series 2022 Bonds to become due or be paid at redemption on such _____ 1.

(b) If on the tenth day of any month sufficient funds are not received by the Bond Trustee to make the deposits to the Bond Fund required on such date, the Bond Trustee shall

within three Business Days notify the Borrower (with a copy to the Authority) of such deficit by telephone or facsimile with receipt confirmed in writing, by first class registered or certified mail. If by the 20th day of such month the Bond Fund still does not contain the required funds, the Bond Trustee shall immediately send notice to the Borrower (with a copy to the Authority) by facsimile with receipt confirmed by telephone that a default has occurred.

Section 602. Bond Fund.

The parties agree that the provisions of Section 603 of the Original Bond Indenture are incorporated herein (modified, as appropriate, to apply to the Series 2022 Bonds and the Series 2022 Obligation and shall apply to the Series 2022 Bonds as if restated herein.

Section 603. Series 2022 Reserve Account.

There is hereby created and established with the Bond Trustee a separate account within the Reserve Fund to be designated the Series 2022 Reserve Account. As provided in Section 204(b), upon issuance of the Series 2022 Bonds, the Bond Trustee shall deposit the amount necessary to bring the balance in the Reserve Fund equal to the Reserve Fund Requirement.

Section 604. Bond Trustee's, Master Trustee's and Authority's Fees, Costs and Expenses.

All reasonable fees and expenses of the Bond Trustee (including such reasonable fees and expenses not incurred in the ordinary course of business) and the fees and reasonable costs and expenses of the Authority directly related to the issuance of the Series 2022 Bonds are to be paid, to the extent not paid from the Series 2022 Cost of Issuance Fund, by the Borrower from payments made under Section 4.1(b) of the Original Loan Agreement and Section 3.7 of the Second Amendment.

ARTICLE VII

AMENDMENTS TO ORIGINAL BOND INDENTURE

Section 701. Amendments to the Original Bond Indenture.

Reference is hereby made to the amendments to the Original Bond Indenture contained in Article VII of the First Supplemental Bond Indenture dated December 1, 2017, between the Authority and the Bond Trustee, which provisions are incorporated in the Original Bond Indenture and made a part thereof.

ARTICLE VIII

MISCELLANEOUS

Section 801. Ratification of Original Bond Indenture.

As supplemented and amended hereby, the Original Bond Indenture is in all respects ratified and confirmed, and the Original Bond Indenture as supplemented and amended by this Second Supplement, shall be taken and construed as one and the same instrument.

Section 802. Consents of Bondholders.

Any consent, request, direction, approval, objection or other instrument required by the Bond Indenture to be signed and executed by the Bondholders may be provided on behalf of the Series 2022 Bonds by any broker, dealer or municipal securities dealer acting as an underwriter for the Series 2022 Bonds during any period that such broker, dealer or municipal securities dealer holds the Series 2022 Bonds.

Section 803. Severability.

If any provision of this Second Supplement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 804. Applicable Law.

This Second Supplement shall be governed by the applicable laws of the Commonwealth of Virginia.

Section 805. Counterparts.

This Second Supplement 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Authority and the Bond Trustee have caused this Second Supplement 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 Bond Trustee**

By: _____
Authorized Agent

FORM OF SERIES 2022 BOND

No. _____

\$ _____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LEXINGTON, VIRGINIA
Residential Care Facility Revenue Refunding Bond
(Kendal at Lexington)
Series 2022

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	_____ 1, _____	_____, 2022	52976BC _____

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 corporate trust office of U.S. Bank National Association, as trustee, or its successor in trust (the "Bond Trustee"), solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum set forth above on the maturity date set forth above, subject to prior redemption as described below, and to pay, solely from such sources, on _____ 1, 20____, and on each _____ 1 and _____ 1 thereafter (each, an "Interest Payment Date"), interest hereon at the interest rate per year specified above, from the Interest Payment Date next preceding the date on which this Bond is authenticated, unless this Bond is (a) authenticated before the first Interest Payment Date following the initial delivery of the Bonds, in which case it shall bear interest from its date, or (b) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date (unless interest on this Bond is in default at the time of authentication, in which case this Bond shall bear interest from the date to which interest has been paid). Interest hereon shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the month next preceding an Interest Payment Date by check or draft mailed to such person at his address as it appears on the registration books kept by the Bond Trustee. Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, New York, is registered owner of all of the Bonds, the principal of and premium, if any, on this Bond shall

be paid to Cede & Co. or such other nominee as provided under the Bond Indenture. Principal, 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 and (except to the extent payment with respect to the Series 2022 Bonds shall be made from the proceeds from the sale of the Series 2022 Bonds or the income, if any, derived from the investment thereof) are payable from the revenues and receipts derived from the trust estate which has been pledged and assigned to the Bond Trustee to secure payment of the Series 2022 Bonds.

THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE CITY OF LEXINGTON, VIRGINIA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND MONIES 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, VIRGINIA, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

This Bond is one of a series of \$ _____ Industrial Development Authority of the City of Lexington, Virginia, Residential Care Facility Revenue Refunding Bonds (Kendal at Lexington), Series 2022 (the "Series 2022 Bonds"), of like date and tenor, except as to number, denomination, rate of interest, maturity and privilege of redemption, authorized and issued pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended. The Series 2022 Bonds are issued under and are equally and ratably secured by a Bond Indenture dated as of October 1, 2016, as previously supplemented and amended and as supplemented and amended by a Second Supplemental Bond Indenture dated as of October 1, 2022 (together, the "Bond Indenture"), between the Authority and the Bond Trustee. The Series 2022 Bonds are secured on a parity with any other bonds issued under the Bond Indenture.

The Authority will issue the Series 2022 Bonds and loan the proceeds of the Series 2022 Bonds to Lexington Retirement Community, Inc. d/b/a Kendal at Lexington, a not-for-profit Virginia nonstock corporation (the "Borrower"), pursuant to the terms of a Loan Agreement dated as of October 1, 2016, as previously supplemented and amended and as supplemented and amended by a Second Amendment to Loan Agreement dated as of October 1, 2022 (together, the "Loan Agreement"), each between the Authority and the Borrower.

The Borrower will use the proceeds of the Series 2022 Bonds to refinance the Authority's Residential Care Facility Revenue Bonds (Kendal at Lexington), Series 2017A and finance amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Series 2022 Bonds.

Pursuant to the Bond Indenture, the Authority has assigned to the Bond Trustee, as security for the Series 2022 Bonds, the promissory note of the Borrower constituting the Series 2022 Obligation in the principal amount of \$ _____, dated _____, 20__ (the "Series 2022 Obligation"), and certain rights of the Authority under the Loan Agreement. In the Loan Agreement, the Borrower agrees to pay amounts sufficient to pay the principal of and premium, if any, and interest on the Series 2022 Bonds as the same become due. The Series 2022 Obligation is issued as an obligation of the Obligated Group under a Master Trust Indenture dated as of October 1, 2016 (the "Master Trust Indenture"), between the Borrower and U.S. Bank National Association, as the master trustee (the "Master Trustee"), as previously supplemented and as further supplemented by a Supplemental Indenture for Series 2022 Obligation dated as of October 1, 2022 (together with the Master Trust Indenture, the "Master Indenture"), between the Borrower and the Master Trustee.

Reference is hereby made to the Bond Indenture, the Loan Agreement, the Master Indenture and the Deed of Trust, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Series 2022 Bonds are issued, the nature and extent of the security for the Series 2022 Bonds, the rights, duties and obligations of the Authority, the Bond Trustee and the Master Trustee, the rights of the holders of the Series 2022 Bonds and the provisions for defeasance of such rights.

The Series 2022 Bonds may not be called for redemption by the Authority except as provided in the Bond Indenture and as provided below.

As more fully described in the Bond Indenture and the Loan Agreement, the Series 2022 Bonds are required to be redeemed by the Authority in whole or in part at any time at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date in the event the Borrower exercises its option to prepay the Series 2022 Obligation, in whole or in part, upon damage to, condemnation of or failure of title to the Mortgaged Premises or certain other extraordinary events.

The Series 2022 Bonds will be subject to redemption by the Authority, at the direction of the Borrower, prior to maturity in whole, or in part by lot, at any time, on and after _____ 1, 20__, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed) plus accrued interest thereon, if any, to the redemption date:

<u>Redemption Period:</u>	<u>Price</u>
_____ 1, 20__, through _____ 31, 20__	103%
_____ 1, 20__, through _____ 31, 20__	102
_____ 1, 20__, through _____ 31, 20__	101
_____ 1, 20__, and thereafter	100

As a sinking fund, the Bond Trustee shall redeem the Series 2022 Bonds maturing on _____ 1, 20__, on _____ 1 in years and in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

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

\$

(maturity)

As a sinking fund, the Bond Trustee shall redeem the Series 2022 Bonds maturing on _____ 1, 20__, on _____ 1 in years and in principal amounts and at a price of 100% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to the redemption date, as follows:

Year

Amount

\$

(maturity)

The Bond Indenture provides for a credit against the sinking fund requirements of the Series 2022 Bonds maturing on _____ 1, 20__ and _____ 1, 20__, to the extent the Series 2022 Bonds of such maturities 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.

Except as otherwise provided in Section 301(a) of the Bond Indenture and herein, if less than all the Series 2022 Bonds of any maturity are called for redemption, the Series 2022 Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, or if the Series 2022 Bonds are held in a book-entry system by The Depository Trust Company in accordance with its procedures, each portion of \$5,000 principal amount being counted as one Bond for this purpose. If a portion of this Bond having a principal amount of more than \$5,000 shall be called for redemption, a new Bond in the principal amount equal to the unredeemed portion thereof will be authenticated and delivered to the registered owner upon the surrender hereof.

If any of the Series 2022 Bonds or portions thereof are called for redemption, the Bond Trustee shall send to the registered owner of each Bond to be redeemed notification thereof by facsimile or electronic transmission, registered or certified mail or overnight express delivery not less than 30 nor more than 60 days prior to the redemption date, at his address as it appears on the registration books; provided, however, that failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2022 Bonds with respect to which no such failure or defect has occurred. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2022 Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Bond Indenture and shall not be deemed to be outstanding under the provisions of the Bond Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Bond Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the Bonds issued under the Bond Indenture and then outstanding may become or may be declared due and payable before their stated maturities, together with accrued interest thereon. Modifications or alterations of the Bond Indenture, the Loan Agreement or the Series 2022 Obligation or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Indenture.

The Series 2022 Bonds are issuable only as registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. At the designated corporate trust office of the Bond Trustee, in the manner and subject to the limitations and conditions and upon payment of charges provided in the Bond Indenture, Series 2022 Bonds may be exchanged for an equal aggregate principal amount of Series 2022 Bonds of different authorized denominations as requested by the owner hereof or his duly authorized attorney or legal representative.

The transfer of this Bond may be registered by the registered owner thereof in person or by his duly authorized attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Bond Indenture and upon surrender and cancellation of the Bond. Upon any such registration of transfer the Authority shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Bond a new Bond, registered in the name of the transferee, of authorized denominations. The Bond Trustee, the Authority and the Borrower shall, prior to due presentment for registration of transfer, treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that all payments of interest shall be made to the registered owner as of the fifteenth day of the month preceding each Interest Payment Date.

Any exchange or registration of transfer shall be without charge except that the Bond Trustee shall make a charge to any bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto.

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 Bond Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon.

IN WITNESS WHEREOF, the Industrial Development Authority of the City of Lexington, Virginia has caused this Bond to be signed by the signature of its Chairman, its seal to be printed hereon and attested by the signature of its Secretary, and this Bond to be dated the date first written above.

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

By: _____
Chairman

[SEAL]

ATTEST:

Secretary

(Form of Trustee's Certificate of Authentication)

Date of Authentication: _____, 2022

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2022 Bonds described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Trustee

By: _____
Authorized Agent

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

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 said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

(Signature of Registered Owner)

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 alternation or enlargement or any change whatsoever.

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.

**REQUISITION NO. ____
FROM THE SERIES 2022 COST OF ISSUANCE FUND**

Date: _____

U.S. Bank National Association,
as Bond Trustee
1051 East Cary Street, Suite 600,
Richmond, Virginia 23219
(Attention: Corporate Trust Department)

**Industrial Development Authority of the City of Lexington, Virginia
Residential Care Facility Revenue Refunding Bonds
(Kendal at Lexington), Series 2022**

On behalf of Lexington Retirement Community, Inc. (the "Borrower"), I hereby requisition pursuant to the Bond Indenture dated as of October 1, 2016, as supplemented by the Second Supplemental Bond Indenture dated as of October 1, 2022 (together, the "Bond Indenture"), each between the Industrial Development Authority of the City of Lexington, Virginia, and U.S. Bank National Association, as bond trustee, the sum specified on the attached Schedule to be paid to the parties specified on the attached Schedule for the purposes specified on the attached Schedule, from the Series 2022 Cost of Issuance Fund.

Each obligation for which a disbursement is hereby requested is described in reasonable detail in the schedule attached hereto (the "Schedule") together with the name and address of the person, firm or corporation to whom payment is due. The bills, invoices or statements of account for each obligation referenced in the Schedule are attached hereto.

The Borrower hereby certifies that:

(a) Each of the obligations stated on the Schedule constitutes a Cost of Issuance and such items are proper charges against the Cost of Issuance Fund and have not been the basis for a prior requisition that has been paid; and

(b) As of the date of this certificate, no event or condition has happened or existed or is happening or exists that constitutes, or that with the notice or lapse of time or both, would constitute, an Event of Default under the Bond Indenture, the Master Indenture or the Loan Agreement.

All capitalized terms herein shall have the meanings assigned to them in the Bond Indenture.

LEXINGTON RETIREMENT COMMUNITY, INC.

By: _____
Authorized Representative

Receipt acknowledged by:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Representative