

**SUPPLEMENTAL TRUST INDENTURE AND
SUPPLEMENTAL LOAN AGREEMENT**

Dated as of _____, 2019

By and Among

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS,
INSTITUTE FOR DEFENSE ANALYSES

And

WELLS FARGO BANK, NATIONAL ASSOCIATION

Amending Amended and Restated Trust Indenture and Amended and Restated Loan Agreement,
each dated as of September 1, 2005 and
Amended and Restated as of December 2, 2015

Relating to

**ABAG Finance Authority For Nonprofit Corporations
Variable Rate Revenue Bonds
(Institute for Defense Analyses Project)
Series 2005**

This SUPPLEMENTAL TRUST INDENTURE AND SUPPLEMENTAL LOAN AGREEMENT (the “**Supplement**”) dated as of _____, 2019 (the “**Date of Execution**”) is by and among ABAG Finance Authority For Nonprofit Corporations, a California joint exercise of powers authority (the “**Issuer**”), INSTITUTE FOR DEFENSE ANALYSES, a Delaware non-profit corporation (the “**Borrower**”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the “**Trustee**”) and amends and supplements the Amended and Restated Trust Indenture (the “**2015 Trust Indenture**”) between the Issuer and the Trustee and the Amended and Restated Loan Agreement (the “**2015 Loan Agreement**”) between the Issuer and the Borrower, each dated as of September 1, 2005 as amended and restated as of December 2, 2015 and as amended by the Modification Agreement and Allonge dated as of [still not signed]. Capitalized terms used herein and not otherwise defined have the meanings given them in the 2015 Trust Indenture.

RECITALS

- A. Article XI of the 2015 Trust Indenture provides for the execution and delivery of certain supplemental trust indentures by the Trustee at the request of the Issuer and with the consent of Institute for Defense Analyses and BB&T Community Holdings Co. (“**BB&TCHC**”), as the Owner of the Bonds.
- B. Article XII of the 2015 Trust Indenture and Article X of the 2015 Loan Agreement provide for the amendment of the Loan Agreement by the Borrower and the Issuer with the consent of the Trustee and the Owner of the Bonds.
- C. The Borrower, by letter to the Issuer dated March __, 2019, has requested the Issuer and the Trustee to enter into a supplemental trust indenture and supplemental loan agreement in substantially the form of this Supplement.
- D. BB&TCHC, as Owner of all of the outstanding Bonds, has granted its consent and approval to execution and delivery of this Supplement.
- E. Concurrently with the execution and delivery of this Supplement, the Borrower and BB&TCHC are executing and delivering a 2019 Amendment to the Continuing Covenants Agreement (the “**2019 CCA Amendment**”) which amends the Continuing Covenants Agreement dated as of December 2, 2015 between the Borrower and BB&TCHC related to the Bonds.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter contained, the Issuer and the Trustee agree as follows:

Section 1.01: Amendments to the 2015 Trust Agreement and 2015 the Loan Agreement.

- 1. The ending date for the “Bank Holder Rate Period” defined in Exhibit A on page A-2 of the 2015 Trust Indenture and in Exhibit A on page A-2 of the 2015 Loan Agreement, is hereby changed from January 5, 2026 to October 1, 2029, and all references to January 5, 2026 in the 2015 Trust Indenture and the 2015 Loan

Agreement as they relate to the ending date of the Bank Holder Rate Period shall be deemed to refer to October 1, 2029.

2. Each of the defined terms in Exhibit A to the 2015 Trust Indenture and the 2015 Loan Agreement (“**Exhibit A**”) also identified in Attachment A hereto is deleted in its entirety and replaced with the corresponding term and definition in Attachment A. The terms “Rating,” “Rating Agencies,” “Applicable Spread,” “Applicable Tax Exempt Spread” and “Applicable Taxable Spread” and their respective definitions in Attachment A are also inserted in Exhibit A.
3. In the definition of “Tax Exempt Rate,” the words “68%” are deleted and replaced with the words “79%.”
4. Section 2.05(e)(i) of the 2015 Trust Indenture is amended to delete the word “decline” and replace it with the word “change.”

Section 1.02: Effectiveness of Certain Amendments to the 2015 Trust Agreement and the 2015 Loan Agreement. The amendments described in Section 1.01 above shall become effective as of the date that is thirty-two (32) days following the later of (i) the redemption by the Industrial Development Authority of the City of Alexandria of approximately \$44,130,000 of its Variable Rate Revenue Bonds (Institute of Defense Analyses Project) Series 2015A with the proceeds of a taxable loan made by Branch Banking and Trust Company to the Borrower, and (ii) the 2019 CCA Amendment becomes effective in accordance with its terms, and (iii) the Date of Execution.

Section 1.03: Miscellaneous

- 1.. The Issuer and the Trustee consent to the execution and delivery of an Allonge to the Borrower’s Amended and Restated Promissory Note dated December 2, 2015 (the “**Note**”) giving effect to the amendments contained herein in substantially the form attached hereto as Attachment B and an allonge to the Bond substantially in the form attached hereto as Attachment C, upon execution of which BB&TCHC agrees to permanently affix the Allonge to Note to the Note and the Allonge to Bond to the Bond.
2. As supplemented hereby, the 2015 Trust Indenture and the 2015 Loan Agreement are in all respects ratified and confirmed, and as supplemented, each shall be read and construed as one and the same instrument.
3. This Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.
4. This Supplement shall be governed by and construed in accordance with the laws of the State of California.

5. The Issuer and Trustee hereby waive notice otherwise required under Sections 11.02(c) and 11.03 of the 2015 Trust Indenture.

The remainder of the page is intentionally left blank.

IN WITNESS WHEREOF, each of the parties hereto has caused this Supplement to be executed on its behalf by its duly authorized officer as of the date entered above.

ISSUER:

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS, a California joint exercise of powers authority

By: _____
Name: _____
Title: _____

BORROWER:

INSTITUTE FOR DEFENSE ANALYSES,
a Delaware non-profit corporation

By: _____
Name: _____
Title: _____

TRUSTEE:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

Entered into with the consent of the Owner of the Bonds:

BB&T Community Holdings Co.

By: _____
Name: _____
Title: _____

“Fitch” means Fitch Group and any successor rating agency to such entity.

“LIBOR” means the average rate quoted by Bloomberg Finance L.P., or any quoting service or commonly available source utilized by the Bank Holder, on the determination date for deposits in U. S. Dollars offered in the London interbank market for one month determined at approximately 11:00 am London time two (2) Business Days prior to the commencement of the applicable LIBOR Accrual Period; provided that if the above method for determining LIBOR shall not be available, LIBOR shall be the rate quoted in The Wall Street Journal and provided further that if neither of the above methods for determining LIBOR shall be available, then (i) if Bond Counsel has delivered an opinion addressed to the Trustee, the District and such Owner (and upon which the Borrower may rely) stating that such modification would not adversely affect the tax-exemption of the interest on the Bonds for federal income tax purposes, then LIBOR shall mean a rate determined by a substitute method of determination agreed on by Borrower and the Owner and, if such agreement is not reached within a reasonable period of time (in Owner's sole judgment), a rate reasonably determined by Owner in its sole discretion as a rate being paid, as of the determination date, by first class banking organizations (as determined by the Owner) in the London interbank market for U. S. Dollar deposits and (ii) if Bond Counsel is unable to deliver the aforesaid opinion, then the LIBOR component of the interest rate borne by such Bonds shall instead be deemed and interpreted to mean the Standard Rate pursuant to and as set forth in Section 2.05 (e) (v) of the Indenture. Notwithstanding the foregoing, if LIBOR shall be less than zero, then LIBOR shall be deemed to be zero for purposes of the Bond Documents.

“Moody’s” means Moody’s Investor Services, Inc. and any successor rating agency to such entity.

“Rating Agencies” means S&P, Moody’s and/or Fitch, as applicable.

“S&P” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency to such entity.

“Spread” means (i) during the initial Bank Holder Rate Period commencing on the Closing Date, the rate determined as the Applicable Spread for Tax-Exempt Rate determined by reference to the pricing grid set forth in the definition of **Applicable Tax Exempt Spread** and (ii) during any subsequent Bank Holder Rate Period, the percentage rate per annum determined by the Bank Holder Calculation Agent to be the lowest percentage rate necessary, when used to determine the Tax-Exempt Rate, to result in a remarketing or placement of the Bonds at a price of par plus accrued interest, without premium or discount, taking into account prevailing market conditions at the time of such remarketing or placement.

“Applicable Tax Exempt Spread” means the rate per annum associated with the applicable Rating, in the pricing grid as specified below, for the Tax-Exempt Rate, as applicable:

Level	Rating (if S&P)	Rating (if Moody's)	Rating (if Fitch)	Applicable Spread for Tax-Exempt Rate
Level 1	A- or higher	A3 or higher	A- or higher	.75%
Level 2	BBB+	Baa 1	BBB+	.85%
Level 3	BBB	Baa 2	BBB	.95%
Level 4	BBB-	Baa 3	BBB-	1.10%

“Rating” shall mean the lowest of the long-term unenhanced debt ratings of the senior unsecured general obligation debt of Borrower assigned by any of the Rating Agencies then rating such debt. Any change in the Applicable Spread resulting from a change in Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the applicable Rating Agency and in the event of adoption of any new or changed rating system by a Rating Agency, each of the Ratings from such Rating Agency referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. If (i) the lowest Rating assigned by the Rating Agencies then rating the Borrower’s senior unsecured general obligation debt is below BBB- or Baa 3 or BBB- from S&P, Moody’s or Fitch, respectively, or (ii) no Ratings are assigned to the senior unsecured general obligation debt of the Borrower from any Rating Agency or such Rating Agency has withdrawn or suspended its ratings of the Borrower’s senior unsecured general obligation debt, or (iii) an Event of Default has occurred and is continuing hereunder, the Default Rate shall be the interest rate on the Bonds.

“Taxable Spread” means (i) during the Bank Holder Rate Period commencing on the Closing Date, the rate determined as the Applicable Spread for Taxable Rate determined by reference to the pricing grid set for the definition of Applicable Taxable Spread, and (ii) during any subsequent Bank Holder Rate Period, the percentage rate per annum determined by the Bank Holder Calculation Agent to be the lowest percentage rate necessary, when used to determine the Taxable Rate, to result in a remarketing or placement of the Bonds at a price of par plus accrued interest, without premium or discount, taking into account prevailing market conditions at the time of such remarketing or placement.

“Applicable Taxable Spread” means the rate per annum associated with the applicable Rating, in the pricing grid as specified below, for the Taxable Rate, as applicable;

Level	Rating (if S&P)	Rating (if Moody's)	Rating (if Fitch)	Applicable Spread for Taxable Rate
Level 1	A- or higher	A3 or higher	A- or higher	0.95%
Level 2	BBB+	Baa 1	BBB+	1.08%
Level 3	BBB	Baa 2	BBB	1.20%
Level 4	BBB-	Baa 3	BBB-	1.39%

Form of Allonge to Promissory Note

ALLONGE TO PROMISSORY NOTE

This ALLONGE TO PROMISSORY NOTE (the "Allonge") is made and entered into as of _____, 2019, and is to be attached to and form a part of that certain \$11,945,000 Amended and Restated Promissory Note dated December 2, 2015 (the "Note"), made by INSTITUTE FOR DEFENSE ANALYSES, a Delaware non-profit corporation (the "Borrower") and payable to the order of ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS (the "Issuer"), or assigns.

WHEREAS, Wells Fargo Bank, National Association, as Trustee (the "Trustee") is the present owner and holder of the Note, by virtue of an assignment from the Issuer as contemplated in the Amended and Restated Trust Indenture dated as of September 1, 2005 as amended and restated as of December 2, 2015 (the "Trust Indenture") between the Issuer and the Trustee.

WHEREAS, the Borrower issued the Note as contemplated by the Trust Indenture in connection with the issuance by the Issuer of \$11,945,000 ABAG Finance Authority For Nonprofit Corporations Variable Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2005 (the "Bonds").

WHEREAS, BB&T COMMUNITY HOLDINGS CO. a Nevada corporation, is the owner of the Bonds and the "Bank Holder" as defined in the Trust Indenture.

WHEREAS, the Issuer, the Borrower, the Trustee and the Bank Holder have agreed to make certain amendments to the Trust Indenture and to the Amended and Restated Loan Agreement dated as of September 1, 2005 as amended and restated as of December 2, 2015 (the "Loan Agreement") between the Issuer and the Borrower affecting the "Bank Holder Rate Period" as defined in the Trust Indenture and the interest rate borne by the Bonds and the Note, among other things,

NOW, THEREFORE, in consideration of the foregoing, of the agreements hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Note is hereby amended and modified as follows:

1. The recitals set forth above are incorporated herein and made a part hereof. Terms used herein and not otherwise defined shall have the same meanings given to such terms in the Trust Indenture.

2. All references in the Note to the "Trust Indenture" and the "Loan Agreement," respectively, henceforward shall be deemed references to the Trust Indenture, as amended and supplemented from time to time and to the Loan Agreement, as amended and supplemented from time to time.

3. This Allonge shall be effective as of the date hereof and shall be binding on each party's respective assigns and successors in interest.

4. This Allonge shall be executed by the Borrower and delivered to the Bank Holder and shall become a part of and be permanently attached as an allonge to the Note, and the Note and this Allonge shall be read and construed as one instrument constituting the evidence of the Borrower's indebtedness to the Issuer. The Borrower acknowledges and agrees that there are no known defenses, counterclaims or set-offs against any of its obligations under the Note, as modified hereby.

5. All of the other terms, conditions and provisions of the Note are hereby ratified, confirmed and reaffirmed, it being the intention of the parties hereto that the Note shall remain in full force and effect, except as expressly modified hereby.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Borrower has executed this Allonge as of the day and year first above written.

INSTITUTE FOR DEFENSE ANALYSES, a Delaware non-profit corporation

By: _____
Name: _____
Title: _____

ALLONGE TO PROMISSORY NOTE
CONSENTED TO AND AUTHORIZED:

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____
Name: _____
Title: _____

BB&T COMMUNITY HOLDINGS CO.

By: _____
Name: _____
Title: _____

Form of Allonge to Bond

ALLONGE TO BOND

THIS ALLONGE TO BOND (“Allonge to Bond”) is made and entered into as of _____, 2019, and is to be attached to the below identified Bond issued by ABAG Finance Authority for Nonprofit Corporations (the “Issuer”):

ABAG Finance Authority for Nonprofit Corporations
Variable Rate Revenue Bond
(Institute for Defense Analyses Project)
Series 2005

No. R-2, dated December 2, 2015 in the original principal amount of \$10,750,000

1. The paragraph entitled “Bank Holder Rate Period” on page 7 of the Bond is amended to delete the date stated on the first line thereof and to replace it with the date October 1, 2029.
2. The seventh sentence in the paragraph entitled “Bank Holder Rate Period” shall be amended by deleting the word “decline” and replacing such word with the word “change.”
3. This Allonge to Bond shall be effective as of the date hereof and shall be binding on each party’s respective assigns and successors in interest. This Allonge to Bond shall become part of and shall be permanently attached as an allonge to the Bond and the Bond and this Allonge to Bond shall be read and construed as one instrument.

IN WITNESS WHEREOF, the Issuer has caused this Allonge to be executed in its name and its official seal to be impressed or imprinted hereon, and attested by its Secretary all as of the date referenced above.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

ACKNOWLEDGED:

WELLS FARGO BANK, N.A.,
as Trustee

By: _____

Its: _____

BB&T COMMUNITY HOLDINGS CO.

By: _____

Its: _____