

*In the opinion of Bond Counsel, under current law and subject to the conditions described under "TAX MATTERS", interest on the Series 2018A Bonds (i) is excludable from the gross income of the owners of the Series 2018A Bonds for federal income tax purposes, (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, under current law, interest on the Series 2018B Bonds is includable in gross income for federal income tax purposes. See "TAX MATTERS-SERIES 2018A BONDS" and "TAX MATTERS-SERIES 2018B BONDS" regarding certain other tax considerations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from income taxation by the Commonwealth of Virginia and any of its political subdivisions. See "TAX MATTERS" herein.*



**\$8,820,000**  
**FAIRFAX COUNTY ECONOMIC  
 DEVELOPMENT AUTHORITY**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018A (Tax-Exempt Green Bonds)**

**\$1,970,000**  
**FAIRFAX COUNTY ECONOMIC  
 DEVELOPMENT AUTHORITY**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018B (Taxable Green Bonds)**

**Dated:** Date of Delivery

**Due:** As shown on inside front cover

The above-captioned bonds (the "Bonds") are being issued by the Fairfax County Economic Development Authority (the "Authority") pursuant to a Bond Trust Indenture dated as of August 1, 2018 (the "Bond Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee"). The Authority will loan the proceeds of the Bonds to National Wildlife Federation (the "Borrower") pursuant to the Loan Agreement dated as of August 1, 2018 (the "Loan Agreement"). Such proceeds will be used to assist the Borrower with (a) currently refinancing prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of a new headquarters facility comprising four stories and approximately 100,000 square feet of commercial office space, and related parking facilities located at 11100 Wildlife Center Drive, Reston, Virginia (the "Property"), as well as other property functionally related and subordinate thereto, and (b) financing costs related to the issuance of the Bonds, all as more particularly described in "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds will be limited obligations of the Authority and will be payable solely from (i) payments by the Borrower pursuant to the Loan Agreement and (ii) to the extent provided in the Bond Indenture, other amounts held thereunder. The obligations of the Borrower under the Loan Agreement are evidenced and secured by a Promissory Note (the "Note") of the Borrower. See "SECURITY FOR THE BONDS" herein.

Interest on the Bonds is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2018, until maturity or earlier redemption. The Bonds are subject to redemption prior to maturity as more fully described herein. The Bonds will initially be issuable in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof.

The Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the Bonds will not receive physical certificates representing their interest in the Bonds purchased. Payments of principal of and interest on the Bonds will be paid by the Bond Trustee to DTC for subsequent disbursement to DTC participants who will remit such payment to the beneficial owners of the Bonds. See APPENDIX F – Book-Entry System Only attached hereto.

THE PURCHASE OF THE BONDS INVOLVES SPECIAL RISKS. SEE "BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

**THE BONDS, THE PREMIUM, IF ANY, AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND FAIRFAX COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA, THE AUTHORITY NOR FAIRFAX COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, THE PREMIUM, IF ANY, AND INTEREST ON THE BONDS EXCEPT FROM THE REVENUES, RECEIPTS AND FUNDS PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND FAIRFAX COUNTY IS PLEDGED FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**

**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 Bonds are offered, when, as and if issued by the Authority and received by the Underwriter, subject to the approval of their validity by McGuireWoods LLP, Tyson's Corner, Virginia, Bond Counsel, as described herein, and to certain other conditions. Certain legal matters will be passed upon for the Authority by Thomas O. Lawson, Esquire, Fairfax, Virginia; for the Borrower by Arent Fox LLP, Washington, D.C.; and for the Underwriter by its counsel, Ballard Spahr LLP, Washington, D.C. Delivery of the Bonds is expected to be on or about August 1, 2018, through the facilities of The Depository Trust Company, New York, New York.*

**Morgan Stanley**

**\$8,820,000**  
**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018A (Tax-Exempt Green Bonds)**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS†**

**\$4,475,000 Serial Bonds**

<u>Due (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP Numbers</u>
2019	\$ 95,000	3.000%	101.475%	1.620%	30382EGQ1
2020	105,000	3.000	102.441	1.800	30382EGR9
2021	110,000	4.000	105.919	2.010	30382EGS7
2022	110,000	4.000	107.193	2.150	30382EGT5
2023	115,000	4.000	108.160	2.290	30382EGU2
2024	120,000	4.000	108.709	2.450	30382EGV0
2025	125,000	4.000	109.137	2.580	30382EGW8
2026	455,000	5.000	116.521	2.710	30382EGX6
2027	475,000	5.000	117.797	2.770	30382EGY4
2028	500,000	5.000	118.628	2.860	30382EGZ1
2029	525,000	5.000	117.860*	2.940*	30382EHA5
2030	550,000	5.000	117.098*	3.020*	30382EHB3
2031	580,000	5.000	116.248*	3.110*	30382EHC1
2032	610,000	5.000	115.779*	3.160*	30382EHD9

\$1,310,000 – 5.000% Term Bonds due September 1, 2034 – Price: 114.662%\* to yield 3.280%\*; CUSIP Number: 30382EHE7

\$1,445,000 – 5.000% Term Bonds due September 1, 2036 – Price: 113.925%\* to yield 3.360%\*; CUSIP Number: 30382EHF4

\$1,590,000 – 5.000% Term Bonds due September 1, 2038 – Price: 113.376%\* to yield 3.420%\*; CUSIP Number: 30382EHG2

**\$1,970,000**  
**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018B (Taxable Green Bonds)**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS†**

\$1,970,000 – 3.700% Term Bonds due September 1, 2025 – Price: 100% to yield 3.700%; CUSIP Number: 30382EHH0

\* Priced to first optional redemption date of September 1, 2028.

†Copyright: American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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**Neither the Bonds nor any other security relating to the Bonds has been registered under the Securities Act of 1933, as amended, and no trust indenture has been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in those acts. Those exemptions from registration and from qualifications under applicable provisions of federal or state securities laws should not be regarded as a recommendation thereof. No state or agency thereof has passed upon the merits of the Bonds or any related security or the accuracy or completeness of this Official Statement. Any representations to the contrary may be a criminal offense.**

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Borrower or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Authority, the Borrower and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. This Official Statement is not to be construed as a contract or agreement between the Authority or the Borrower and the purchasers or owners of any of the Bonds. This Official Statement speaks as of its date, except where specifically noted otherwise, and the information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof or imply that any information herein is accurate or complete as of any later date.

The Authority neither has nor assumes any responsibility as to the accuracy or completeness of the information in this Official Statement, all of which, other than the information in "THE AUTHORITY" and "LITIGATION" (insofar as the statements contained therein purport to describe litigation affecting the Authority) has been furnished by others. **THE AUTHORITY MAKES NO REPRESENTATIONS HEREUNDER WHATSOEVER AS TO THE CREDITWORTHINESS OF THE BORROWER OR THE ABILITY OF THE BORROWER TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The Underwriter has provided the following sentence for inclusion in this official statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under 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.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT.** Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "may," "would," "could," "will," "anticipate," "believe," "intend," "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borrower does not plan 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 or do not occur.

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## OFFICIAL STATEMENT

**\$8,820,000**  
**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018A (Tax-Exempt Green Bonds)**

**\$1,970,000**  
**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018B (Taxable Green Bonds)**

### INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by the Fairfax County Economic Development Authority (the "Authority") of its \$8,820,000 aggregate principal amount of Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) (the "Series 2018A Bonds") and \$1,970,000 aggregate principal amount of Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Bonds").

The Bonds are being issued pursuant to a Bond Trust Indenture dated as of August 1, 2018 (the "Bond Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee"). The proceeds of the Bonds will be loaned by the Authority to National Wildlife Federation (the "Borrower") pursuant to a Loan Agreement dated as of August 1, 2018 (the "Loan Agreement"), by and between the Authority and the Borrower. As evidence of its obligations under the Loan Agreement, and in consideration for the loan, the Borrower will deliver its Promissory Note (the "Note") dated the date of delivery of the Bonds in the original principal amount of the Bonds.

Proceeds of the Bonds will be used by the Borrower to (a) currently refinance prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of a new headquarters facility comprising four stories and approximately 100,000 square feet of commercial office space, and related parking facilities located at 11100 Wildlife Center Drive, Reston, Virginia (the "Property"), as well as other property functionally related and subordinate thereto, and (b) finance costs related to the issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds will be limited obligations of the Authority and will be payable solely from (i) payments by the Borrower pursuant to the Loan Agreement and (ii) to the extent provided in the Bond Indenture, other amounts held thereunder. The obligations of the Borrower under the Loan Agreement are evidenced and secured by the Note. Neither the Bonds nor the Borrower's obligation under the Loan Agreement are secured by a pledge of or mortgage on any specific assets or property of the Borrower. See "SECURITY FOR THE BONDS" herein.

The Bonds will initially be issued as fully registered bonds in book entry form in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. See "THE BONDS – General Description."

All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to them in the Bond Indenture, Loan Agreement and Note, proposed forms of which are attached hereto as APPENDIX C – Forms of Principal Legal Documents, unless the context or use clearly indicates otherwise.

An investment in the Bonds involves risk. Prospective investors are advised to read this entire Official Statement, including the Appendices hereto. Special reference is made to “SECURITY FOR THE BONDS” and “BONDHOLDERS’ RISKS” for a discussion of certain risk factors that should be considered in connection with an investment in the Bonds.

### **THE AUTHORITY**

The Authority was created by Chapter 643, Acts of Assembly of 1964, as amended (the “Act”) to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth of Virginia, duly organized and existing under the laws of the Commonwealth of Virginia, and is governed by seven commissioners appointed by the Fairfax County Board of Supervisors. The Authority has determined that the issuance of the Bonds and the loan of the proceeds thereof to the Borrower constitute an undertaking that will promote the purposes of the Act. The Authority is empowered, among other things, to finance and refinance facilities, by issuance of its revenue bonds, for use by organizations (other than institutions organized and operated exclusively for religious purposes), which are described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and which are exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1954, as amended. The Bonds will be limited obligations of the Authority. The Authority has no taxing power.

### **THE BORROWER**

Organized in 1936 at the suggestion of President Franklin D. Roosevelt, the Borrower is a not-for-profit wildlife conservation organization incorporated under the laws of the District of Columbia. The Borrower is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from Federal income taxation pursuant to Section 501(a) of the Code. For more information concerning the Borrower's operations, see APPENDIX A. Audited financial statements of the Borrower for the fiscal years ending August 31, 2017 and August 31, 2016 are attached as APPENDIX B hereto.

### **PLAN OF FINANCE**

The proceeds of the sale of the Bonds will be used by the Borrower to (a) currently refinance prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of the Property, as well as other property functionally related and subordinate thereto, and (b) finance costs related to the issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

On the date of delivery of the Bonds, proceeds of the Bonds will be used to refinance a term loan incurred by the Borrower and the Borrower’s obligations with respect thereto shall terminate. At such time, the long-term indebtedness of the Borrower will be as described in APPENDIX A – Other Indebtedness.



## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds:

### **SOURCES OF FUNDS:**

Par Amount of the Bonds	\$10,790,000.00
Net Original Issue Premium	1,286,751.00
<b>TOTAL SOURCES OF FUNDS</b>	<b><u>\$12,076,751.00</u></b>

### **USES OF FUNDS:**

Refinancing of Term Loan	\$11,657,131.20
Underwriter's Discount	93,381.02
Costs of Issuance <sup>1</sup>	<u>326,238.78</u>
<b>TOTAL USES OF FUNDS:</b>	<b><u>\$12,076,751.00</u></b>

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<sup>1</sup> Includes accounting, legal fees and other costs related to the issuance of the Bonds (excluding Underwriter's discount).

## **Green Bonds Designation**

Through habitat protection, restoration, and management, the Borrower has a far-reaching impact and has brought numerous species back from the brink of extinction, including eagles, wolves, deer, elk, bighorn sheep, and whales. As one of America's oldest and largest conservation organizations, the Borrower works across the country to unite Americans from all walks of life in giving wildlife a voice. By seeking to bring people from diverse walks of life under the umbrella of environmental stewardship and resource protection, the Borrower seeks to develop a consensus for environmental conservation throughout the world. The Borrower's website is <https://www.nwf.org>, which is provided for informational purposes only and not incorporated by reference. See "APPENDIX A" for further information.

The Borrower is issuing the Bonds as "Green Bonds," to allow investors to invest directly in bonds that finance environmentally beneficial projects and further the Borrower's mission as a conservation organization. The owners of the Bonds do not assume any specific project risk or economic benefit related to the Property as a result of the Green Bonds designation.

### *Use of Proceeds*

The proceeds from the Bonds will be used by the Borrower primarily to refinance prior obligations of the Borrower, which were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of the Property. See "PLAN OF FINANCE."

The Property serves as the national headquarters for the Borrower's administrative leadership, programming staff and lobbying efforts. The Borrower coordinates its mission from the Property to reach over six million members and supporters, 51 state and territorial affiliates and eleven regional natural resource centers and project offices. With respect to the sustainability, the Property was selected by The American Institute of Architects as a Top Ten Green Project when constructed (<http://www.aiatopten.org/node/193>). The location of the Property encourages mass transit usage as well as provides bike trail access for alternative commuting. The site is also adjacent to the 475-acre Lake Fairfax Park that the Borrower uses to support its educational mission, including promoting local biodiversity and natural water bioretention to preserve water quality. The headquarters itself has a narrow building footprint designed to reduce energy usage through energy efficient design and materials. The building's energy management system incorporates modern energy saving features in heating and cooling as well as solar panels for water heating.

### *Process for Project Evaluation*

The Borrower developed the Property to align its mission with its day-to-day operations, providing a centralized location to coordinate operations as well as serving as an education and training center for conservation.

### *Management of Proceeds*

The Borrower has established a Redemption Fund in which proceeds from the Bonds will be deposited to refinance prior obligations that were used to finance and refinance all or a portion of the cost of the Property. See "PLAN OF FINANCE." The remaining proceeds of the Bonds will be used to pay the costs associated with the issuance of the Bonds.

### *Reporting*

Because the development of the Project is now complete, the Borrower does not intend to report on the use of proceeds. The Borrower does, however, encourage investors to access its website (<https://www.nwf.org>) for ongoing updates related to the Borrower and its conservation efforts, provided such link is provided for informational purposes only and is not incorporated by reference.

## THE BONDS

### General Description

The Bonds will be dated the date of their delivery and will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The Bonds will bear interest from their date of delivery at the rates set forth on the inside cover of this Official Statement, payable on September 1, 2018, and on each March 1 and September 1 thereafter (each, an "Interest Payment Date").

The Bonds will initially be issued in authorized denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof.

The Bonds will initially be registered as to principal and interest in the name of Cede & Co., as nominee for DTC (as hereinafter defined). Purchases of beneficial ownership interests in the Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interests in the 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 –Book-Entry Only System attached hereto.

### Exchange of Bonds

As long as the Bonds are held by DTC or its nominee, Beneficial Owners may transfer their interest in the Bonds through the facilities of DTC as described in APPENDIX F – Book-Entry Only System attached hereto. If the book-entry system is discontinued, exchanges of Bonds may be made at the designated corporate trust office of the Bond Trustee for an equal aggregate principal amount of other 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 Bond has been mutilated, lost or destroyed, the Authority may execute and the Bond Trustee may authenticate and deliver a new Bond upon receipt of payment of the reasonable expenses and charges of the Authority and the Bond Trustee and indemnity satisfactory to them.

### Redemption of Bonds Prior to Maturity

Optional Redemption. The Series 2018A Bonds maturing on or after September 1, 2029 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 September 1, 2028, at a redemption price (expressed as a percentage of the principal amount of the Series 2018A Bonds being redeemed) equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

The Series 2018B Bonds are subject to redemption prior to their stated maturity in whole or in part on any date, at the option of the Borrower, at the Make-Whole Redemption Price, together with accrued interest to the date fixed for redemption.

For purposes of this section, "Make-Whole Redemption Price" means the greater of:

- (a) 100% of the principal amount of the Series 2018B Bonds being redeemed; or
- (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2018B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2018B Bonds are to be redeemed, discounted to the date on which the Series 2018B Bonds are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate, plus with respect to the Series 2018B Bonds maturing on September 1, 2025 and subject to sinking fund redemption, 15 basis points.

Mandatory Sinking Fund Redemption. The Series 2018A Bonds maturing on September 1, 2034 are required to be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on each September 1 in the years and the principal amounts set forth below:

<u>Payment Date</u>	<u>Amount</u>
2033	\$640,000
2034 <sup>†</sup>	670,000

<sup>†</sup>final maturity

The Series 2018A Bonds maturing on September 1, 2036 are required to be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on each September 1 in the years and the principal amounts set forth below:

<u>Payment Date</u>	<u>Amount</u>
2035	\$705,000
2036 <sup>†</sup>	740,000

<sup>†</sup>final maturity

The Series 2018A Bonds maturing on September 1, 2038 are required to be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on each September 1 in the years and the principal amounts set forth below:

<u>Payment Date</u>	<u>Amount</u>
2037	\$775,000
2038 <sup>†</sup>	815,000

<sup>†</sup>final maturity

The Series 2018B Bonds maturing on September 1, 2025 are required to be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on each September 1 in the years and the principal amounts set forth below:

<u>Payment Date</u>	<u>Amount</u>
2019	\$255,000
2020	260,000
2021	270,000
2022	280,000
2023	290,000
2024	300,000
2025 <sup>†</sup>	315,000

<sup>†</sup>final maturity

The Bond Indenture provides for a credit against sinking fund redemption requirements for Bonds that, prior to any sinking fund redemption date, have been redeemed (otherwise than by mandatory sinking fund redemption) or have been 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 Bonds has not previously been applied as a credit against any other mandatory sinking fund redemption payment.

Mandatory Redemption for Determination of Taxability. Upon the occurrence of a Determination of Taxability, the Series 2018A Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption. The Series 2018A Bonds shall be

redeemed in whole unless redemption of a portion of the Series 2018A Bonds then outstanding would have the result that interest payable on the Series 2018A Bonds remaining outstanding after such redemption would not be includable in the gross income of any holder of a Series 2018A Bond. In such event, the Series 2018A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of nationally recognized bond counsel to accomplish that result.

Extraordinary Optional Redemption. The Bonds are subject to redemption prior to maturity upon the occurrence of any of the events described in (a) – (c) of this section. If the Borrower exercises such option to prepay the Note, the Bonds will be redeemed in whole if the Note is prepaid in full or in part to the extent the Note is prepaid if the Note is prepaid in part, at any time at a redemption price equal to (1) 100% of the principal amount thereof, plus accrued interest to the redemption date, if the Note is prepaid under Sections (a) or (b) below or (2) if the Note is prepaid under Section (c) below, (i) with respect to any Series 2018A Bond redeemed, the Amortized Value thereof plus accrued interest to the redemption date or (ii) with respect to any Series 2018B Bond redeemed, the Make-Whole Redemption Price (as defined in "Optional Redemption" herein) plus accrued interest to the redemption date.

(a) all or a substantial portion of a facility refinanced with proceeds of the Bonds (each a "Facility") is damaged or destroyed by fire or other casualty, or title to or the temporary use of all or a substantial portion of such Facility is condemned or taken for any public or quasi-public use by any authority exercising or threatening the exercise of the power of eminent domain, or title thereto is found to be deficient, to such extent that in the sole determination of the Borrower (i) the Facility cannot be reasonably restored or replaced to the condition thereof preceding such event, or (ii) the Borrower is thereby prevented from carrying on its normal operations for a period of time of at least 60 days, or (C) the cost of restoration or replacement thereof would exceed the net proceeds of any casualty insurance, title insurance, condemnation awards or sale under threat of condemnation with respect thereto;

(b) as a result of any changes in the Constitution of the Commonwealth or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Indenture or the Loan Agreement becomes void or unenforceable or impossible of performance in any material respect; or

(c) the sale or other disposition of the Property by the Borrower to a party other than a related party; for purposes of this section, "related party" means any two or more persons who have (1) common ownership of the voting power of the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another) or (2) 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).

For purposes of this section, "Amortized Value" means, with respect to any Series 2018A Bond to be redeemed, the principal amount of such Series 2018A Bond multiplied by the price of such Series 2018A Bond expressed as a percentage, calculated based on the industry standard method of calculating bond prices (as such industry standard prevails on the date of delivery of the Series 2018A Bonds), with a delivery date equal to the date of redemption, a maturity date equal to the earlier of (a) the stated maturity date of such Series 2018A Bond or (b) the first optional redemption date of such Series 2018A Bond and a yield equal to such Series 2018A Bond's original reoffering yield, which produces the amounts for all of the Series 2018A Bonds to be set forth in Appendix G attached hereto.

In the event of partial extraordinary optional redemption, an Authorized Representative of the Borrower may direct the Bond Trustee to redeem as directed by the Borrower, the Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of the Bonds of such maturity bears to the total principal amount of all Bonds issued under this Indenture and then outstanding or in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions.

To exercise such option under the circumstances described in (a) and (b) above, the Borrower shall within 120 days after the event permitting such exercise give notice to the Authority and the Bond Trustee that it is exercising such option and specify a date not more than 60 days thereafter for making such prepayment. To exercise such option under the circumstances described in (c) above, the Borrower shall, within 30 days after the event permitting such exercise, give notice to the Authority and the Bond Trustee that it is exercising such option and specifying a date not

more than 60 days thereafter for making such prepayment. In such case, the Authority shall cause the Bond Trustee to redeem the Bonds as provided in the Bond Indenture.

### **Manner of Redemption**

The Bond Trustee shall cause notice of the call for any such redemption identifying the Bonds to be redeemed to be sent by first class mail not less than 30 nor more than 60 days prior to the redemption date to the owner of each Bond to be redeemed at his address as it appears on the registration books. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure or defect has occurred.

During the period that DTC or its nominee is the registered holder of the Bonds, notices of redemption to the Beneficial Owners of the Bonds will be provided through the facilities of DTC. See APPENDIX F – Book-Entry Only System.

Any notice of redemption mailed shall be deemed to have been duly given when mailed by the Bond Trustee. Any such notice shall be given in the Authority's name, identify the Bonds to be redeemed by name, certificate number, CUSIP number, interest rate, maturity date and any other descriptive information determined by the Bond Trustee to be needed to identify the Bonds. All such notices shall also state that on the redemption date the Bonds called for redemption will be payable at the Bond Trustee's designated corporate trust office and that from that date interest will cease to accrue.

In the case of an optional redemption, the notice may state that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the redemption date.

On or before the date fixed for redemption, funds shall be deposited with the Bond Trustee to pay the principal of and interest accrued thereon to the redemption date on the Bonds called for redemption. Upon the happening of the above conditions, the Bonds or portions thereof thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by the Bond Indenture and shall not be deemed to be Outstanding under the provisions of the Bond Indenture. In the event that the notice of redemption contains a condition as described in the immediately preceding paragraph and such moneys are not so received, such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

Except as provided in Section 301(a) of the Bond Indenture concerning selection of Bonds for redemption under the circumstances described in "Extraordinary Optional Redemption" above, if less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, each portion of an authorized denomination of principal amount (as provided in Section 202 of the Bond Indenture) being counted as one Bond for such purposes; provided, however, that if less than all of the Series 2018B Bonds of a maturity subject to sinking fund requirements in accordance with "Mandatory Sinking Fund Redemption" above are called for optional redemption, then the Borrower shall designate the principal amount of such maturity of the Series 2018B Bonds so called and such principal amount shall be applied to reduce each subsequent sinking fund requirement applicable to such maturity as nearly as possible on a pro rata basis, taking into account minimum authorized denominations. Notwithstanding the preceding sentence, except as provided in Section 301(a) of the Bond Indenture concerning selection of Bonds for redemption under the circumstances described in "Extraordinary Optional Redemption" above, if less than all of the Bonds of any maturity are called for redemption and the Bonds are held in a book-entry system by The Depository Trust Company ("DTC"), then the Bonds to be redeemed shall be selected by DTC in accordance with its procedures, each portion of an authorized denomination of principal amount (as provided in Section 202 of the Bond Indenture) being counted as one Bond for such purposes. If a portion of a Bond having a principal amount of more than an authorized denomination (as provided in Section 202 of the Bond Indenture) 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.

### **Purchase in Lieu of Optional Redemption**

The Authority and, by their acceptance of the Bonds, the owners of the Bonds, irrevocably grant to the Borrower the option to purchase, at any time and from time to time, any Bond which has been called for optional redemption pursuant to the provisions of the Bond Indenture at a purchase price equal to the applicable redemption price. To exercise such option, the Borrower will give the Bond Trustee a written request exercising such option. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased will be selected as if such Bonds were called for optional redemption. The Bond Trustee will thereupon give notice of such purchase as though such purchase were an optional redemption. All such purchases may be subject to conditions to the obligation of the Borrower to purchase such Bonds and will be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Bonds is held by the Bond Trustee, the purchase price of the Bonds or portions thereof so called for purchase will become due and payable on the date set for purchase. Following such purchase, the Bond Trustee will cause such Bonds, so long as they are not book-entry bonds, to be registered in the name of the Borrower or its nominee and will deliver them to the Borrower or its nominee. No purchase of the Bonds pursuant to this provision will operate to extinguish the indebtedness of the Authority evidenced thereby.

### **Acceleration Upon Default; Other Remedies**

All principal and accrued interest on the Bonds shall 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 51% in aggregate principal amount of Bonds then outstanding. The Bond Trustee's receipt of proceeds upon acceleration is dependent upon the Bond Trustee taking certain action. See APPENDIX C – Forms of Principal Legal Documents – Bond Trust Indenture attached hereto.

### **Defeasance**

When the interest on, and the principal and redemption premium, if any, of all Bonds have been paid, or there has 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, and interest due and to become due on the Bonds on or prior to the redemption date or maturity date thereof, such 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 Bonds. See APPENDIX C – Forms of Principal Legal Documents – Bond Trust Indenture attached hereto.

## **SECURITY FOR THE BONDS**

### **General**

The principal of, premium, if any, and interest on the Bonds will be payable solely from moneys paid by the Borrower pursuant to the Loan Agreement and the Note and the security pledged for such payment.

The Bonds will be issued pursuant to the Bond Indenture and will be secured thereunder. The Authority, pursuant to the Bond Indenture, assigns and pledges to the Bond Trustee as security for the Bonds the following: (a) all of its rights, title and interest under, in and to the Loan Agreement and the Note, (b) all revenues and receipts receivable by the Authority pursuant to the foregoing, including loan payments (but excluding certain reserved rights of the Authority, 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) and (c) the moneys and securities held by the Bond Trustee in certain funds and accounts created under the Bond Indenture.

### **Limited Obligations**

**The Bonds and the interest thereon will be limited obligations of the Authority, are payable solely from the security pledged therefor and not from any other fund or source of the Authority and are secured under**

the Bond Indenture as described herein. The amounts payable under the Note are designed to be sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due.

**THE BONDS, THE PREMIUM, IF ANY, AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND FAIRFAX COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA, THE AUTHORITY NOR FAIRFAX COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, THE PREMIUM, IF ANY, AND INTEREST ON THE BONDS EXCEPT FROM THE REVENUES, RECEIPTS AND FUNDS PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND FAIRFAX COUNTY IS PLEDGED FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**

The Borrower's obligation under the terms of the Loan Agreement is not secured by a pledge or mortgage of any specific assets or property of the Borrower.

### **BONDHOLDERS' RISKS**

*The discussion herein of risks to the registered owners of the Bonds is not intended as dispositive, comprehensive or definitive, but rather is to summarize certain matters that could affect payment on the Bonds. Other sections of this Official Statement, as cited herein, should be referred to for a more detailed description of risks described in this section, which descriptions are qualified by reference to any documents discussed therein. Copies of all such documents are available for inspection at the principal office of the Bond Trustee.*

*The ability of the Authority to make timely payments of principal of and interest on the Bonds depends primarily on the ability of the Borrower to make timely payments of principal of and interest pursuant to the Loan Agreement. The Borrower expects that revenues derived from its ongoing operations, when taken together with other funds available to the Borrower for such purposes, will be sufficient to make debt service payments on the Bonds, and the Borrower has covenanted under the Loan Agreement to make all payments due on the Bonds as and when the same become due. A number of factors, including those set forth below, however, may affect adversely the Borrower's ability to make timely payments pursuant to the Loan Agreement and on the Note. For more information on the Borrower and its financial condition, see APPENDIX A – National Wildlife Federation and APPENDIX B – Financial Statements of the Borrower attached hereto.*

### **Secondary Market for the Bonds**

There can be no assurance that there will be a secondary market for the purchase or sale of the Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may constitute the secondary market, the evaluation of the Borrower's capabilities and the financial condition and results of operations of the Borrower.

### **Risks of Early Payment**

The Bonds may be required to be paid prior to maturity upon optional, extraordinary optional or mandatory redemption (as described under "THE BONDS — Redemption of Bonds Prior to Maturity" herein) and upon an acceleration following the occurrence of certain Events of Default under the Bond Indenture and the Loan Agreement. If the Bonds become due upon an acceleration, interest on the Bonds shall cease to accrue on the date of the accelerated payment and no premium would be payable.

### **Borrower's Revenues and Expenses**

The Borrower derives its revenue from a variety of sources, including annual fundraising and revenues from education and training programs, as well as memberships and individual, corporate and governmental donations and sponsorship of the Borrower's mission and programming. A substantial portion of the Borrower's revenues and of its



net operating revenues are directly or indirectly attributable to philanthropic giving and investment earnings and are dependent upon the Borrower's ability to sustain its current national and international recognition as a leader in environmental and wildlife conservation. The Borrower regularly reviews its programs and activities and reserves the right to change these in its discretion. Over the term of the Bonds, many factors could adversely affect the Borrower's sources of annual revenue, including by way of illustration and not limitation, changes in the tax law affecting matters such as the deductibility of charitable donations and the tax treatment of Borrower's income from one or more of the above sources could adversely affect the financial condition of the Borrower.

### **Changes in Personnel**

Future changes in the trustees or key administration personnel of the Borrower could affect the capability of the administration to effectively manage the Borrower.

### **Investment Income**

Although the Borrower believes that its invested funds are being managed prudently and has adopted policies designed to ensure the prudent management of those investments in the future, there is no assurance that unforeseen developments in the securities markets will not adversely affect the market value of those investments and the income generated therefrom. See APPENDIX A – Investment Income.

### **Fundraising**

The Borrower has historically demonstrated an ability to raise funds from a variety of benefactors for its operations and capital development programs. The ability to raise funds in the future may be affected adversely by a number of factors, including changes in general economic conditions and tax law changes affecting the deductibility of charitable contributions.

### **Changes in Law**

Changes in law may impose new or added financial or other burdens on the operations of the Borrower. Developments may include: (i) legislative or regulatory requirements for maintaining status as an organization exempt from taxation as described in Section 501(c)(3) of the Code; or (ii) challenges to state and local exemptions from real property tax and other taxes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations will not materially adversely affect the operations and financial condition of the Borrower by requiring it to pay income or real property taxes (or other ad valorem taxes).

### **Limitations on Enforceability of Remedies**

The Bonds are payable from the payments to be made under the Note and the Loan Agreement. Pursuant to the Bond Indenture, the Authority will assign to the Trustee all of its right, title and interest in and to the Note and the Loan Agreement, except its rights to payment of its fees and expenses, indemnification and notices. The practical realization of value from this property will depend upon the exercise of various remedies specified by the Loan Agreement and the Bond Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including particularly federal bankruptcy law), the remedies specified by the Loan Agreement and the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Loan Agreement or the Indenture.

If the Borrower (for purposes of this paragraph, a "Debtor") were to file a petition for relief under federal bankruptcy law, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Debtor and its property. If a bankruptcy court so ordered, the Debtor's property, including its revenues, could be used for the benefit of the Debtor, despite the rights granted the Bond Trustee under the financing documents in respect of the Bonds. In a bankruptcy proceeding, the Debtor could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. In addition, federal bankruptcy law permits the adoption of a reorganization plan even though the plan has not been

accepted by the owners of a majority in aggregate principal amount of the Bonds, if such owners are provided with the benefit of their original lien or the "indubitable equivalent" thereof. If a bankruptcy court concludes that the owners of the Bonds have "adequate protection", it may subordinate the claim of the Bond Trustee to (1) claims by persons supplying goods and services to the Debtor after bankruptcy, (2) the administrative expenses of the bankruptcy proceeding, and (3) a lien granted a lender providing funds to the Debtor during bankruptcy proceedings. In the event of a bankruptcy proceeding in respect of the Debtor, the amount realized by the owners of the Bonds might depend on a federal bankruptcy court's interpretation of the phrases "indubitable equivalent" and "adequate protection" under the then existing circumstances. A bankruptcy court also has the power to invalidate certain provision of the Loan Agreement that make bankruptcy and related proceedings by the Debtor an event of default thereunder. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the decisions affecting equitable remedies and by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditor's rights generally.

### **Maintenance of 501(c)(3) Status**

The Borrower has received a determination letter from the Internal Revenue Service ("IRS") recognizing it as a tax-exempt organization described in Section 501(c)(3) of the Code, based on representations made to the IRS. In order to maintain such status, the Borrower is required to conduct its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings. Future regulations and rulings of the IRS could adversely affect the ability of the Borrower to charge and collect revenues, finance and refinance indebtedness on a tax-exempt basis, or otherwise generate revenues necessary to provide for payment of the Bonds. Loss of tax-exempt status would have a significant adverse effect on the Borrower and its operations, and could result in the includability of interest on the Series 2018A Bonds in gross income for federal income tax purposes for holders of the Bonds retroactively to their date of issue.

### **Additional Indebtedness**

The Borrower may issue additional indebtedness, secured or unsecured, and the Loan Agreement contains no restrictions on the issuance thereof. The incurrence by the Borrower of additional indebtedness, secured or unsecured, may adversely affect the Borrower's ability to make payments required under the Loan Agreement and the Note. Further, if the Borrower incurs additional indebtedness, the market perception of the Borrower's ability to pay debt service on the Bonds, regardless of the Borrower's actual ability to make such payments, may result in a decrease in the market price of the Bonds.

### **Other Borrower Factors**

Various other factors also could affect the future financial strength of the Borrower, such as fluctuations in interest rates and changes in tax laws affecting the Borrower's cost of capital and its ability to attract benefactors and donations.

## DEBT SERVICE PAYMENTS

The following table sets forth projected debt service on the Bonds.

<b>Period Ending (August 31)</b>	<b>Series 2018A (Tax-Exempt Green Bonds)</b>		<b>Series 2018B (Taxable Green Bonds)</b>		<b>Total Debt Service*</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2019	\$ –	\$251,533	\$ –	\$42,519	\$294,053
2020	95,000	429,775	255,000	68,173	847,948
2021	105,000	426,775	260,000	58,645	850,420
2022	110,000	423,000	270,000	48,840	851,840
2023	110,000	418,600	280,000	38,665	847,265
2024	115,000	414,100	290,000	28,120	847,220
2025	120,000	409,400	300,000	17,205	846,605
2026	125,000	404,500	315,000	5,828	850,328
2027	455,000	390,625	–	–	845,625
2028	475,000	367,375	–	–	842,375
2029	500,000	343,000	–	–	843,000
2030	525,000	317,375	–	–	842,375
2031	550,000	290,500	–	–	840,500
2032	580,000	262,250	–	–	842,250
2033	610,000	232,500	–	–	842,500
2034	640,000	201,250	–	–	841,250
2035	670,000	168,500	–	–	838,500
2036	705,000	134,125	–	–	839,125
2037	740,000	98,000	–	–	838,000
2038	775,000	60,125	–	–	835,125
2039	815,000	20,375	–	–	835,375
Total*	\$8,820,000	\$6,063,683	\$1,970,000	\$307,994	\$17,161,678

\*Totals may not foot due to rounding.

## CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities Exchange Commission, the Borrower has agreed to a continuing disclosure undertaking (the "Continuing Disclosure Agreement") with respect to the Bonds for the benefit of the owners of the Bonds. Pursuant to the Continuing Disclosure Agreement, the Borrower has agreed to provide or cause to be provided (i) certain annual financial information and operating data; (ii) notice of the occurrence of the events listed in Rule 15c2-12 with respect to the Bonds within ten business days of the occurrence of such event; and (iii) timely notice of a failure by the Borrower to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The proposed form of Continuing Disclosure Agreement containing the covenants made by the Borrower hereunder for the benefit of the owners of the Bonds is attached as Appendix D.

Failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute a default under the Loan Agreement. The owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement.

The Authority is not contractually obligated to supplement or update the information included in the Official Statement after the delivery of the Bonds. The Underwriters have not undertaken either to supplement or update the information included in the Official Statement.

The Borrower has previously entered into continuing disclosure undertakings under Rule 15c2-12 in connection with the issuance of bonds issued for the benefit of the Borrower. During the last five years, the Borrower missed filing a material event with respect to such bonds. Such bonds were redeemed in full August 1, 2013 and since such time the Borrower has not had any continuing disclosure undertakings under Rule 15c2-12.

## **LITIGATION**

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

There is no litigation pending or, to the best knowledge of the Borrower, threatened against it which, even if adversely determined against the Borrower, would have a material adverse effect on the Borrower's ability to carry out its obligations under the Loan Agreement or the Note, or would have a material adverse impact on the Borrower's financial position or future operations.

## **LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of McGuireWoods LLP, Tyson's Corner, Virginia, Bond Counsel, which will be furnished at the expense of the Borrower upon delivery of the Bonds, in substantially the form set forth in APPENDIX E hereto (the "Bond Opinion"). The Bond Opinion will be limited to matters relating to the authorization and validity of the Bonds and to the tax-exempt status of interest on the Series 2018A Bonds as described in "TAX MATTERS – SERIES 2018A BONDS" and the taxable status of interest on the Series 2018B Bonds as described in "TAX MATTERS – SERIES 2018B BONDS" and will make no statement as to the financial resources of the Authority or the Borrower or the ability of either to provide for payment of the Bonds or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

Certain legal matters will be passed on for the Authority by Thomas O. Lawson, Esquire, Fairfax, Virginia; for the Borrower by Arent Fox LLP, Washington, D.C.; and for the Underwriter by Ballard Spahr LLP, Washington, D.C.

## **TAX MATTERS – SERIES 2018A BONDS**

### **Opinion of Bond Counsel–Federal Income Tax Status of Interest**

The opinion of McGuireWoods LLP, Richmond, Virginia ("Bond Counsel"), will state that, under current law and assuming the compliance with the Covenants (as defined below), interest on the Series 2018A Bonds (including any accrued "original issue discount" properly allocable to the owners of the Series 2018A Bonds) (i) is excludable from the gross income of the owners of the 2018A Bonds for purposes of federal income taxation under Section 103 of the Code, and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax. See Appendix E for the form of the opinion of Bond Counsel for the Bonds.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2018A Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Series 2018A Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Authority or the Borrower or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Borrower have covenanted, however, to comply with the requirements of the Code.

As to questions of fact materials to its opinion, Bond Counsel is relying upon and assuming the accuracy of certifications and representations of the Authority, the Borrower, public officials and certain other third parties, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants by the Authority and the Borrower. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2018A Bonds in order for interest on the Series 2018A Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, the requirement that the Borrower to maintain its status as an organization described in Section 501(c)(3) of the Code, restrictions on the use, expenditure and investment of the proceeds of the Series 2018A Bonds and the use of the property financed or refinanced by the Series 2018A Bonds, limitations on the source of the payment of and the security for the Series 2018A Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2018A Bonds to the Treasury of the United States (the "Treasury"). The Indenture and the Loan Agreement for the Series 2018A Bonds and the tax certificates delivered at closing contain covenants (the "Covenants") with which the Authority and the Borrower have agreed to comply. A failure to comply with the Covenants could cause interest on the Series 2018A Bonds to become includible in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2018A Bonds from becoming includible in gross income for federal income tax purposes. Compliance by the Authority with its respective Covenants does not require the Authority to make any financial contribution for which it does not receive funds from the Authority and the Borrower.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2018A Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Indenture and the Loan Agreement for the Series 2018A Bonds and the tax certificates delivered at closing, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth therein. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Series 2018A Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

### **Original Issue Discount**

The "original issue discount" ("OID") on any Series 2018A Bond is the excess of such bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such bond. The "issue price" of a bond is the initial offering price to the public at which price a substantial amount of such bonds of the same maturity was sold. The issue price for each maturity of the Series 2018A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement, but is subject to change based on actual sales. Accrued OID on the Series 2018A Bonds with OID (the "OID Bonds") is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax with respect to the Series 2018A Bonds and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that

are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the OID accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

### **Original Issue Premium**

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of such Premium Bond.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2018A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Series 2018A Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2018A Bonds.

Prospective purchasers of the Series 2018A 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, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Series 2018A Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments made after March 31, 2007 to any owner of a Series 2018A Bond who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any owner of a Series 2018A Bond who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of interest on the Series 2018A Bonds from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Effects of Future Enforcement, Regulatory and Legislative Actions**

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2018A Bonds, the IRS

will, under its current procedures, treat the Authority as the taxpayer. As such, the beneficial owners of the Series 2018A Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2018A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2018A Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2018A Bonds, regulatory interpretation of the Code or actions by a court involving either the Series 2018A Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2018A Bonds' federal or state tax status, marketability or market price of the Series 2018A Bonds or on the economic value of the tax-exempt status of the interest on the Series 2018A Bonds.

Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

#### **Opinion of Bond Counsel—Virginia Income Tax Consequences**

The opinion of Bond Counsel will also state that, under current law, the income on the Series 2018A Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth or any political subdivision thereof. Bond Counsel will express no opinion regarding (1) other tax consequences arising with respect to the Series 2018A Bonds under the laws of the Commonwealth or (2) any consequences arising with respect to the Series 2018A Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding the tax status of interest and other income on the Series 2018A Bonds in a particular state or local jurisdiction other than the Commonwealth.

### **TAX MATTERS – SERIES 2018B BONDS**

#### **Opinion of Bond Counsel – Federal Income Tax Status of Interest**

In the opinion of Bond Counsel, under existing law, interest on the 2018B Bonds is includable in gross income of the owners thereof for federal income tax purposes.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the 2018B Bonds as of the date hereof. Each prospective purchaser of the 2018B Bonds should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as Treasury Department regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the 2018B Bonds generally and does not purport to furnish information in the level of detail or with the prospective purchaser's specific tax circumstances that would be provided by a prospective purchaser's own tax advisor. For example, it generally is addressed only to original purchasers of the 2018B Bonds that are "U.S. holders" (as defined below), deals only with 2018B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to owners that may be relevant to investors subject to special rules, such as individuals, trusts, estates,

tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, S corporations, persons that hold 2018B Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in an owner of 2018B Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a 2018B Bond. A "non-U.S. investor" is a holder (or beneficial owner) of a 2018B Bond that is not a U. S. Person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury Department regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

### **Tax Status of the 2018B Bonds**

The 2018B Bonds will be treated, for federal income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the owner as it is paid (or, if the owner is an accrual method taxpayer, as it is accrued) as interest.

Owners of the 2018B Bonds that allocate a basis in the 2018B Bonds that is greater than the principal amount of the 2018B Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If an owner purchases the 2018B Bonds for an amount that is less than the principal amount of the 2018B Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a 2018B Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

### **Sale and Exchange of 2018B Bonds**

Upon a sale or exchange of a 2018B Bond, an owner generally will recognize gain or loss on the 2018B Bond equal to the difference between the amount realized on the sale and its adjusted tax basis in such 2018B Bond. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the 2018B Bond not yet taken into income will be ordinary). The adjusted basis of the owner in a 2018B Bond will (in general) equal its original purchase price increased by any original issue discount or market discount includable in the gross income of the owner with respect to the 2018B Bonds and decreased by any principal payments received on the 2018B Bond. In general, if the 2018B Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

### **Defeasance**

Defeasance of any 2018B Bond may result in a reissuance thereof, in which event an owner will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in the 2018B Bond.



## **Foreign Investors**

Distributions of the 2018B Bonds to a non-U.S. holder that has no connection with the United States other than holding its 2018B Bond generally will be made free of withholding tax, as long as the non-U.S. holder has complied with certain tax identification and certification requirements.

## **Medicare Tax**

For taxable years beginning after December 31, 2014, an additional 3.8% tax will be imposed on the "net investment income" of certain individuals, estates and trusts that have "modified adjusted gross income" above a certain threshold. Net investment income includes, but is not limited to, the interest on the 2018B Bonds and gains from the disposition of a 2018B Bond. Prospective investors should consult their tax advisors regarding the possible applicability of this tax to an investment in the 2018B Bonds.

## **Backup Withholding**

Under current U.S. federal income tax laws, a 28% backup withholding tax requirement may apply to certain payments of interest and original issue discount on, and the proceeds of a sale, exchange or redemption of, the Series 2018B Bonds. Certain persons making such payments are required to submit information returns (that is, IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

## **Opinion of Bond Counsel – Virginia Income Tax Status of Interest on the 2018B Bonds**

Bond Counsel's opinion also will state that, under current law, interest on the 2018B Bonds is excludable from gross income for purposes of income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the 2018B Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the 2018B Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the 2018B Bonds should consult their own tax advisors regarding the tax status of interest on the 2018B Bonds in a particular state or local jurisdiction other than the Commonwealth.

## **FINANCIAL ADVISOR**

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

## **INDEPENDENT ACCOUNTANTS**

The financial statements of the Borrower for the fiscal years ended August 31, 2017 and August 31, 2016 included as APPENDIX B to this Official Statement have been audited by Raffa, P.C., independent accountants, as stated in their report appearing therein.

## **LEGALITY FOR INVESTMENT**

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

## **RATING**

Moody's Investors Service has assigned a long-term rating of "A3" to the prior to their original delivery date.

The ratings assigned by Moody's Investors Service reflect only the current views of such rating agency, as discussed more fully in the ratings report issued by Moody's Investors Service. Reference is made to that report for a discussion by such rating agency of its analysis and the assumptions upon which its assigned rating is based and any conditions attached to maintenance of such rating.

Explanation of the significance of such rating may be obtained from time to time from the firm giving such rating. A rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such ratings will not be withdrawn or revised downward. Such action, if taken, could have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

Morgan Stanley & Co. LLC (the "Underwriter") has entered into a Bond Purchase Contract with the Authority (the "Bond Purchase Contract") to purchase the Bonds at a price of \$11,983,369.98, representing the par amount of the Bonds plus the net original issue premium of \$1,286,751 less an underwriter's discount of \$93,381.02. The Underwriter will commit to purchase all of the Bonds if any of the Bonds are so purchased. The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Contract, including the delivery of specified opinions of counsel and of a certificate of the Borrower that there has been no material adverse change in its condition (financial or otherwise) from that set forth in this Official Statement. The Borrower will agree in the Bond Purchase Contract to indemnify the Authority and the Underwriter against certain liabilities relating to this Official Statement and the offering of the Bonds.

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

Morgan Stanley & Co. LLC, the underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

## **RELATIONSHIP OF PARTIES**

McGuireWoods LLP, Tyson's Corner, Virginia, Bond Counsel, and Arent Fox LLP, Washington, D.C., counsel to the Borrower, represents Morgan Stanley & Co. LLC, the underwriter of the Bonds, from time to time, in matters unrelated to the Bonds.

## **MISCELLANEOUS**

The references in this Official Statement to provisions of the Indenture and the Loan Agreement are brief descriptions of certain provisions thereof. Those descriptions do not purport to be complete and, for full and complete statements of those provisions, reference is made to those documents, copies of which will be on file at the Designated Corporate Trust Office of the Bond Trustee in Pittsburgh, Pennsylvania, and are attached hereto as APPENDIX C.

The Authority has reviewed the information contained herein relating to it under the captions "THE AUTHORITY" and "LITIGATION" as it relates to the Authority and has approved all such information for use herein.

The execution and delivery of this Official Statement has been duly authorized by the Authority and approved by the Borrower. The Authority has deemed this Official Statement "final" within the meaning of Rule 15c2-12.

**FAIRFAX COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY**

By: /s/ Catherine Lange  
Catherine Lange  
Chairman

**APPROVED:**

**NATIONAL WILDLIFE FEDERATION**

By: /s/ Collin O'Mara  
Collin O'Mara  
President and Chief Executive Officer

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**APPENDIX A**

**NATIONAL WILDLIFE FEDERATION**

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**NATIONAL WILDLIFE FEDERATION**

**APPENDIX A**

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## INTRODUCTION

### Overview of NWF and Related Entities

#### **National Wildlife Federation**

National Wildlife Federation (“NWF”) is a not-for-profit, Section 501(c)(3) organization incorporated in the District of Columbia. NWF is the nation’s largest environmental education organization, with over six million members and supporters, 51 state and territorial affiliates and eleven regional natural resource centers and project offices. Nationwide, NWF employs approximately 330 people, including approximately 139 people at its headquarters facility, which is located in Reston, Virginia, a suburb of Washington, DC.

NWF, its member supporters, and a national network of affiliated organizations work to unite all Americans to ensure wildlife thrive in a rapidly changing world. Bringing together talent and expertise in science, policy, education, philanthropy, and more, NWF leaders work across the organization and beyond to develop strategies for harnessing NWF’s full power to save America’s wildlife. NWF seeks to achieve its goals by inspiring parents and children, partnering with corporations and institutions, and influencing policy makers. Through habitat protection, restoration, and management, NWF has a far-reaching impact and has brought numerous species back from the brink of extinction, including eagles, wolves, deer, elk, bighorn sheep, and whales.

While NWF is commonly known for its award-winning *National Wildlife* magazine and for its *Ranger Rick*, *Ranger Rick Jr.*, *Ranger Rick Cub* and *Ranger Rick Zoobooks* children’s publications, it is also recognized for various education programs such as NWF Eco-Schools USA and Trees for Wildlife, which engage schools and their students in conservation initiatives.

As America’s oldest and largest conservation organization, NWF works across the country to unite Americans from all walks of life in giving wildlife a voice. By seeking to bring people from diverse walks of life under the umbrella of environmental stewardship and resource protection, NWF seeks to develop a consensus for environmental conservation throughout the world. NWF’s website is <https://www.nwf.org>.

#### **National Wildlife Federation Action Fund, Inc.**

National Wildlife Federation Action Fund, Inc. (“NWFAF”) was created in 1989 as a separate not-for-profit, Section 501(c)(4) corporation organized under the laws of the State of Colorado. NWFAF was organized to conduct educational activities relating to environmental issues and to provide a vehicle for activism on conservation issues in the governmental process. NWFAF’s Board of Directors is independently elected and its offices are located in Washington, DC. NWFAF is not a party to this financing transaction and its assets are not available for debt service on the Bonds.

#### **National Wildlife Federation Endowment, Inc.**

The National Wildlife Federation Endowment, Inc. (the “Endowment”) was established to invest and preserve NWF assets and served as a separately incorporated but affiliated 501(c)(3) organization to NWF until 2017. By investing in a manner consistent with NWF’s mission and values, the Endowment returned a stream of income to NWF to support conservation education programs. In February 2017, the governing board of the Endowment approved the transfer of all of its assets and liabilities to NWF, as well as the

dissolution of the Endowment as of April 1, 2017. NWF recognized the assets and liabilities transferred at their carrying amounts in the Endowment's accounts at the date of transfer, March 31, 2017. These adjustments can be found on NWF's annual audited financial statements.

### **History**

NWF was organized in 1936 at the suggestion of President Franklin D. Roosevelt. In 1936, over 1,500 delegates from clubs and organizations around the country traveled to Washington, DC to discuss the philosophy of use and misuse of America's natural resources. After voicing their concerns for preservation of the environment, conference delegates, which included wildlife professionals, farmers, hunters, women's groups, garden club members, Boy Scouts and Girl Scouts and government officials, founded the General Wildlife Federation, the predecessor of the modern National Wildlife Federation.

### **Mission Statement**

NWF's mission is to unite all Americans to ensure wildlife thrive in a rapidly changing world. NWF seeks to educate, inspire and assist individuals and organizations of diverse cultures to conserve wildlife and other natural resources while protecting the Earth's environment in order to achieve a peaceful, equitable and sustainable future. NWF believes that a secure future for wildlife depends on striking a balance between the needs of both people and wildlife for habitat; that our future is, in effect, in that balance.

## **GOVERNANCE**

### **Members and Affiliates**

NWF has two classes of members: voting and non-voting. NWF's voting members, which include its 51 state and territory based affiliates (an "Affiliate" or its "Affiliates"), establish NWF's conservation policies each year at NWF's annual meeting and elect a majority of the NWF Board of Directors, including the Chair. Each Affiliate has one voting delegate which represents the Affiliate at NWF's meetings.

Affiliates are state (or territorial), independent organizations which support the mission of NWF. The Board of Directors approves Affiliates' memberships each year based on a review of the relationship of its activities and policies with those of NWF.

In addition to Affiliates, non-voting associate memberships can be obtained by individuals or groups interested in advancing NWF's mission and are further described in the section entitled Membership and Contributions.

### **Board of Directors**

The Board of Directors is responsible for the oversight of all business of NWF, including financial policy. The Chair of the Board of Directors is nominated by the Board of Directors and elected by the Affiliate representatives initially as a Chair-Elect. Three regional vice-chairs and thirteen regional directors are nominated and elected by the Affiliates. Up to seventeen additional at-large members of the Board of Directors may be elected by the Board of Directors. The immediate past chair and up to two additional past chairs serve on the Board of Directors. Terms of Directors are staggered and there are limitations on the number of terms that a Director may serve, which limitations include the following: (1) no person may serve as Chair for more than one consecutive full term of two years, (2) following service as Chair, the

director serves a term of one year as immediate past chair, (3) following service as immediate past chair, the director may serve up to three one-year terms on the Board (for a total of up to four years combined service as immediate past chair and past chair), and (4) all members are limited to serving three consecutive three-year terms as an At-Large or Regional Director (alone or in combination), provided that regional directors shall serve until the conclusion of the third annual meeting following the beginning of the term he or she was elected to fill or until a successor is elected.

NWF's President is responsible for developing and implementing NWF's conservation programs in a manner that is consistent with resolutions adopted by the Affiliate delegates as well as the day-to-day management of the organization. The President is also the Chief Executive Officer and reports to the Board of Directors.

The Board of Directors is comprised of citizen-conservationists volunteers from a cross-section of places and professions. The current Directors are as follows:

<u>Name</u>	<u>Affiliation</u>	<u>Address</u>	<u>Start Date</u>	<u>Term</u>
Kathleen Hadley Chair	Executive Director, National Center for Appropriate Technology	Butte, MT	2002- 2014 2016	2019
Bill Houston Chair-Elect	Registered Maine Guide, Outdoor Leadership and Skills Instructor, Somerset Career and Technical Center	Skowhegan, ME	2012	2019
Bruce Wallace Past Chair	Lawyer, Hooper, Hathaway, Price, Beuche & Wallace	Ann Arbor, MI	2010	2019
Paul Beaudette Eastern Vice Chair	Chemistry and Environmental Science Teacher	East Greenwich, RI	2004	2019
Mary Van Kerrebroek Central Vice Chair	Attorney, Van Kerrebroek & Associate P.C.	Houston, TX	2012	2021
Kent Salazar Western Vice Chair	Environmental Consultant	Albuquerque, NM	2007	2020
Mustafa Ali Director (At Large)	Senior Vice President, Climate, Environmental Justice and Community Revitalization, The Hip Hop Caucus	Clinton, MD	2017	2021
Miranda Ballentine Director (At Large)	Managing Director, Business Renewables Center	Bethesda, MD	2017	2021
Michael Bartlett Director (Region 1) (CT, ME, MA, NH, RI, VT)	Retired from U.S. Fish and Wildlife Service. Former President, New Hampshire Audubon	Bow, NH	2018	2020

Brian Bashore Director (Region 9) (IA, KS, NE, ND, SD)	Housing Program Specialist, Southeast Nebraska Development District	Sioux Falls, SD	2012	2021
Ambassador Alan Blinken Director (At Large)	Chairman, Board of Washington Center. Former US Ambassador to Belgium.	Sun Valley, ID	2016	2019
Carol Buie-Jackson Director (Region 3) (NC, SC, VA, WV)	Owner and Educator, Bird House on the Greenway	Charlotte, NC	2016	2019
Dianne Dillon-Ridgley Director (At Large)	Environmentalism and Human Rights Activist	Iowa City, IA	2010	2019
Allyn Dukes Director (Region 8) (LA, OK, TX)	Operator of an environmentally conscious, fuel oil blending business	Houston, TX	2018	2020
Eric Freyfogle Director (Region 6) (IL, IN, OH)	Professor, University of Illinois, College of Law	Urbana, IL	2016	2021
Scott Gilmore Director (Region 10) (AZ, CO, NM, UT)	Deputy Executive Director, Parks and Recreation, City and County of Denver, Colorado	Denver, CO	2017	2019
Brianna (Bri) Jones Director (At Large)	Principal Consultant, Zephyr Exchange LLC	Denver, CO	2015	2019
Jerry Jung Director (At Large)	Manages Rules of One, LLC; former CEO of Michigan CAT; Chairman and founder of Oak Adaptive, Inc.	Novi, MI	2016	2019
Cody Kamrowski Director (Region 7) (MI, MN, WI)	Natural Resource Planner, Wisconsin Northwest Regional Planning Commission	Shell Lake, WI	2018	2021
Koalani Kaulukukui- Barbee Director (Region 12) (CA, HI, NV, Guam)	Owner, Member, Kaulukukui Solutions, LLC	Lakewood, WA	2017	2019
Frederick Kowal Director (At Large)	President, United University Professions	Albany, NY	2016	2020
Catherine Novelli Director (At Large)	Former Under Secretary of State for Economic Growth, Energy, and the Environment, U.S. State Department	Dunn Loring, VA	2017	2020
Rebecca Pritchett Director (Region 4) (AL, FL, GA, MS, PR, VI)	Lawyer, Pritchett Environmental & Property Law LLC	Birmingham, AL	2017	2020

Sally Ranney Director (At Large)	President/Co-Founder, American Renewable Energy Institute (AREI) and AREDAY Summit; Co-Founder, Women's Earth and Climate Action Network (WECAN); CEO, Stillwater Preservation, LLC (SWP)	Carbondale, CO	2018	2020
Norm Ritchie Director (Region 11) (AK, OR, WA)	Environmental Advocate and Volunteer. Licensed Engineer	Gresham, OR	2014	2020
John Robbins Director (At Large)	Sportsman. Retired from Accenture, Managing Partner and COO of one of Accenture's five global market units	Concord, NC	2017	2021
Phil Roos Director (At Large)	CEO, Rooster Works, LLC	Ann Arbor, MI	2015	2021
Seth Ross Director (Region 2) (DE, MD, NY, NJ, PA, DC)	Conservationist. Retired from DuPont, Engineer for Research & Development	West Grove, PA	2015	2019
Truman Semans Director (At Large)	Principal, Green Order, Inc.	Durham, NC	2010	2019
Paul Sloan Director (Region 5) (AR, KY, MO, TN)	Lawyer, Former Executive Director of Cumberland River Compact (TN) and Deputy Commissioner of TN Dept. of Environment and Conservation	Franklin, TN	2018	2021
Rob Speidel Director (At Large)	Director of Research and Portfolio Manager, Everett Harris & Company	McLean, VA	2018	2019
Siva Sundaresan, Ph.D. Director (Region 13) (ID, MT, WY)	Wildlife Biologist and Wyoming Conservation Coordinator, Greater Yellowstone Coalition	Lander, WY	2018	2021
Gloria Tom Director (At Large)	Director, Navajo Nation Department of Fish and Wildlife	St. Michaels, AZ	2016	2020
Beth Viola Director (At Large)	Senior Policy Advisor, Holland and Knight	Arlington, VA	2016	2020

### **Special Advisors**

NWF's Special Advisors are individuals with an expertise in a particular area related to the oversight of the organization. Special Advisors are not members of the Board of Directors, but serve on the Investment, Innovation and Development Committees in a non-voting capacity. They participate in relevant committee meetings, listen to presentations and provide independent advice for the voting Board members to consider.

The current Special Advisors are as follows:

<u>Name</u>	<u>Affiliation</u>	<u>Address</u>
Paul Dali	Strategic Advisor, IBM Watson Division	Ann Arbor, MI
Jameson French	President and CEO, Northland Forest Products, Inc.	Kingston, NH
E. Wayne Nordberg	CIO, Hollow Brook Association	New York, NY
Deborah Spalding	Managing Director and Investment Officer, Commonfund	Guilford, CT
Eric Steinmiller	Principal, Bernstein Global Wealth Management	Washington, DC
Matthew Tashjian	Senior Vice President, Wealth Management, The Tashjian Farkas Group	Woodstock, VT

### **Management**

Following are the key members of NWF’s executive leadership team:

*Collin O’Mara* is President and Chief Executive Officer of NWF. Mr. O’Mara is responsible for overall administrative and executive leadership for NWF and reports to the Board of Directors. Mr. O’Mara joined NWF in 2014. Under Mr. O’Mara’s leadership, NWF is focused on recovering America’s wildlife ranging from bison and bighorn sheep to pollinators like monarch butterflies and native bees, improving management of and access to public lands, restoring America’s water bodies, advancing environmental education (including publishing Ranger Rick® magazines), and connecting every American child with the great outdoors. Prior to NWF, O’Mara led the Delaware Department of Natural Resources and Environmental Control as Cabinet Secretary from 2009 through 2014. Mr. O’Mara was a Marshall Scholar at the University of Oxford, a University Fellow at the Maxwell School of Citizenship and Public Affairs, and a Presidential Scholar at Dartmouth College.

*Benjamin Kota*, is NWF’s General Counsel and Secretary to the Board of Directors. As General Counsel, Mr. Kota is responsible for providing legal advice to NWF. Mr. Kota also serves as corporate secretary and maintains records for the operation. Mr. Kota has been with NWF since 2013, serving as Counsel, Strategic Partnerships and Contracts and Assistant Secretary from 2013 to 2014. He currently serves as the Secretary. Mr. Kota earned his B.S. in Biology from St. Bonaventure University in 1999 and his J.D. from The John Marshall Law School in 2002. He is licensed to practice law in Illinois and Virginia.

*Karen Wagner* is NWF’s Vice President for Finance and Treasurer and has been with NWF since 1988. Ms. Wagner is responsible for all aspects of finance, including business planning and analysis, accounting, treasury, risk management and financial systems for NWF and its related entities as well as oversight of the Catalog and Licensing department teams. Ms. Wagner has over 25 years of financial and nonprofit management experience with a proven track record of improving business operations and organizational effectiveness thereby strengthening NWF’s overall financial position. Ms. Wagner received a Bachelor of Science degree in Business Administration from the University of Richmond.

*Hilary Harp Falk*, Vice President, Regional Conservation. Ms. Falk joined NWF in 2009. She leads the organization's eleven regional offices with a focus on regional growth, national and regional program integration, and strategic partnerships. Ms. Falk was also a Senior Policy Analyst at the Northeast-Midwest Institute, and she started her career as a program manager at the Chesapeake Bay Foundation's Port Isobel education center on Tangier Island, Virginia. Ms. Falk has an undergraduate degree in Environmental Science from Franklin and Marshall College and received her Masters of Science in Natural Resources from the University of Vermont. She was selected as a Switzer Foundation Environmental Fellow in 2005.

*Kevin Coyle*, Vice President, Education and Training. Mr. Coyle coordinates education and volunteer programs reaching more than 11,000 schools, a thousand institutions of higher education, and seven million children and adults. These programs include: Eco-Schools USA, Schoolyard Habitats®, Community Wildlife Habitat™, Certified Wildlife Habitat®, Trees for Wildlife™, Mayors' Monarch Pledge, EcoLeaders, green job training, and children and nature efforts. Mr. Coyle joined NWF in 2005. Prior to working at NWF, he served 10 years as President and CEO of the National Environmental Education Foundation and, before that, served as President and CEO of American Rivers. Mr. Coyle was also a founding board member and Vice President of River Network and a co-founder and the first President of the American Land Resource Association. Prior to service with public interest organizations, Mr. Coyle worked for the Department of the Interior as the Assistant Regional Director for state and local grants and planning for the Northeast United States. An attorney, Mr. Coyle received his Juris Doctor degree from Temple University, and a degree in social work from LaSalle University.

*Andy Buchsbaum*, Vice President, One Federation. Mr. Buchsbaum oversees the efforts to deepen and grow the partnerships between NWF and its 51 affiliated state and territorial conservation organizations and help them increase their capacity. For the past 18 years, he has taught environmental law courses at the University of Michigan Law School. Prior to joining NWF in 1998, Mr. Buchsbaum was the senior attorney for the Midwest office of the National Environmental Law Center and the Program Director for the Public Interest Research Group (PIRG) in Michigan. He received his undergraduate degree from Harvard College and his law degrees from Boalt Hall (University of California, Berkeley) and Georgetown University Law Center.

*Laura Daniel Davis*, Vice President, Conservation Strategy. Ms. Davis joined NWF in 2018. She leads the organization's overarching federal strategy to advance key priorities established in its strategic plan. Ms. Davis has over 20 years of public policy and government experience focused on conservation and natural resources issues. Ms. Davis served as Chief of Staff under Secretaries of the Interior Ken Salazar and Sally Jewel, as Deputy Chief of Staff to Rep. Mark Udall (D-CO), and in several roles at the Department of the Interior under Secretary Bruce Babbitt. She also led the Heritage of the Outdoors Project of the Resources Legacy Fund, which works with conservation organizations to preserve and protect public lands and wildlife. Ms. Davis received her B.A. from Wake Forest University.

*Bob Harper*, Executive Publisher. Mr. Harper joined NWF in 2016. He leads the teams that create and market *National Wildlife*, *Ranger Rick*, *Ranger Rick Jr.*, *Ranger Rick Cub*, and the *Zoobooks* collection of magazines along with the NWF Annual Photo Contest, Ranger Rick Adventures Book Club and a host of digital assets, such as websites, e-newsletters, and teacher guides that support wildlife outreach to NWF members and Ranger Rick children, parents and teachers. Mr. Harper has been creating educational

entertainment products and services for children and their families for over 25 years. With a Haverford College BA and University of Alaska MAT, Mr. Harper began his career as a teacher, graphic artist and TV/radio journalist. After earning his MBA from Northwestern Kellogg School, he moved into creative business leadership focusing on the youth market.

*Dirk Sellers*, Vice President, Philanthropy. Mr. Sellers has been with NWF since 2015. Mr. Sellers' previous roles include serving as vice president of the consulting firm Campbell & Company, and executive director and president of the Global Alliance for Vaccines and Immunizations' U.S. entity. Over the past 20 years, Mr. Sellers has held various leadership roles in conservation, international development, health, education, and management consulting. Mr. Sellers has hands-on experience in developing and implementing successful fundraising strategies and campaigns, and he has led complex philanthropic partnerships and cross-team collaborations. He also has experience in program assessment, team building, donor communications, board relations, and volunteer engagement. Mr. Sellers received his B.S. from Indiana University of Pennsylvania.

*Cindy Golos*, Vice President, Strategic Business Operations. Ms. Golos joined NWF in 2012 and has served as the Vice President of Strategic Business Operations (Technology, Systems, and Data Management) since 2014. Currently studying for her MBA, her academic focus is social enterprise development through systems change that identifies business entities and individuals already working on a problem and helping them join forces to achieve common goals. Previously Ms. Golos worked for Cornell University in the Development division during their \$4 billion Campaign for Cornell and as a waterworks infrastructure resiliency project manager for the Environmental Protection Agency.

## **CURRENT PROGRAM OPERATIONS AND STRATEGIC PLAN**

### **Publications & Digital Outreach**

Through print and digital publications, NWF aims to inspire people of all ages and reading levels to develop a deeper relationship with our natural world. NWF's publications include the following:

*National Wildlife*. Launched in 1962, *National Wildlife* magazine is NWF's award-winning, flagship publication that blends photos with in-depth articles about wildlife and habitat conservation, science, natural history and the environment. Published bi-monthly, the magazine informs readers and aims to inspire them to act on behalf of conservation. *National Wildlife* has won numerous awards for editorial excellence and photography, including eight Pictures of the Year awards and, most recently, a 2017 Folio award for Use of Photography.

*Ranger Rick*. *Ranger Rick* is an award winning, photo-filled nature magazine designed for children ages 7-12. Named for NWF's raccoon mascot, *Ranger Rick* has connected children to nature for decades through magazines, online activities, and iPad applications.

*Ranger Rick Jr.* *Ranger Rick Jr.* is designed with easy-to-follow text to introduce children ages 4-7 to the world of animals. The magazine is filled with activities and simple stories.

*Ranger Rick Cub*. *Ranger Rick Cub* is designed to encourage "laptime" reading for children ages 0-4.

*Ranger Rick Adventures Book Club*. *Ranger Rick Adventures Book Club* delivers two books every two months to young readers ages 7 and up. The first book is *Ranger Rick Adventures*, a collection of classic



comics from *Ranger Rick*. The second book is *Just for Fun*, a compilation of games, puzzles, outdoor activities, recipes, and crafts from Ranger Rick.

*Ranger Rick Web Club*. *Ranger Rick Web Club* offers a subscription for complete access to hundreds of online nature activities, articles, puzzles, mazes, recipes, and games available on the new Ranger Rick website – all compatible with cell phones, tablets, and computers.

In 51 years of publishing, the *Ranger Rick* publications have been honored with numerous awards, including 2018 Parents' Choice Gold Medal Awards, 2017 American Association of Publishers Best Overall Publication and Best Overall Editorial Awards.

*Ranger Rick Zoobooks*. In January 2018, NWF acquired the award-winning *Zoobooks* line, serving families worldwide for over 35 years. Re-branded as *Ranger Rick* publications, *Ranger Rick Zoobooks* titles are sold as subscription magazines and as books at retail and to schools and libraries. Each *Ranger Rick Zoobooks* publication provides an encyclopedia of facts, photography, and illustrations while focusing on a single animal or species. The *Ranger Rick Zoobooks* publications include (1) *Ranger Rick Zoobooks* for children ages 6 and up, (2) *Ranger Rick Zootles* for children ages 3 to 6, (3) *Ranger Rick Zoobies* for children ages 0 to 3, and (4) *Ranger Rick Zoodinos* (a publication about dinosaurs) for children ages 5 and up.

*Ranger Rick Zoobooks Book Clubs* – NWF also administers three book clubs. Each book club delivers 2 to 4 books every 2 months for each of the age ranges covered by *Ranger Rick Zoobooks*, *Ranger Rick Zootles*, and *Ranger Rick Zoobies*.

Mobile and Tablet Apps. All *National Wildlife*, *Ranger Rick*, and *Ranger Rick Zoobooks* titles are offered as digital apps through the Apple App Store, Google Play, and Nook. In addition, wildlife game and activity apps for kids, such as, award-winning *Click the Birdie* and *What Did Snakey Eat?*, are marketed on iOS and android platforms.

### **Wildlife Species Decline and Strategic Plan**

Over the past four decades, there has been a wide range of species decline, from freshwater mussels, fish and frogs to common birds and mammals such as moose. Scientists estimate about one-third of U.S. species are at risk of extinction. NWF believes that wildlife face a mounting crisis, and therefore urgent action is needed. As such, NWF and its Affiliates have committed to a plan of action with measurable outcomes that aim to halt the decline of U.S. wildlife populations and speed their recovery over the next 30 years.

In June 2017, NWF formally adopted the new strategic plan—**Saving America's Wildlife: Toward A Common Agenda**. This four-year plan (from September 2018 through August 2021) sets in motion an agenda built upon sound science, clear priorities, and scalable solutions, and includes a commitment to:

*Protect, Restore, and Connect Wildlife Habitat*: Actively restore and reconnect fragmented and degraded habitat across protected lands, working lands, waterways, coasts, and communities.

*Transform Wildlife Conservation*: Advance 21st century wildlife management, defend public trust resources, and confront emerging stressors like climate change, invasive species, and wildlife diseases.

*Connect Americans with Wildlife:* Inspire the next generation of conservationists and mobilize a diverse conservation army to broaden the stewardship ethic, conservation action, public and private investments, and support for policy changes necessary to save thousands of at-risk species.

In connection with NWF's plan and with the support of its partners, NWF aspires to achieve the following by 2021:

- (1) Ensure a majority of Americans and policymakers are aware of our nation's wildlife crisis by activating 11 million people and joining forces with 2,500 partner organizations as part of America's conservation army.
- (2) Help to place 25% of America's at-risk wildlife species on a path to recovery, protect and better manage habitat and wildlife on millions of acres of public and tribal land, and restore and enhance the resilience of critical private land and water habitat by securing additional conservation funding and advancing 21<sup>st</sup> century wildlife management practices in partnership with state and federation wildlife agencies.
- (3) Assist with the reconstruction of America's conservation ethic by engaging 25 million students across 20,000 schools in environmental education and recurring outdoor experiences.
- (4) Increase the relevance of wildlife conservation nationwide by partnering on local water, wildlife habitat, and environmental justice projects in 1,000 diverse urban and rural communities.
- (5) Defend America's democratic public trust resources (public lands, waterways, and wildlife) for current and future generations from threats of divestiture, reduced access, or privatization.

In order to meet the goals of the strategic plan, NWF hopes to significantly grow its revenues including through new sources of flexible funding. Based on its strategic plan, NWF has set a goal to achieve year over year revenue growth with a target to increase revenue from approximately \$101 million in FY 2017 to a targeted \$120 - \$140 million in FY 2021. Most of NWF's targeted revenue growth will come from six sources: (1) foundations and government, (2) major donors, (3) membership and online sources, (4) bequests, (5) publications, licensing and products, and (6) corporate partners. For additional information on how NWF plans to grow its revenues, see Management's Discussion and Analysis of Operations.

For more information regarding NWF's strategic plan, please visit <https://www.nwf.org/Home/About-Us/Our-Mission>, provided that such link is provided solely for information purposes and such information is not incorporated herein by references.

## **FACILITIES**

### **Headquarters**

NWF's headquarters facility is a multi-story office building containing approximately 100,000 square feet of gross floor area and approximately 300 parking spaces on the 308,000 square-foot site. The facility consists of open plan modular workstations with numerous small private discussion rooms and 9 conference rooms to support larger meetings. In addition there is a copy & mail center, server room, lunchroom, fitness center for NWF staff and a loading dock. The facility is located in Reston, Virginia a suburb of Washington DC.

With respect to sustainability, the headquarters facility was selected by The American Institute of Architects as a Top Ten Green project when constructed (<http://www.aiaopten.org/node/193>). The location of the facility encourages mass transit usage, as well as bike and trail access for alternative commuting. The site is also adjacent to a 475-acre Lake Fairfax Park that NWF uses for its educational mission, including promoting local biodiversity and natural water bioretention to preserve water quality. The facility has a narrow building footprint designed to reduce energy usage through energy efficient design and materials. The building's energy management system incorporates modern energy saving features in heating and cooling, as well as solar panels for water heating.

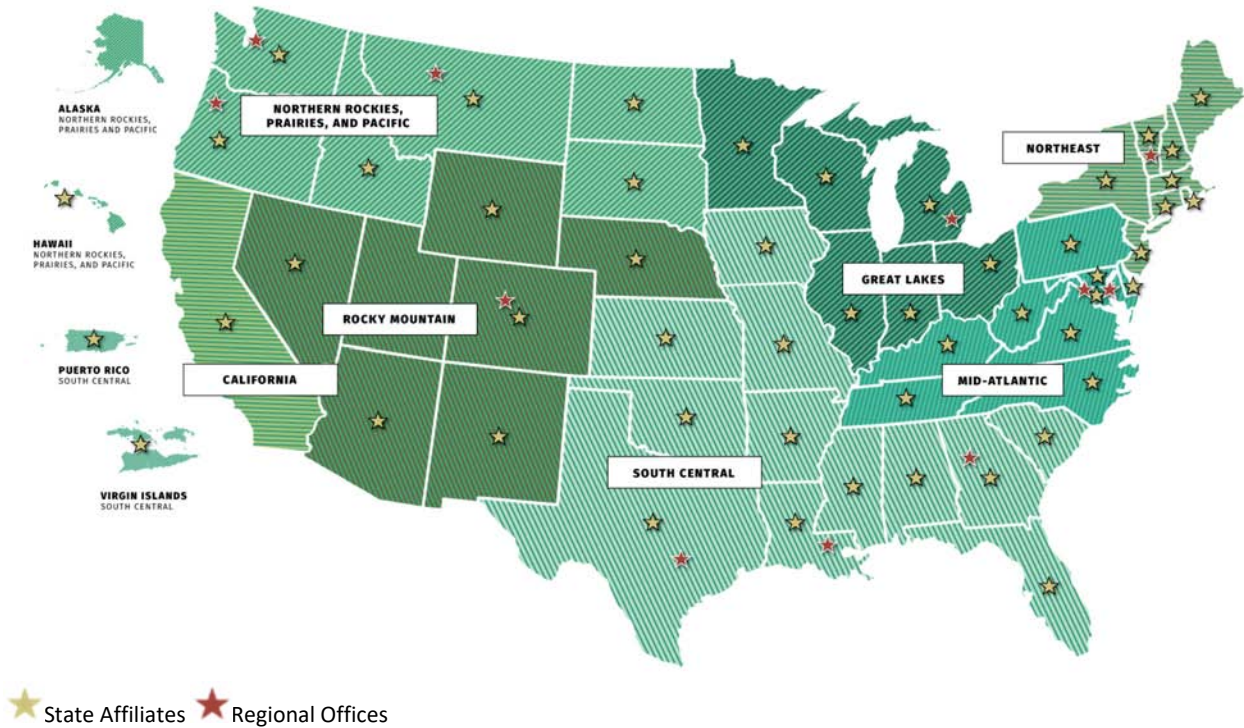
The facility was built by NWF and opened in February 2001. Approximately 139 employees work in the headquarters facility.

### **Regional Offices and Affiliates**

NWF's eleven regional centers and project offices engage people across the country around specific conservation and education issues within the context of the strategic plan. The regional centers and project offices are fully integrated into NWF's financial, administrative and policy programs, and work with communities to identify new emerging conservation issues and to develop strategies for addressing those issues. NWF's regional centers and project offices are located in Washington, DC, Ann Arbor (Michigan), Annapolis (Maryland), Atlanta (Georgia), Austin (Texas), Denver (Colorado), Missoula (Montana), Montpelier (Vermont), New Orleans (Louisiana), Portland (Oregon) and Seattle (Washington).

NWF also works with its 51 state and territory Affiliates—autonomous, nonprofit organizations that take the lead in state and local conservation efforts and collaborate with NWF to conduct grassroots activities on national issues. Affiliation is a voluntary relationship, with only one affiliate per U.S. state or territory. This diverse network of affiliate partners elects key members of the Federation's leadership and sets conservation policy priorities through an annual resolution process.

Map of State Affiliates and Regional Offices



**CERTAIN FINANCIAL INFORMATION**

*The following contains forward-looking statements that involve risks and uncertainties. These statements relate to the future plans, objectives, expectations and intentions of NWF and may be identified by use of words such as plans, expects, intends or believes. Actual results will differ from those described in these forward-looking statements and those differences may be important to an investor’s purchasing decision. Investors should not place undue reliance on the forward-looking statements in this Official Statement, which speak only as of the date of this Official Statement.*

**Financial Management and Controls**

NWF’s four-month financial planning and budgeting process begins with the President establishing strategic organization-wide goals and objectives for the coming year, and is followed by a planning phase in which each program and department sets out specific objectives. Each program and department then develops proposed budgets, updated business plans with multi-year forecasts, and describes proposed enhancements, as well as potential tradeoffs and cut backs. These budgets and descriptions are consolidated and presented to the President for final decisions to balance the budget. The proposed budget is then presented to the Board’s Finance Committee for review and recommendation to the full Board of Directors.

Each program and department monitors, evaluates, and re-projects financial performance monthly, and reports results to the Vice President for Finance. The Vice President for Finance monitors, evaluates, and interprets program, department, and organization-wide financial performance each month and reports to the Chief Executive Officer and senior leadership. Financial performance reports are sent to the Board of Directors periodically throughout the year.

With effective revenue generating programs, including targeted re-investments in NWF’s lines of business, and sound financial management in place, NWF believes it will experience steady net revenue growth over the next five to ten years. The American public continues to care deeply about the environment, and NWF believes that it is well-positioned to attract financial support and make a difference on behalf of nature conservation. For additional information on how NWF plans to grow its revenues, see Management’s Discussion and Analysis of Operations.

### **Statements of Unrestricted Activities**

The following table sets forth NWF’s Statements of Unrestricted Activities for FY2013-FY2017.

#### **Statements of Unrestricted Activities**

(in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Operating revenue and support</b>					
Contributions from individuals	\$24,381	\$28,062	\$25,218	\$27,747	\$24,185
Contributions from governments, foundations and corporations	\$6,064	\$1,234	\$992	\$1,870	\$9,730
Publications	\$13,851	\$11,729	\$11,273	\$11,202	\$11,352
Nature education materials	\$9,463	\$9,016	\$9,491	\$8,955	\$8,922
Investment income appropriated for operations	\$6,972	\$9,654	\$2,567	\$2,355	\$2,079
Royalties	\$1,032	\$904	\$516	\$513	\$745
Gain on sale of property	\$0	\$0	\$1,110	\$0	\$0
Other	\$1,356	\$2,250	\$1,213	\$474	\$1,941
Net assets released from restrictions					
Satisfaction of program restrictions	\$15,831	\$18,000	\$18,260	\$19,692	\$25,397
Expiration of time restrictions	\$4,310	\$3,452	\$2,768	\$7,146	\$5,450
<i>Total operating revenue and support</i>	<u>\$83,260</u>	<u>\$84,301</u>	<u>\$73,408</u>	<u>\$79,954</u>	<u>\$89,801</u>
<b>Operating expenses</b>					
<i>Program Services:</i>					
Conservation advocacy programs	\$26,640	\$25,201	\$25,000	\$27,872	\$34,039
Education outreach and publications	\$18,493	\$16,950	\$15,961	\$16,706	\$20,725
Other nature education programs	\$11,335	\$11,026	\$10,740	\$11,778	\$12,212
Membership education programs	\$9,857	\$8,921	\$8,625	\$8,045	\$7,451
<i>Total program expenses</i>	<u>\$66,325</u>	<u>\$62,098</u>	<u>\$60,326</u>	<u>\$64,401</u>	<u>\$74,427</u>
<i>Supporting services:</i>					
Fundraising	\$9,804	\$10,344	\$8,611	\$7,371	\$8,674
General and administrative	\$8,675	\$9,549	\$5,823	\$4,798	\$5,130

<i>Total supporting services</i>	\$18,479	\$19,893	\$14,434	\$12,169	\$13,804
<i>Total operating expenses</i>	\$84,804	\$81,991	\$74,760	\$76,570	\$88,231
<b>Change in net assets from operations</b>	<b>(\$1,544)</b>	<b>\$2,310</b>	<b>\$(1,352)</b>	<b>\$3,384</b>	<b>\$1,570</b>

### **Management's Discussion and Analysis of Operations**

Over the years, NWF has attracted a diverse supporter base consisting of over six million members, donors, subscribers, merchandise buyers, activists and program participants. It believes it has done so by its pursuit of common sense solutions to problems and by its mainstream approach to developing these solutions. This large and diverse supporter base, which includes people of all ages who like to hike, garden, birdwatch, fish, hunt, watch wildlife programs, and teach, allows for consensus building and enables NWF to act as a voice of moderation in conservation issues. Accordingly, in the competitive marketplace for supporters, NWF believes it is well-positioned to continue to attract a diverse supporter base and not rely solely on any one interest or demographic group or geographic region.

NWF believes its overall revenue generating success is attributable to the broad appeal of its mission, its organizational structure, which combines national initiatives with grassroots delivery, and sophisticated revenue-generating programs supported by advanced information technologies. Specifically, NWF attributes its increase in revenue from FY 2014 through FY 2017 to increases in restricted contributions, grants and bequests. In general, NWF intends to provide for future stability by continuing to strengthen existing revenue generating programs, including nature education materials, publications, membership, cause-related marketing, and philanthropic fund raising programs such as giving clubs, major gifts, restricted gifts and grants and planned giving. Although NWF has a long track record in product sales and direct marketing, and has successfully grown its market share with philanthropic donors represented by foundations, corporations, and individuals, NWF plans to invest in innovative efforts and enhanced marketing in order to substantially improve revenue growth and better position the organization for the future. This will be accomplished by capitalizing on the fundamental attractiveness of its programs and its broad base of constituents as well as driving new products and services while expanding our base audience of supporters. NWF believes that (1) grants from foundations and government, (2) membership and online sources, (3) bequests, (4) publications, licensing and products, and (5) contributions from major donors will provide the largest revenue growth (percentage wise) over the next five to ten years. NWF has taken several steps to position itself to capture these revenues. For example, NWF has (a) been investing in its philanthropy and marketing efforts, including adding staff to support these efforts, (b) revamped its website, which services its membership, provides access to its publications, and serves as a portal for donations, among other things, (c) hired an Innovation and Marketing VP to lead its new push toward innovation, and (d) acquired the award-winning Zoobooks line (see Publications and Outreach), which will increase publications sales.

NWF is also mindful of the need to control expenses, and it conducts budgeting processes and performance reviews on an ongoing basis.

## Sources of Revenue and Support

Support is provided by individuals, foundations and corporations, along with support from Foundation, Government, and Corporate Grants. Other sources of revenue include subscriptions to magazines and books published by NWF, sales of nature educational materials, licensing fees and royalties.

The following table sets forth a summary of revenue derived from various sources from FY2013 – FY2017.

<u>Five Year Summary of Revenue</u> (in thousands)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Contributions, grants and bequests (Individuals, Corporation and Foundations)</b>	\$ 29,274	\$ 29,163	\$ 28,843	\$ 35,421	\$ 47,567
<b>Membership income (Individual and Corporate)</b>	\$ 23,873	\$ 23,137	\$ 22,375	\$ 20,401	\$ 20,278
<b>In-kind contributions</b>	\$ 504	\$ 218	\$ 92	\$ 53	\$ 2,231
<b>Subscription Revenue</b>	\$ 13,852	\$ 11,729	\$ 11,273	\$ 11,202	\$ 11,352
<b>Nature Education Materials</b>	\$ 9,463	\$ 9,016	\$ 9,491	\$ 8,955	\$ 8,922
<b>Investments</b>	\$ 6,973	\$ 9,655	\$ (2,546)	\$ 4,593	\$ 7,966
<b>Licensing and Other</b>	\$ 4,653	\$ 4,909	\$ (22)	\$ 3,328	\$ 3,074
<b>Total</b>	<u>\$ 88,591</u>	<u>\$ 87,828</u>	<u>\$ 69,506</u>	<u>\$ 83,953</u>	<u>\$ 101,390</u>

Some of these major sources of revenue and support are discussed further below:

**Membership and Contributions.** NWF has multiple avenues by which it receives support and philanthropic contributions. The following is a description of the main categories of NWF supporters:

*Contributors:* Individuals who make contributions of \$14 or less are considered contributors. Contributors do not receive membership benefits and their funds are entirely used for supporting NWF's mission to safeguard wildlife and wild places across the country.

*Associate Members:* Individuals who make donations of at least \$15 per year to NWF may become Associate Members. A tax-deductible membership gift will be put to immediate use to bolster many urgent conservation and education initiatives. Associate members receive several membership benefits, including a full year subscription to NWF's National Wildlife® magazine and a discount on NWF catalog merchandise.

*Guardians of the Wild:* The Guardians of the Wild giving circle is reserved for individuals contributing \$100 or more annually, and are among NWF's most loyal supporters. Guardians of the Wild receive certain exclusive benefits, including a subscription to National Wildlife® magazine and an informative Guardians of the Wild newsletter.

*Guardians at the "Friend" level:* Individuals who contribute between \$100 and \$249 per year are considered Guardians of the Wild at the Friend level.

*Guardians at the "Advocate" level:* Individuals who contribute at least \$250 per year are considered Guardians of the Wild at the Advocate level. In addition to the Guardian of the Wild benefits, Advocates will also receive a Guardians canvas tote bag.

*Guardians at the "Partner" level:* Individuals who contribute at least \$500 per year are considered Guardians of the Wild at the Partner level. In addition to the Guardian of the Wild benefits, Partners receive special-edition embossed note cards.

*Leaders Club Members:* The Leaders Club includes individuals who elect to make monthly payments to NWF. These tax-deductible monthly gifts provide a consistent, reliable income stream, allowing more resources to be focused on efforts to protect America's wildlife. Leader Club Members receive membership benefits, which include a subscription to National Wildlife® magazine and a 15% membership discount on all National Wildlife Federation catalog merchandise.

*J.N. "Ding" Darling Circle:* The J.N. "Ding" Darling Circle, named after NWF's founder and first president, is NWF's premier giving circle for members who make an annual commitment of \$1,000 or more. Darling Circle members receive membership benefits, such as a subscription to National Wildlife® and a 20% off NWF Catalog purchases.

*President's Leadership Council:* The President's Leadership Council is reserved for individuals who give at least \$10,000 in a calendar year, or whose lifetime giving totals \$1 million or more. These members are invited to participate in exclusive events and excursions that provide unique perspective on NWF's work and a range of opportunities to engage with leadership across America's conservation movement. Members also receive a complimentary subscription to National Wildlife®, 20% off NWF Catalog purchases, and invitations to President's Leadership Council events and excursions hosted by NWF and conservation experts and leadership.

*Legacy Society:* Legacy Society members are individuals who have made charitable gifts through their future plans. Legacy Society members receive membership benefits such as a complimentary subscription to our award winning National Wildlife® magazine, invitations to special NWF events and activities, and complimentary issues of NWF's Wildlife Insider newsletter.

*Foundations and Government:* NWF has also received large grants from foundations and government agencies. For example, NWF has received a multi-year grant from the Gordon & Betty Moore Foundation (in a total amount of \$3,572,100). The award was recently renewed for an additional three years (and for an amount of \$6,767,405). NWF is also in the first or second year of multiple one-to-two year grants from the Walton Family Foundation (in a total amount of



\$7,192,620), and is in year three of a five-year grant from the Norwegian Agency for Development Cooperation (in a total amount of \$7,354,350).

In FY 2017, contributions represented approximately 66.91% of NWF's revenue.

### **Publications and Subscriptions**

NWF receives support through print and digital subscriptions to *National Wildlife* (which is a member benefit), as well as NWF's Ranger Rick Outreach publications: *Ranger Rick*, *Ranger Rick Junior*, *Ranger Rick Cub*, *Ranger Rick Zoobooks*, *Ranger Rick Zootles*, *Ranger Rick Zoobies* and *Ranger Rick Zoodinos*. Membership is not a requirement for a subscription to the Ranger Rick Outreach publications. The annual print subscription rate for six issues of *Ranger Rick Cub* or ten issues of *Ranger Rick* or *Ranger Rick Jr.* is \$24.95 for each of these magazines. The annual print subscription rate for nine issues of *Ranger Rick's Zoobooks* or six issues of *Ranger Rick Zootles*, *Ranger Rick Zoobies* or *Ranger Rick Zoodinos* is \$29.95 for each of these publications. Ranger Rick Outreach publications also market related products and services including list rental, newsstand, book clubs, web clubs and they provide content for licensed products. *National Wildlife* also generates revenue from outside advertising sales.

In FY 2017, *National Wildlife* advertising and Ranger Rick Outreach publications, products and services generated approximately 11.20% of NWF's revenue. There are currently over 1.1 million subscribers to NWF magazines, which includes over 400,000 subscribers to *National Wildlife* and over 700,000 subscribers to the Ranger Rick Outreach publications.

### **Nature Education Materials**

The NWF Catalog generates unrestricted financial support to the organization and provides mission and program awareness to over three million constituents through the sale of mission-aligned products that express NWF's values and promote NWF brands. The Catalog's focus is to market nature-oriented, family-focused merchandise to wildlife enthusiasts and like-minded constituents. Current product lines consist of greeting cards, apparel, plant-a-tree ornaments, gardening products and Certified Wildlife Habitat signs, children's educational products and symbolic adoption.

In FY 2017, catalog sales represented approximately 8.80% of NWF's revenue.

### **Investment Income**

In FY 2017, investment income represented approximately 7.86% of NWF's revenue. Investment income represents earnings and gains from invested operating and reserve funds.

The following table sets forth NWF's investment portfolio for FY2013-FY2017.

<b><u>Investment Type</u></b> <b>(in thousands)</b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Common stocks	\$12,063	\$5,960	\$4,471	\$5,571	\$5,943
Money market funds	\$0	\$0	\$0	\$0	\$4,215
Limited partnerships and private investment funds	\$17,348	\$16,816	\$15,168	\$15,342	\$17,323
Hedge fund	\$0	\$5,098	\$3,279	\$3,451	\$3,653
Mutual funds – fixed income	\$11,665	\$9,653	\$7,049	\$7,194	\$3,481
Mutual and index funds - equity	\$15,172	\$20,391	\$18,039	\$22,706	\$24,897
<i>Total unrestricted investments</i>	\$56,248	\$57,918	\$48,006	\$54,264	\$59,512
Limited partnerships and private investment funds	\$5,430	\$5,458	\$5,458	\$5,474	\$5,484
<b>Total Investments</b>	<b>\$61,678</b>	<b>\$63,376</b>	<b>\$53,464</b>	<b>\$59,738</b>	<b>\$64,996</b>

A schedule of the liquidity of NWF's investments as of August 31, 2017 is set forth below:

<b><u>Liquidity Period*</u></b>	<b><u>Fair Value</u></b>	<b><u>Percentage of Portfolio</u></b>
Less than 30 days	\$ 38,188,289.63	59%
Monthly	\$ 8,843,982.30	13%
Quarterly	\$ 12,173,201.64	19%
One Year	-	0%
Greater than One Year	\$ 5,790,563.00	9%
<b>Total</b>	<b>\$ 64,996,036.57</b>	<b>100.00%</b>

\* This column describes the periods in which NWF's investable assets can be liquidated to cash.

#### Appropriations from Investments

NWF appropriates a certain amount of investment income each year for operations based on a board approved formula. Currently, the formula specifies the larger of 5% of a three year average of total investment value at 12/31/2016 or 3/31/2017.

#### **Licensing and Other**

This category includes fees for licensing and affinity agreements, and miscellaneous other sources. This revenue can fluctuate each year depending on the specific licensing and affinity agreements in place with NWF's corporate partners. The various agreements can span from one to five years and the corporate partners can change with each deal. This category also includes

miscellaneous revenues which vary from year to year, including certain items which are not reflected in the audited financial statements as operating revenue (such as pension related actuarial gains and losses and a one-time gain from the sale of NWF real property). In FY 2017, licensing and other revenues represented approximately 3.03% of NWF's revenue.

### **Statements of Financial Position**

The table below sets forth NWF's statements of financial position for FY2013-FY2017.

#### **Statements of Financial Position**

(in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Assets</b>					
Cash and cash equivalents	\$230	\$271	\$204	\$1,316	\$4,092
Investments	\$56,248	\$57,918	\$48,006	\$54,264	\$59,512
Grants and other restricted receivables, net	\$8,165	\$12,413	\$9,662	\$9,983	\$13,234
Bequests and other contributions receivable, net	\$3,505	\$2,429	\$6,584	\$4,534	\$2,271
Accounts receivable net of allowances for doubtful accounts	\$1,301	\$1,457	\$854	\$826	\$784
Inventory, nature education materials	\$861	\$892	\$745	\$745	\$730
Prepaid expenses	\$2,933	\$2,105	\$1,928	\$2,846	\$2,988
Charitable gifts annuities and other trusts	\$11,837	\$12,420	\$11,850	\$11,034	\$11,536
Property, plant and equipment, net	\$21,329	\$21,898	\$16,546	\$15,927	\$17,065
Other Assets	\$1,179	\$1,185	\$668	\$476	\$511
Permanently restricted investments	\$5,430	\$5,458	\$5,458	\$5,474	\$5,484
<b>Total assets</b>	<b>\$113,018</b>	<b>\$118,446</b>	<b>\$102,505</b>	<b>\$107,425</b>	<b>\$118,207</b>

#### **Liabilities and Net Assets**

##### Liabilities

Accounts payable and accrued expenses	\$6,143	\$3,575	\$4,958	\$4,487	\$4,914
Accrued payroll and related costs	\$2,335	\$3,221	\$2,267	\$2,329	\$2,462
Current portion of bonds and notes payable and line of credit	\$5,133	\$9,046	\$1,632	\$248	\$0
Deferred revenue	\$9,041	\$8,971	\$8,277	\$8,773	\$8,611
Deferred rent and lease incentives	\$0	\$0	\$0	\$0	\$1,093
Bonds and notes payable, net of unamortized financing fees	\$20,936	\$20,028	\$13,648	\$12,958	\$12,232

Accrued pension and post-retirement benefits	\$19,683	\$18,453	\$21,977	\$20,966	\$18,213
Charitable gift annuities and other liabilities	\$3,810	\$3,570	\$3,418	\$3,953	\$3,812
<b>Total liabilities</b>	<b>\$67,081</b>	<b>\$66,864</b>	<b>\$56,177</b>	<b>\$53,714</b>	<b>\$51,337</b>
<b>Net Assets</b>					
<b>Unrestricted</b>					
Undesignated	\$7,132	\$13,123	\$1,820	\$7,213	\$16,687
Designated	\$7,047	\$4,707	\$6,327	\$8,607	\$8,764
<b>Total unrestricted</b>	<b>\$14,179</b>	<b>\$17,830</b>	<b>\$8,147</b>	<b>\$15,820</b>	<b>\$25,451</b>
Temporarily restricted	\$22,480	\$24,054	\$28,797	\$28,439	\$31,763
Permanently restricted	\$9,278	\$9,698	\$9,384	\$9,452	\$9,656
<b>Total net assets</b>	<b>\$45,937</b>	<b>\$51,582</b>	<b>\$46,328</b>	<b>\$53,711</b>	<b>\$66,870</b>
<b>Total liabilities and net assets</b>	<b>\$113,018</b>	<b>\$118,446</b>	<b>\$102,505</b>	<b>\$107,425</b>	<b>\$118,207</b>

## Employees

NWF employees at the close of each of the fiscal years 2013 to 2017 were as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Full-Time	300	257	251	273	286
Part-Time	<u>33</u>	<u>29</u>	<u>33</u>	<u>26</u>	<u>34</u>
<b>Subtotal</b>	333	286	284	299	320
Full-Time Staff focused on:					
Specific NWF Sponsored Programs	152	128	134	142	162
Affiliate Relationships	<u>13</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>13</u>
<b>Total</b>	165	140	145	154	175

NWF does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, sexual orientation, marital status, age, national origin, disability, genetic information, or any other characteristic protected by federal, state and/or local law.

## Employee Benefits

### **Defined Benefit Retirement Plan**

NWF maintains the National Wildlife Federation Retirement Income Plan, which is a non-contributory defined-benefit plan for NWF employees (the "Plan"). All employees who reach age and length of service requirements automatically become participants in the Plan. The Plan is subject to minimum funding requirements of the Employee Retirement Income Security Act of 1974.

In March 2013, the Plan agreement was amended so that the accrued benefits of all participants were frozen effective June 30, 2013, and no participant would earn any additional pension amounts after that date.

### **Employee Tax Deferred Annuity Plan**

The NWF 403(b) Tax Deferred Annuity Plan (TDA) is administered by MassMutual Retirement Services and is available to employees who meet eligibility requirements. Through this tax-deferred savings program, employees may invest a portion of their income in a wide range of professionally managed diversified investment funds.

### **Self-insured Medical Plan**

NWF has a self-insured group medical insurance plan – a partnership between NWF, its employees, and covered family members, formed to maintain the financial stability necessary to continue providing NWF’s high level of flexible health care options. NWF has contracted with United Healthcare (UHC) to act a Contract Administrator; an independent third-party to receive claims and make all appropriate claim payments based on the NWF Plans’ level of benefits. This third-party arrangement guarantees the confidentiality of employee and dependent health care needs and provides NWF with the claims experience reporting necessary to maintain the appropriate level of covered benefits.

### **Post-retirement Medical Plan**

Employees who meet eligibility requirements will have the option to elect continued coverage if they have a minimum of ten years of service, are age 55 or older, and were continuously enrolled in the NWF group medical plan for at least one year prior to the termination date. They must also satisfy the “Rule of 70” (age and service equals or exceeds 70).

### **Cash, Cash Equivalents and Investment Portfolio Overview**

As of December 31, 2017, NWF had cash and cash equivalents, and investments totaling \$68,932,766.81. The value of NWF’s cash and cash equivalents as of December 31, 2017 was \$18,852,630.46.

### **Other Indebtedness**

On the date of delivery of the Bonds, NWF will use Bond proceeds to refinance a term loan with Bank of America. Following the date of delivery of the Bonds, NWF will not have any additional indebtedness other than a short term line of credit with Bank of America with an available amount of \$6,000,000. The line of credit is scheduled to mature no later than February 28, 2019. Following delivery of the Bonds, the documents evidencing the line of credit will require NWF to satisfy certain financial covenants, including a liquidity coverage ratio of at least 1.00 to 1.00 (measured semi-annually).

### **Insurance**

NWF maintains a program of insurance covering its facilities including commercial property and electronic data processing coverage. NWF also carries commercial liability, association professional liability, fiduciary liability, cyber and crime insurance for the activities of staff and volunteer Board of Directors. Finally, all employees are covered by a workers compensation policy.

## **LITIGATION**

Presently NWF is not involved in, nor aware of the threat of, any litigation which would materially adversely affect its financial condition or its ability to enter into the transactions described herein.

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE BORROWER**

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# **THE NATIONAL WILDLIFE FEDERATION**

## **Financial Statements**

*For the Years Ended August 31, 2017 and 2016*



**and  
Report Thereon**



**Reports Required in Accordance with  
the Uniform Guidance**

*For the Year Ended August 31, 2017*



**THE NATIONAL WILDLIFE FEDERATION**  
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**For the Years Ended August 31, 2017 and 2016**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The National Wildlife Federation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The National Wildlife Federation, which comprise the statements of financial position as of August 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. We have audited the accompanying consolidated financial statements of The National Wildlife Federation (NWF) and its affiliate, The National Wildlife Federation Endowment, Inc. (the Endowment), which comprise the consolidated statements of financial position as of August 31, 2016, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Wildlife Federation as of August 31, 2017 and The National Wildlife Federation and Affiliate as of August 31, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of The National Wildlife Federation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The National Wildlife Federation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The National Wildlife Federation's internal control over financial reporting and compliance.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
November 28, 2017

THE NATIONAL WILDLIFE FEDERATION

STATEMENTS OF FINANCIAL POSITION

As of August 31, 2017 and 2016

(in thousands)

	2017	2016 (Consolidated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,092	\$ 1,316
Investments	59,512	54,264
Grants and other restricted receivables, net	13,234	9,983
Bequests and other contributions receivable, net	2,271	4,534
Accounts receivable, net of allowance for doubtful accounts of \$11 and \$36, respectively	784	826
Inventory, nature education materials	730	745
Prepaid expenses	2,988	2,846
Charitable gift annuities and other trusts	11,536	11,034
Property, plant and equipment, net	17,065	15,927
Other assets	511	438
Permanently restricted investments	5,484	5,474
<b>TOTAL ASSETS</b>	<b>\$ 118,207</b>	<b>\$ 107,387</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 4,914	\$ 4,487
Accrued payroll and related costs	2,462	2,329
Line of credit	-	248
Deferred revenue	8,611	8,773
Deferred rent and lease incentives	1,093	-
Notes payable, net of unamortized financing fees	12,232	12,920
Accrued pension and post-retirement benefits	18,213	20,966
Charitable gift annuities and other trust obligations	3,812	3,953
<b>TOTAL LIABILITIES</b>	<b>51,337</b>	<b>53,676</b>
<b>Net Assets</b>		
<b>Unrestricted</b>		
Undesignated	16,687	7,213
Designated	8,764	8,607
<b>Total Unrestricted</b>	<b>25,451</b>	<b>15,820</b>
Temporarily restricted	31,763	28,439
Permanently restricted	9,656	9,452
<b>TOTAL NET ASSETS</b>	<b>66,870</b>	<b>53,711</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 118,207</b>	<b>\$ 107,387</b>

The accompanying notes are an integral part of these financial statements.

**THE NATIONAL WILDLIFE FEDERATION**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended August 31, 2017 and 2016**  
**(in thousands)**

	2017				2016 (Consolidated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING REVENUE AND SUPPORT</b>								
Contributions from individuals	\$ 24,185	\$ 11,819	\$ 10	\$ 36,014	\$ 27,747	\$ 6,117	\$ 10	\$ 33,874
Contributions from governments, foundations and corporations	9,730	22,100	-	31,830	1,870	20,078	-	21,948
Publications	11,352	-	-	11,352	11,202	-	-	11,202
Nature education materials	8,922	-	-	8,922	8,955	-	-	8,955
Investment income appropriated for operations	2,079	94	-	2,173	2,309	46	-	2,355
Royalties	745	-	-	745	513	-	-	513
Other	1,941	158	194	2,293	474	285	58	817
Net assets released from restrictions:								
Satisfaction of program restrictions	25,397	(25,397)	-	-	19,738	(19,738)	-	-
Expiration of time restrictions	5,450	(5,450)	-	-	7,146	(7,146)	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>89,801</b>	<b>3,324</b>	<b>204</b>	<b>93,329</b>	<b>79,954</b>	<b>(358)</b>	<b>68</b>	<b>79,664</b>
<b>OPERATING EXPENSES</b>								
Program Services:								
Conservation advocacy programs	34,039	-	-	34,039	27,872	-	-	27,872
Education outreach and publications	20,725	-	-	20,725	16,706	-	-	16,706
Other nature education programs	12,212	-	-	12,212	11,778	-	-	11,778
Membership education programs	7,451	-	-	7,451	8,045	-	-	8,045
Total Program Services	<b>74,427</b>	<b>-</b>	<b>-</b>	<b>74,427</b>	<b>64,401</b>	<b>-</b>	<b>-</b>	<b>64,401</b>
Supporting Services:								
Fundraising	8,674	-	-	8,674	7,371	-	-	7,371
General and administrative	5,130	-	-	5,130	4,798	-	-	4,798
Total Supporting Services	<b>13,804</b>	<b>-</b>	<b>-</b>	<b>13,804</b>	<b>12,169</b>	<b>-</b>	<b>-</b>	<b>12,169</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>88,231</b>	<b>-</b>	<b>-</b>	<b>88,231</b>	<b>76,570</b>	<b>-</b>	<b>-</b>	<b>76,570</b>
Change in net assets from operations	1,570	3,324	204	5,098	3,384	(358)	68	3,094
Nonoperating activities:								
Investment income in excess of earnings appropriated for operations	5,796	-	-	5,796	2,238	-	-	2,238
Pension and post-retirement related changes other than net periodic benefit cost	2,265	-	-	2,265	2,051	-	-	2,051
<b>CHANGE IN NET ASSETS</b>	<b>9,631</b>	<b>3,324</b>	<b>204</b>	<b>13,159</b>	<b>7,673</b>	<b>(358)</b>	<b>68</b>	<b>7,383</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>15,820</b>	<b>28,439</b>	<b>9,452</b>	<b>53,711</b>	<b>8,147</b>	<b>28,797</b>	<b>9,384</b>	<b>46,328</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 25,451</b>	<b>\$ 31,763</b>	<b>\$ 9,656</b>	<b>\$ 66,870</b>	<b>\$ 15,820</b>	<b>\$ 28,439</b>	<b>\$ 9,452</b>	<b>\$ 53,711</b>

The accompanying notes are an integral part of these financial statements.

**THE NATIONAL WILDLIFE FEDERATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended August 31, 2017  
(in thousands)

	Program Services					Supporting Services			
	Conservation Advocacy Programs	Education Outreach and Publications	Other Nature Education Programs	Membership Education Programs	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 15,477	\$ 6,626	\$ 2,651	\$ 549	\$ 25,303	\$ 1,365	\$ 2,743	\$ 4,108	\$ 29,411
Consultants and contractors	7,565	2,325	2,892	1,219	14,001	1,365	587	1,952	15,953
Printing and production	179	3,740	1,356	2,776	8,051	2,718	458	3,176	11,227
Postage, mailing and shipping	32	3,310	1,275	2,066	6,683	2,168	359	2,527	9,210
Other	2,113	811	867	465	4,256	581	259	840	5,096
Conservation assistance	4,649	113	19	-	4,781	5	-	5	4,786
Information systems	1,432	872	514	314	3,132	365	216	581	3,713
Cost of goods sold	6	98	2,344	-	2,448	-	15	15	2,463
Occupancy and depreciation	1,343	369	159	25	1,896	53	433	486	2,382
Donated advertising and other services	19	2,229	-	36	2,284	-	-	-	2,284
Travel	1,224	232	135	1	1,592	54	60	114	1,706
<b>TOTAL EXPENSES</b>	<b>\$ 34,039</b>	<b>\$ 20,725</b>	<b>\$ 12,212</b>	<b>\$ 7,451</b>	<b>\$ 74,427</b>	<b>\$ 8,674</b>	<b>\$ 5,130</b>	<b>\$ 13,804</b>	<b>\$ 88,231</b>

The accompanying notes are an integral part of these financial statements.

**THE NATIONAL WILDLIFE FEDERATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended August 31, 2016  
(in thousands)

	Program Services				Supporting Services			Total Expenses	
	Conservation Advocacy Programs	Education Outreach and Publications	Other Nature Education Programs	Membership Education Programs	Total Program Services	Fundraising	General and Administrative		Total Supporting Services
Salaries and benefits	\$ 14,706	\$ 5,708	\$ 2,222	\$ 696	\$ 23,332	\$ 1,472	\$ 2,448	\$ 3,920	\$ 27,252
Consultants and contractors	5,383	1,626	2,844	1,291	11,144	1,166	477	1,643	12,787
Printing and production	138	3,491	1,381	2,741	7,751	1,861	505	2,366	10,117
Postage, mailing and shipping	31	3,263	1,279	2,281	6,854	1,794	433	2,227	9,081
Other	1,322	709	1,114	620	3,765	594	380	974	4,739
Information systems	1,307	787	557	382	3,033	349	231	580	3,613
Conservation assistance	2,869	102	-	-	2,971	-	-	-	2,971
Cost of goods sold	-	291	2,130	-	2,421	-	-	-	2,421
Occupancy and depreciation	1,233	393	144	32	1,802	63	278	341	2,143
Travel	883	336	107	2	1,328	72	46	118	1,446
<b>TOTAL EXPENSES</b>	<b><u>\$ 27,872</u></b>	<b><u>\$ 16,706</u></b>	<b><u>\$ 11,778</u></b>	<b><u>\$ 8,045</u></b>	<b><u>\$ 64,401</u></b>	<b><u>\$ 7,371</u></b>	<b><u>\$ 4,798</u></b>	<b><u>\$ 12,169</u></b>	<b><u>\$ 76,570</u></b>

The accompanying notes are an integral part of these financial statements.



**THE NATIONAL WILDLIFE FEDERATION**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2017 and 2016**  
**Increase (Decrease) in Cash and Cash Equivalents**  
**(in thousands)**

	2017	2016 (Consolidated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 13,159	\$ 7,383
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	121	386
Depreciation and amortization	1,014	1,036
Realized and unrealized gains on investments and annuities	(7,314)	(3,934)
Loss on sale of property	36	-
Unrecognized gain on pension and post-retirement plans	(2,265)	(2,051)
Changes in assets and liabilities:		
Grants and other restricted receivables	(3,251)	(321)
Bequests and other contributions receivable	2,263	1,800
Accounts receivable	(79)	(108)
Inventory, nature education materials	15	-
Prepaid expenses	(142)	(918)
Charitable gift annuities and other trusts	(502)	816
Other assets	(73)	172
Accounts payable and accrued expenses	(515)	(471)
Accrued payroll and related costs	133	62
Deferred revenue	(162)	496
Deferred rent and lease incentives	1,093	-
Accrued pension and post-retirement benefits	(488)	1,040
Charitable gift annuities and other trust obligations	(141)	550
Other liabilities	-	(15)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,902</b>	<b>5,923</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(1,246)	(417)
Purchases of investments	(15,599)	(10,245)
Sales and maturities of investments	17,655	7,905
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>810</b>	<b>(2,757)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable and line of credit	(9,952)	(13,617)
Borrowings under notes payable and line of credit	9,016	11,563
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(936)</b>	<b>(2,054)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,776</b>	<b>1,112</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,316</b>	<b>204</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 4,092</b>	<b>\$ 1,316</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<b>\$ 280</b>	<b>\$ 289</b>
<b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Leasehold improvements	\$ (942)	\$ -
Deferred lease incentive	942	-
	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
**(in thousands)**

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1. Organization, Purpose and Summary of Significant Accounting Policies

**Organization**

The National Wildlife Federation (NWF) and its affiliate, The National Wildlife Federation Endowment, Inc. (the Endowment) (collectively referred to as the Federation), are not-for-profit organizations that were formed in the District of Columbia for the purpose of promoting the wise use and proper management of our natural resources. Founded in 1936, NWF, its member supporters and a national network of affiliated organizations work to inspire Americans to protect wildlife for our children's future. Support is provided primarily by individuals, foundations and corporations, along with some federal and state grants. Other major revenue sources are memberships, subscriptions to magazines published by NWF, sales of nature educational materials and royalties. The Endowment provides long-term stability by investing and preserving NWF assets. By investing in a manner consistent with NWF's mission and values, the Endowment returns a stream of income to NWF to support conservation education programs.

In February 2017, the Board of Directors of the Endowment approved the transfer of all assets and liabilities of the Endowment to NWF, and the dissolution of the entity as of April 1, 2017. NWF recognized the assets and liabilities transferred at their carrying amounts in the Endowment's accounts at the date of transfer, March 31, 2017.

**Basis of Presentation**

For the year ended August 31, 2017, the accompanying financial statements include the financial activities of the Endowment from September 1, 2016 through March 31, 2017. Effective April 1, 2017, with the dissolution of the Endowment as a separate entity, the revenue and expenses derived from these assets and liabilities transferred from the Endowment are included in the Federation's accompanying financial statements for the last five months of the fiscal year ended August 31, 2017. For the year ended August 31, 2016, the accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of NWF and the Endowment. All significant inter-entity balances and transactions have been eliminated in the accompanying financial statements.

State affiliates, who are members of NWF, are independent and autonomous organizations. As NWF has no economic interest in or control of state affiliates, their financial activities are not included in the accompanying financial statements of the Federation.

The Federation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Temporarily restricted net assets consist of contributions where the use by the Federation is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Federation related to those stipulations. Permanently restricted net assets consist of contributions where the use by the Federation is limited by donor-imposed stipulations that the assets be maintained permanently.

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
**(in thousands)**

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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

**Cash and Cash Equivalents**

Cash and cash equivalents includes money market funds that are not part of the Federation's investment portfolio.

**Investments**

Investments are reported at fair value. Investments in common stock, fixed income funds and equity mutual and index funds, and money market funds are stated at quoted market values. Investments in limited partnerships, hedge funds and private investment funds are reported at fair value based on the net asset value (NAV) as determined by the external partnership or fund manager. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Federation uses NAV as a practical expedient to estimate the fair value of the Federation's ownership interest in limited partnerships, hedge funds and private investment funds, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Federation performs due diligence procedures related to these investments to support recognition at fair value at fiscal year-end. Because many of these investments are not readily marketable, the estimates of fair value involve assumptions and estimation methods which are uncertain, and therefore the estimates could differ from actual results.

Purchases and sales of investments are recorded on a trade date basis. Interest and dividends are recorded when earned. Realized gains and losses from security transactions are recorded on the specific identification basis, and are recorded in the accompanying statement of activities. For unsettled sales as of the reporting period date, the sale price is included with investments in the accompanying statements of financial position.

Investment returns reported in the accompanying statements of activities include realized gains or losses. Unrealized gains and losses resulting from changes in fair value are also included in investment returns in the accompanying statements of activities.

Because of the inherent uncertainty of valuation of the limited partnerships, hedge fund and private investment funds, it is reasonably possible that estimated values may differ from the values that would have been used had a ready market for the partnerships and funds existed. In addition, the partnerships and funds may also have risk associated with their concentrations of investments in certain industries or geographic regions.

**Grants and Other Contributions Receivable**

Unconditional promises to give, including grants, contributions and bequests that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a discount rate commensurate with the risks identified. Amortization of the discounts is included in contribution revenue. The allowance method is used to determine the uncollectible amounts. The Federation records an allowance for

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
**(in thousands)**

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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

**Grants and Other Contributions Receivable (continued)**

doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections and specific identification of uncollectible accounts. No allowance was deemed necessary as of August 31, 2017 and 2016. Credit risk with respect to grants and other contributions receivable is limited because the Federation deals with a large number of foundations, grant makers and donors with a wide range of awards and geographic area.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable consist primarily of amounts due from third parties for the Federation's publications, advertising and royalties. The allowance method is used to determine the uncollectible amounts. The Federation records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections and specific identification of uncollectible accounts. Amounts determined to be uncollectible are recorded against the allowance. The publications' allowance is determined based on a 12 month average of receivables written off applied to the total receivable balance.

**Charitable Gift Annuities and Other Trusts**

The Federation has been named as beneficiary in split income gifts that include charitable gift annuities, charitable remainder and lead trusts, and perpetual trusts. The split interest gifts have been valued based on discount rates approved by the Internal Revenue Service (the IRS) on the date of the gift, which range from 1.2% to 9.4%. The Federation serves as the administrator for all charitable gift annuities and certain remainder trusts received. A third party holds amounts received and makes specified payments to annuitants. The excess in fair value of assets received over the liability assumed is recorded as either unrestricted or temporarily restricted revenue. The liabilities are included in the accompanying statements of financial position. The assets are adjusted each year based on the fair value of the investments held by the third party. The liability is adjusted each year based on the adjusted life expectancies of the annuitants. Changes in assets and liabilities are recorded in the accompanying statements of activities in temporarily restricted other revenue.

Charitable remainder and lead trusts for which the Federation is not the trustee are recorded as temporarily restricted revenue when the trusts are established. The receivables associated with the charitable remainder and lead trusts are adjusted each year based upon the present value of future cash flows. This change is recorded in the accompanying statements of activities in temporarily restricted net assets as other revenue.

The beneficial interests in perpetual trusts are recorded at fair market value and the change in fair value of the trusts is recorded in the accompanying statements of activities in permanently restricted net assets as other revenue.

**Property and Equipment and Related Depreciation and Amortization**

The Federation capitalizes all purchases of capital assets that are greater than \$1,000. Building and improvements are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 20 to 50 years. Equipment, furniture and software

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

**Property and Equipment and Related Depreciation and Amortization (continued)**

are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 8 years. Leasehold improvements are amortized over the lesser of 10 years or the life of the lease. Maintenance and repairs are charged to expense as incurred.

**Impairment of Long Lived Assets**

The Federation reviews the carrying amounts of assets whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced by a charge to the statements of activities to its current fair value. As of August 31, 2017 and 2016, the Federation has not recognized an impairment loss.

**Contributed Property**

Contributed property, equipment and other noncash assets are recorded at their fair value at the date of donation. If donors stipulate how the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**Conservation Properties**

Conservation properties are recorded at estimated market value at the date of donation and are included in property, plant and equipment in the accompanying statements of financial position. The carrying value is adjusted if the market value is less than the recorded value. Covenants on certain properties restrict their future use to conservation activities.

**Restricted and Unrestricted Revenue**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenue, depending on the existence and/or nature of any donor stipulations. Donor restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the stipulation. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

**Revenue Recognition**

NWF's contribution program promotes subscriptions to National Wildlife® magazine as a benefit of membership in NWF. Therefore, a portion of the membership revenue is considered to be a contribution and a portion is considered to be an exchange transaction for the magazine. The amount of the contribution less the value to fulfill the magazine benefit is recognized as contribution revenue in these financial statements. The remaining amount is recorded as deferred revenue and recognized ratably over one year. Subscription revenue for Ranger Rick®, Ranger Rick Cub®, and Ranger Rick Junior® is recognized as publications

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

**Revenue Recognition (continued)**

revenue ratably over the subscription period, with the unearned portion classified as deferred revenue in the accompanying statements of financial position. Donations, bequests, grants and federal and state grant awards are recorded in the reporting period they are received at the expected realizable value. Unconditional promises to give are recognized as revenue and assets in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Donated Services**

The Federation recognizes contribution revenue for certain services received at the fair value of those services. In the years ended August 31, 2017 and 2016, the Federation received \$2,284 and \$123, respectively, in donated professional legal, actuarial, and program advertising services used in program and fundraising activities that are recorded in the accompanying statements of activities. However, many individuals volunteer their time and perform a variety of tasks that assist the Federation with its conservation education programs but do not meet the criteria for recording contributed services in the financial statements.

**Functional Allocation of Expenses**

The cost of providing the various conservation education programs and supporting services has been accounted for on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program and supporting services based on total direct expenses or total salaries, benefits and related expenses.

Conservation education programs consist of conservation advocacy, education outreach, publications, and other nature and membership education programs. These activities result in goods and services being distributed to beneficiaries, customers and members that fulfill the purposes and mission for which the Federation exists.

Supporting services include fundraising and general and administrative expenses. Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, preparing and distributing fundraising materials and conducting other activities involved with soliciting contributions. General and administrative activities include oversight, business management, general recordkeeping, budgeting, finance and other related administrative activities, except for direct conduct of program services and fundraising activities.

**Promotional Costs**

Promotional costs of children's publications and the NWF catalog, including postage, artwork and fulfillment, are deferred as prepaid expenses and amortized to expense over the period during which future benefits are expected to be received (generally one to four months).

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

**Fair Value of Financial Instruments**

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument

The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The Federation follows the measurement provisions of FASB Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using NAV or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the partnership or fund, whose financial statements are prepared in a manner consistent with the measurement principles of an investment company or that has the attributes of an investment company.

**Deferred Financing Costs and Amortization**

FASB issued Accounting Standards Update (ASU) No. 2015-03, *Amendments to Subtopic 835-30, Interest – Imputation of Interest*. This standard requires the presentation of deferred financing costs as a reduction of the carrying amount of the related debt liability rather than as

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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(in thousands)

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1. Organization, Purpose and Summary of Significant Accounting Policies (continued)

**Deferred Financing Costs and Amortization (continued)**

a deferred charge as required under prior guidance. During the year ended August 31, 2017, the Federation adopted the standard and reflected the retroactive impact on the prior year's balances presented in the accompanying consolidated financial statements. As a result of the adoption, unamortized financing costs previously recorded as an asset on the Federation's statement of financial position are now presented as a reduction of the carrying amount of the related debt liability as disclosed in Note 7, and the related amortization charge is included in interest expense on a straight-line basis over the life of the loan.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain prior year amounts have been reclassified for comparative purposes to conform to the current year presentation.

**Measure of Operating Results**

Operating revenue and expenses generally reflect those revenues and expenses that management can influence, including annual authorized operating support from the endowment and investment pool based on the spending formula established by the Federation's Board of Directors. Nonoperating activities include investment earnings (losses) of the investment portfolio in excess of endowment and other earnings appropriated for expenditure and post-retirement and pension related changes other than net periodic benefit cost.

2. Grants and Other Restricted Receivables

At August 31, 2017 and 2016, grants and other restricted receivables included the following unconditional promises to give:

	2017	2016
Amount due in less than one year	\$ 12,767	\$ 8,943
Amount due in one to five years	534	1,104
Subtotal	13,301	10,047
Less: Discount (5%)	(67)	(64)
Total	\$ 13,234	\$ 9,983



**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

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2. Grants and Other Restricted Receivables (continued)

During 2016, the Federation received a grant award from a foreign government agency of approximately \$6.8 million, to be paid over five years, to support a conservation program. The Federation recognized approximately \$1.5 million and \$1.4 million as revenue for the years ended August 31, 2017 and 2016, respectively. The remaining amount is conditional upon annual parliamentary budget approval. In addition, as of August 31, 2017, the Federation had approximately \$2.3 million in conditional grants receivable from two donors, which were not reflected in the accompanying statement of financial position. These conditional project grants require the Federation's completion of contractual tasks, milestones and other matching requirements which are subject to periodic donor review and approval before the project may continue and, therefore, the Federation has not recognized any revenue from the conditional portions of these grants.

3. Bequests and Other Contributions Receivable

At August 31, 2017 and 2016, bequests and other contributions receivable included the following unconditional promises to give:

	2017	2016
Amount due in less than one year	\$ 2,265	\$ 4,246
Amount due in one to five years	7	298
Amount due in more than five years	-	5
Subtotal	2,272	4,549
Less: Discount (5%)	(1)	(15)
Total	\$ 2,271	\$ 4,534

The Federation received \$2,365 and \$2,386 in the years ended August 31, 2017 and 2016, respectively, from a monthly donor program. The pledges from this program are deemed to be conditional because donors can cancel their participation at any time. Therefore, the pledges are recognized as revenue only when payment is received.

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

4. Investments and Permanently Restricted Investments

Investments, including permanently restricted investments, at market, consisted of the following as of August 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Common stocks	\$ 5,943	\$ 5,571
Money market funds	4,215	-
Limited partnerships and private investment funds	17,323	15,342
Hedge fund	3,653	3,451
Mutual funds – fixed income	3,481	7,194
Mutual and index funds – equity	<u>24,897</u>	<u>22,706</u>
Total unrestricted investments	59,512	54,264
Limited partnerships and private Investment funds – permanently restricted	<u>5,484</u>	<u>5,474</u>
Total Investments	<u>\$ 64,996</u>	<u>\$ 59,738</u>

Investment return consisted of the following for the years ended August 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Dividends and interest income	\$ 655	\$ 659
Net realized gains	3,663	1,109
Net unrealized gains	<u>3,651</u>	<u>2,825</u>
Net investment gains	7,969	4,593
Less: earnings appropriated for operations	<u>(2,173)</u>	<u>(2,355)</u>
Investment income in excess of earnings appropriated for operations	<u>\$ 5,796</u>	<u>\$ 2,238</u>

Investment expenses were \$452 and \$294 for the years ended August 31, 2017 and 2016, respectively, and are included in total program and supporting services expenses in the accompanying statements of activities.

5. Charitable Gift Annuities and Other Trusts

Charitable gift annuities and other trusts consisted of the following as of August 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Charitable gift annuities	\$ 5,853	\$ 5,492
Charitable remainder trusts	1,489	1,540
Perpetual trusts	4,172	3,978
Charitable lead trusts	<u>22</u>	<u>24</u>
Total Charitable Gift Annuities and Other Trusts	<u>\$ 11,536</u>	<u>\$ 11,034</u>

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

5. Charitable Gift Annuities and Other Trusts (continued)

The estimated liabilities for the above charitable gift annuities and other trusts consisted of the following as of August 31, 2017 and 2016:

	2017	2016
Charitable gift annuities	\$ 3,755	\$ 3,896
Charitable remainder trusts	57	57
Total Estimated Liabilities for Charitable Gift Annuities and Other Trusts	\$ 3,812	\$ 3,953

6. Property, Plant and Equipment

The Federation's property, plant and equipment consisted of the following as of August 31, 2017 and 2016:

	2017	2016
Land	\$ 3,947	\$ 3,947
Building and improvements	13,712	13,719
Equipment, furniture and vehicles	10,898	10,599
Leasehold improvements	1,037	96
Conservation properties	689	689
Total Property and Equipment	30,283	29,050
Less: Accumulated Depreciation and Amortization	(13,218)	(13,123)
Property and Equipment, Net	\$ 17,065	\$ 15,927

The Federation recorded depreciation and amortization expense on its property, plant and equipment of \$1,014 and \$1,036 for the years ended August 31, 2017 and 2016, respectively.

7. Notes Payable and Line of Credit

The Federation had the following debt obligations as of August 31, 2017 and 2016:

	2017	2016
Term loan of \$14,976 with Bank of America (terms are described below)	\$ 12,250	\$ 12,958
Less: Unamortized Debt Issuance Costs	(18)	(38)
Notes Payable, net	12,232	12,920
Operating line of credit (terms are described below)	-	248
Total Notes Payable and Line of Credit	\$ 12,232	\$ 13,168

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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(in thousands)

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7. Notes Payable and Line of Credit (continued)

A term loan was entered into with Bank of America on July 31, 2013, in the amount of \$14,976 for the purpose of purchasing the Federation's headquarters building. This loan has a five year term with interest at the LIBOR daily floating rate plus 1.55%, which was 2.78% and 2.72% at August 31, 2017 and 2016, respectively. A balloon payment in the amount of the remaining principal balance of \$11,586 is due at the end of the five year term. Under the most restrictive covenants associated with the term loan, the Federation is required to maintain: (1) a debt service coverage ratio of at least 1.1 to 1, measured annually as of the last day of each fiscal year, and (2) a liquidity coverage ratio of at least 0.75 to 1, measured semi-annually as of the last day of the second and fourth fiscal quarters in each fiscal year. At August 31, 2017 and 2016, the Federation was in compliance with its covenants. Costs associated with the term loan issuance have been capitalized as a reduction of the carrying amount of the note liability and are being amortized over the five year term.

NWF has an unsecured operating line of credit based on two tiers from \$2,000 to \$8,000 that expires February 28, 2018. As of August 31, 2017 and 2016, \$0 and \$248 were drawn on the line of credit, respectively. The line of credit bears interest at the LIBOR daily floating rate plus 1%, which was 2.23% and 2.17% at August 31, 2017 and 2016, respectively. Under the most restrictive covenant, the Federation must maintain a liquidity ratio of at least 0.33 to 1. At August 31, 2017 and 2016, the Federation was in compliance with this covenant.

For the years ended August 31, 2017 and 2016, the Federation recorded interest expense of \$280 and \$289, respectively. On the statements of functional expenses, interest expense is included in occupancy and depreciation.

As of August 31, 2017, NWF is required to pay the entire principal balance on the notes payable of \$12,250 during the year ending August 31, 2018.

8. Net Assets

The temporarily restricted net assets of the Federation were available for the following programs or future time periods as of August 31, 2017 and 2016:

	2017	2016
Purpose:		
Conservation programs	\$ 4,644	\$ 5,075
Education outreach and publications	445	314
Time	3,578	5,898
Time and Purpose:		
Conservation programs	21,917	16,067
Education outreach and publications	1,179	1,085
Total	\$ 31,763	\$ 28,439

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

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8. Net Assets (continued)

At August 31, 2017 and 2016, permanently restricted net assets were restricted in perpetuity, the income from which was expendable to support the following:

	2017	2016
Conservation and advocacy programs	\$ 252	\$ 252
Education outreach and publications	503	503
Any activities of the organization	4,729	4,719
Subtotal	5,484	5,474
Perpetual trusts	4,172	3,978
Total	\$ 9,656	\$ 9,452

The unrestricted net assets as of August 31, 2017 and 2016 were as follows:

	2017	2016
Undesignated	\$ 16,687	\$ 7,213
NWF designated	3,857	3,857
Board designated:		
Beere fund	1,086	1,086
Conservation Program Reserve Fund	3,821	3,664
Total Unrestricted Net Assets	\$ 25,451	\$ 15,820

Board designated net assets represent amounts designated for specific uses. The Beere Fund was designated by the Board after receipt of a bequest in 1993 permitting the Board to determine the use for these funds. The funds can be used at the Board's discretion. The Conservation Program Reserve Fund, formerly known as the Endangered Species Fund, was established as a separate Board designated net asset fund in 1986 from the sale of property donated to the Federation in 1976. The Conservation Program Reserve Fund may be used to fund conservation programs. The NWF designated funds relate to NWF's management internally designating a portion of net assets for future investments.

**Permanently Restricted Net Assets and Endowment**

In August 2008, FASB issued ASC 958-205, *Reporting Endowment Funds*. ASC 958-205 provides guidance on the net asset classification of donor-restricted endowed funds for a not-for-profit organization. The Federation is subject to the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act (UPMIFA), and adopted ASC 958-205 as of September 1, 2008.

The Federation has interpreted the Commonwealth of Virginia's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowed funds absent explicit donor stipulations to the contrary. As a result of this

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8. Net Assets (continued)

**Permanently Restricted Net Assets and Endowment (continued)**

interpretation, the Federation classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowed fund, and (b) the original value of subsequent gifts to the permanent endowed funds. The associated gains and income on donor-restricted endowed funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowed funds:

- The duration and preservation of the fund
- The purposes of the Federation and the donor-restricted endowed fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Federation
- The investment policies of the Federation

From time to time, the fair value of assets associated with individual donor-restricted endowed funds may fall below the level that the donor requires the Federation to retain as a fund of perpetual duration. In this situation, the decline in market value of the funds is accounted for in unrestricted net assets and not in the endowed funds under temporarily restricted net assets. As of August 31, 2017 and 2016, due to market conditions, unrestricted net assets had no deficiencies for the endowed funds.

**Endowed Investments and Spending Policies**

Endowed assets include those assets of donor-restricted funds that the Federation must hold in perpetuity. The Federation has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

The primary financial objective of the investment policy is to maintain intergenerational equity by preserving and enhancing real purchasing power, while at all times keeping in mind the utmost importance of protecting capital. The primary investment objective of the investment policy is to secure sufficient income and portfolio growth over time to meet the ongoing requirements of the Federation. The total return objective is an average annual real rate of return of 6% as measured over a full market cycle, generally three to five years. The Federation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

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8. Net Assets (continued)

**Endowed Investments and Spending Policies (continued)**

The Federation's spending policy governs the use of resources in the various endowed funds for program expenses and administrative costs. Endowed funds are used for the specified purpose, or over the specified time period, as indicated by the donor. Endowed funds for which there is some discretion in how the funds are expended are not used to cover operating deficits in specific units.

The annual amount made available for spending, also known as the annual "endowment draw", from endowed funds is determined as 4.5% to 6% of the 12-quarter trailing average market value of the endowment. Draws are used solely for the purposes set forth by the donor in the gift instrument, subject to the submission of a budget that has been reviewed and endorsed by executive management and approved by the Federation's Audit/Finance Committee.

The Federation's endowed funds consist of eighteen funds established for a variety of purposes. All funds are donor-restricted. Net assets associated with endowed funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table represents the changes in endowed net assets for the year ended August 31, 2017:

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowed net assets, Beginning of year	\$ 5,628	\$ -	\$ 154	\$ 5,474
Contributions	10	-	-	10
Dividends and interest	57	49	8	-
Net appreciation (realized and unrealized)	633	547	86	-
Appropriation of endowed assets for expenditure	<u>(715)</u>	<u>(596)</u>	<u>(119)</u>	<u>-</u>
Endowed net assets, End of year	<u>\$ 5,613</u>	<u>\$ -</u>	<u>\$ 129</u>	<u>\$ 5,484</u>

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8. Net Assets (continued)

**Endowed Investments and Spending Policies (continued)**

The following table represents the changes in endowed net assets for the year ended August 31, 2016:

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowed net assets, Beginning of year	\$ 5,618	\$ -	\$ 154	\$ 5,464
Contributions	10	-	-	10
Dividends and interest	49	42	7	-
Net appreciation (realized and unrealized)	290	251	39	-
Appropriation of endowed assets for expenditure	<u>(339)</u>	<u>(293)</u>	<u>(46)</u>	<u>-</u>
Endowed net assets, End of year	<u>\$ 5,628</u>	<u>\$ -</u>	<u>\$ 154</u>	<u>\$ 5,474</u>

9. Employee Benefit Plans

**Defined Benefit Retirement Plan**

The National Wildlife Federation Retirement Income Plan (the Plan) is a noncontributory, defined benefit plan for Federation employees. All employees who reach age and length-of-service requirements and whose employment began prior to January 1, 2003, automatically became participants in the Plan. The Plan is subject to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

During October 2008, NWF announced that effective January 1, 2009, for employees then 55 years old and older, the Plan would continue to exist as it was. For employees in the Plan who were under age 55, the Plan would freeze their individual earned pension benefit as of December 31, 2008, and give them enhanced benefits under the Tax Deferred Annuity Plan (the TDA Plan). This preserved all the benefits they had earned to date and guaranteed them a monthly pension for life, as they had expected.

In March 2013, the Plan agreement was amended and the accrued benefits of all participants were frozen effective June 30, 2013, and no participant would earn any additional pension amounts after that date. No employment with NWF on or after July 1, 2013, is counted as benefit service under the Plan. The final average earnings of all participants were frozen effective June 30, 2013, and would not change after that date.



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9. Employee Benefit Plans (continued)

**Defined Benefit Retirement Plan (continued)**

The changes in the funded status of the Plan for the years ended August 31, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ (42,896)	\$ (42,180)
Service cost	(543)	(424)
Interest cost	(1,584)	(1,658)
Actuarial gains (losses)	869	(1,132)
Settlements	3,330	-
Impact of change in mortality tables	-	315
Administrative expenses	591	427
Benefits paid	<u>1,791</u>	<u>1,756</u>
Benefit Obligation at End of Year	<u>(38,442)</u>	<u>(42,896)</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 26,239	\$ 25,225
Employer contribution	1,724	469
Actual return on plan assets	2,567	2,728
Settlements	(3,330)	-
Administrative expenses	(591)	(427)
Benefits paid	<u>(1,791)</u>	<u>(1,756)</u>
Fair value of plan assets at end of year	<u>24,818</u>	<u>26,239</u>
Funded Status (Accrued Pension Liability)	<u>\$ (13,624)</u>	<u>\$ (16,657)</u>

The accrued pension liability for the retirement plan is included in accrued pension and post-retirement benefits in the accompanying statements of financial position.

In determining the benefit obligation, a discount rate at August 31, 2017 and 2016 of 3.75% was assumed. The rate of increase in future compensation levels assumed was 0% at August 31, 2017 and 2016 since the final earnings in the Plan have been frozen. A rate of return on Plan assets of 7% at August 31, 2017 and 2016 was assumed. This assumption is based on historical returns and is adjusted from time to time to reflect actual plan asset experience.

During the year ended August 31, 2016, the Society of Actuaries released revised mortality tables that affected the Plan's benefit obligation, decreasing the liability by \$315 at August 31, 2016.

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9. Employee Benefit Plans (continued)

**Defined Benefit Retirement Plan (continued)**

In June 2017, the Plan agreement was amended to establish a window period during which former employees with vested benefits with actuarial equivalent lump sum value in excess of \$5,000 but no more than \$50,000 as of June 1, 2017, were eligible to elect to receive their Plan benefit in an immediate lump sum payment. During the year ended August 31, 2017, NWF settled the pension obligations of 141 plan participants with lump sum payments. This is reflected in the table above as settlements.

The components of the Federation's net periodic pension cost for the years ended August 31, 2017 and 2016 consisted of the following:

	2017	2016
Employee service cost	\$ 543	\$ 424
Interest cost	1,584	1,658
Expected return on plan assets	(1,754)	(1,685)
Net amortization and deferral:		
Unrecognized net actuarial loss	1,088	1,247
Unrecognized prior service cost	(16)	(18)
Total Net Periodic Pension Cost	\$ 1,445	\$ 1,626

Items not yet recognized as a component of net periodic pension cost for the years ended August 31, 2017 and 2016 consisted of the following:

	2017	2016
Prior service cost	\$ (67)	\$ (83)
Net actuarial loss	9,565	12,338
Total	\$ 9,498	\$ 12,255

The Plan also follows ASC 820 (see Note 1) for the valuation of investments in the Plan. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2017 and 2016.

*Money market funds* – The carrying value is considered to be a reasonable estimate of the fair value.

*Mutual funds* – The fair value is based on quoted net asset value (NAV) of the shares held by the Plan.

*Guaranteed investment contracts* – The fair value of the guaranteed investment contracts is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

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9. Employee Benefit Plans (continued)

**Defined Benefit Retirement Plan (continued)**

The preceding methods as described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments of the Plan consist of deposits in an Immediate Participation Guarantee Contract with Prudential Retirement Insurance & Annuity Co., investments in Vanguard Institutional Investments and funds from NWF's operations that are commingled with Endowment investments in Vanguard 500 Index Fund Signal. In order to achieve a dependable income stream for the payment of benefits and expenses of the Plan, as well as growth in the investments, the trustees of the Plan have adopted an investment strategy which includes the following weighted average target asset allocation for investments in Vanguard: equity and money market funds 50%, bond and other fixed income funds 40%, and other investments 10%, net of insurance contracts comprising 3% of the total allocation. From time to time, the investment managers will buy and sell funds to achieve this target allocation.

The Plan's weighted average asset allocation at August 31, 2017 and 2016, by asset category, was as follows:

	2017	2016
Mutual Funds:		
Equity and money market funds	59%	59%
Fixed income	39%	39%
Guaranteed Investment Contracts	2%	2%
Total	100%	100%

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9. Employee Benefit Plans (continued)

**Defined Benefit Retirement Plan (continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of August 31, 2017 and 2016:

	2017 <u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard Prime Money Market Fund	\$ 141	\$ 141	\$ -	\$ -
Vanguard Investments Mutual Funds:				
Fixed income	9,762	9,762	-	-
Domestic stock funds	10,269	10,269	-	-
International stock funds	4,399	4,399	-	-
Immediate Participation Guarantee Contracts, at contract value:				
Prudential experience rating fund	<u>247</u>	<u>-</u>	<u>-</u>	<u>247</u>
Total Assets	<u>\$ 24,818</u>	<u>\$ 24,571</u>	<u>\$ -</u>	<u>\$ 247</u>
	2016 <u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard Prime Money Market Fund	\$ 143	\$ 143	\$ -	\$ -
Vanguard Investments Mutual Funds:				
Fixed income	10,371	10,371	-	-
Domestic stock funds	10,810	10,810	-	-
International stock funds	4,650	4,650	-	-
Immediate Participation Guarantee Contracts, at contract value:				
Prudential experience rating fund	<u>265</u>	<u>-</u>	<u>-</u>	<u>265</u>
Total Assets	<u>\$ 26,239</u>	<u>\$ 25,974</u>	<u>\$ -</u>	<u>\$ 265</u>

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9. Employee Benefit Plans (continued)

**Defined Benefit Retirement Plan (continued)**

The following table sets forth the reconciliation of beginning and ending balances related to fair value measurements using significant unobservable inputs (Level 3):

	<u>Prudential Experience Rating Fund</u>
Balance as of August 31, 2015	\$ 324
Realized gains (losses)	-
Unrealized gains (losses) relating to units held at reporting date	-
Purchases, issuances, sales and settlements (net)	<u>(59)</u>
Balance as of August 31, 2016	<u>265</u>
Realized gains (losses)	-
Unrealized gains (losses) relating to units held at reporting date	-
Purchases, issuances, sales and settlements (net)	<u>(18)</u>
Balance as of August 31, 2017	<u><u>\$ 247</u></u>

**Contributions**

Generally, the Federation's funding policy is to contribute annually an amount in accordance with ERISA guidelines. Based upon projections from its actuary, management of the Federation expects to contribute approximately \$662 to the Plan during the year ending August 31, 2018.

**Other Information**

Other changes in plan assets and benefit obligations recognized in other than net periodic pension cost were as follows for the years ended August 31:

	<u>2017</u>	<u>2016</u>
Net gain	\$ 2,773	\$ 1,472
Prior service (cost) credit	<u>(16)</u>	<u>(18)</u>
Total	<u><u>\$ 2,757</u></u>	<u><u>\$ 1,454</u></u>

Amounts in unrestricted net assets expected to be amortized into net periodic pension cost during the year ending August 31, 2018, consist of:

Net loss (gain)	\$ 763
Settlement charge	764
Prior service cost	<u>(14)</u>
Total	<u><u>\$ 1,513</u></u>

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9. Employee Benefit Plans (continued)

**Post-Retirement Benefits**

The Federation sponsors a self-insured, post-retirement medical plan that covers its employees who retire with a minimum of 10 years employment and are age 55 or older, and have been in the group medical plan for the continuous 12 months prior to retirement. The plan is contributory and retiree contributions have been established as a percentage of premiums. For fiscal year 2013 and after the retiree contribution was increased, resulting in a decrease in the total future benefit obligation. In addition, the Federation sponsors a post-retirement life insurance plan that covers all retirees whose benefits commencement date was January 1, 1987 or after and who retire with a minimum of 10 years employment and are age 55 or older. These plans are unfunded.

Components of the net periodic post-retirement benefit cost for the years ended August 31, 2017 and 2016, included the following:

	2017	2016
Service cost	\$ 215	\$ 216
Interest cost	168	206
Amortization of unrecognized loss	-	29
Amortization of prior service costs	(493)	(493)
Net periodic post-retirement benefit cost	\$ (110)	\$ (42)

A national 9% annual rate of increase in the per capita costs of covered health care benefits was assumed, gradually decreasing to 4% by the year 2031. At August 31, 2017 and 2016, a discount rate of 3.75% and 4.0%, respectively, was used to determine the accumulated benefit obligation. The effective discount rate was developed using the yield curve listed in the Citigroup Pension Liability Index.

The following sets forth the plan's changes in benefit obligation and accrued benefit costs reported in the accompanying statements of financial position at August 31, 2017 and 2016:

	2017	2016
Benefit obligation at beginning of year	\$ (4,309)	\$ (5,022)
Service cost	(215)	(216)
Interest cost	(168)	(206)
Actuarial gains (losses)	-	1,010
Participant contributions	(256)	(265)
Benefits paid	359	390
Benefit obligation at end of year	(4,589)	(4,309)
Plan assets at end of year	-	-
Funded status (accrued benefit liability)	\$ (4,589)	\$ (4,309)

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9. Employee Benefit Plans (continued)

**Post-Retirement Benefits (continued)**

The accrued benefit liability for post-retirement benefits is included in accrued pension and post-retirement benefits in the accompanying statements of financial position.

Increasing or decreasing the assumed health care cost trend rates by one percentage point in 2017 would have the following effect:

	<u>1%</u> <u>Increase</u>	<u>1%</u> <u>Decrease</u>
Effect on total service and interest cost	\$ 97	\$ (71)
Effect on benefit obligation	\$ 871	\$ (668)

Other changes in benefit obligations recognized in other than net periodic benefit cost are \$492 and \$597 for the years ended August 31, 2017 and 2016, respectively. Items not yet recognized as a component of the net periodic post-retirement benefit cost for the years ended August 31, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Prior service cost	\$ (4,251)	\$ (4,743)
Net actuarial gain	<u>(162)</u>	<u>(162)</u>
Total	<u>\$ (4,413)</u>	<u>\$ (4,905)</u>

Of the cumulative unrecognized amount as of August 31, 2017, \$493 is expected to be included in net periodic post-retirement benefit cost for the year ending August 31, 2018.

**Contributions**

Benefits are funded on a pay as you go basis. Management of the Federation contributed \$102 during the year ended August 31, 2017. Based upon projections from its actuary, management expects to contribute \$121 to its post-retirement plan during the year ending August 31, 2018.

**Estimated Future Benefit Payments**

The following benefit payments are expected to be paid for the next ten years ending August 31:

	<u>Pension</u> <u>Benefits</u>	<u>Post-</u> <u>retirement</u> <u>Benefits</u>
2018	1,990	396
2019	2,054	426
2020	2,138	442
2021	2,161	452
2022	2,249	466
2023 to 2027	9,341	2,704

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9. Employee Benefit Plans (continued)

**Employee Tax Deferred Annuity Plan**

The Federation has a defined contribution plan for the benefit of its employees who have reached one year of service of a minimum of 1,000 hours. The Federation matches one dollar for each dollar contributed by the employee up to a maximum of 3% and 50 cents for each dollar above 3% contributed, up to a maximum of 5% of the employee's base compensation, based on length of service. The Federation contributed approximately \$1,166 and \$1,033 for the years ended August 31, 2017 and 2016, respectively.

**Self-Insured Medical Plan**

NWF maintains a self-insured medical plan for the benefit of its employees. A stop-loss policy is in effect, which limits NWF's loss per individual employee to \$165 and an aggregate stop-loss of \$2,772. The plan is administered through a contractual relationship with an unrelated company. NWF is solely responsible for all claims incurred up to the amount of the stop-loss provisions. NWF's expense under the plan amounted to \$2,374 and \$2,228 for the years ended August 31, 2017 and 2016, respectively. NWF included a provision for estimated claims incurred, but not yet reported, in accounts payable and accrued expenses in the accompanying statements of financial position in the amount of \$334 and \$291 as of August 31, 2017 and 2016, respectively.

10. Commitments and Contingencies

**Operating Leases**

The Federation leases office space, vehicles and equipment under operating leases, the last of which expires in 2023. Certain office space leases include rent escalations, abatement periods and lease incentives. Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected, along with the lease incentives, as deferred rent and lease incentives in the accompanying statement of financial position. Deferred rent and lease incentives are being amortized ratably over the term of the lease. The total deferred rent and lease incentives as of August 31, 2017 and 2016 were \$1,093 and \$0, respectively.

Total rental expense for operating leases was approximately \$983 and \$904 for the years ended August 31, 2017 and 2016, respectively.



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10. Commitments and Contingencies (continued)

**Operating Leases (continued)**

Future minimum rental payments on noncancelable operating leases at August 31, 2017, are as follows:

For the Year Ending August 31,		
2018	\$	1,336
2019		1,256
2020		1,172
2021		930
2022		831
Thereafter		736
Total		\$ 6,261

**Federal and State Grant Awards**

Amounts received and expended by the Federation under various federal and state grant awards are subject to audit by government agencies. Billings under cost-reimbursable government contracts and grants are calculated using provisional rates that permit recovery of indirect costs. These rates are subject to audit by the U.S. Department of Interior (DOI), the Federation's cognizant agency. The audit results in the negotiation and determination of the final indirect cost rates. Management believes that adjustments, if any, which might result from such audits would not have a material impact on the financial position of the Federation.

**Other**

The Federation may also be party to various legal actions and claims arising in the ordinary course of business. However, as of August 31, 2017, management was not aware of any such actions or claims.

11. Concentration of Credit Risk

Financial instruments which potentially subject the Federation to a concentration of credit risk consist principally of cash balances maintained at various creditworthy financial institutions.

While the amount at a given bank, at times, exceeds the amount guaranteed by federal agencies and, therefore, bears some risk, the Association has not experienced, nor does it anticipate, any losses on its funds. At August 31, 2017 and 2016, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$3,476 and \$455, respectively.

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12. Allocation of Joint Costs

The Federation accounts for joint costs incurred for informational materials and activities that are included in fundraising appeals in accordance with ASC 958-720-45, *Accounting for Costs of Activities that Include Fundraising*, in determining costs to be allocated. For the years ended August 31, 2017 and 2016, the Federation incurred joint costs of \$12,910 and \$12,078, respectively. Of those costs, \$6,120 and \$4,775 were allocated to fundraising expense, \$5,820 and \$6,163 were allocated to membership education and other nature education programs and \$971 and \$1,140 were allocated to general and administrative expense in 2017 and 2016, respectively. Other direct and allocated operating expenses of \$2,537 and \$2,512 were also incurred for fundraising activities during 2017 and 2016, respectively.

13. Income Taxes

NWF and the Endowment have received determination letters from the IRS that they have been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC), except for tax on any income that may be a result of unrelated business transactions. Additionally, the IRS has classified NWF and the Endowment as public charities under IRC Section 509(a)(1). NWF and the Endowment believe that their operations are consistent with the nature of their exemptions granted by the IRS. NWF is required to report unrelated business income to the IRS. NWF's unrelated business income consists of advertising income in publications. There was no net unrelated business income for the years ended August 31, 2017 and 2016. The Federation filed a final tax form with the IRS for the Endowment effective March 31, 2017.

The Federation reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof, to identify any uncertainty in income taxes. For the years ended August 31, 2017 and 2016, the Federation did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. The Federation's tax returns are subject to possible examination by the taxing authorities. For federal purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

14. National Wildlife Federation Action Fund

National Wildlife Federation Action Fund (NWF Action Fund) is a not-for-profit organization that was formed in Colorado in 1989 for the purpose of conducting conservation advocacy programs as National Wildlife Action. In August 2008, National Wildlife Action was renamed National Wildlife Federation Action Fund. NWF Action Fund advocates for the conservation interests of hunters, anglers and outdoor enthusiasts from all walks of life and political stripes. Through grassroots action and focused legislative campaigns, NWF Action Fund works to give wildlife and wildlife enthusiasts a voice in the democratic process and raises the visibility of key conservation issues like global warming with voters and elected officials.

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14. National Wildlife Federation Action Fund (continued)

Although certain the Federation employees serve on NWF Action Fund's Board of Directors, the Federation officers and employees represent less than 50% of the total officers and Directors for NWF Action Fund and the Federation does not control a majority of the appointments to NWF Action Fund's Board of Directors. As such, the Federation does not consolidate the activities of NWF Action Fund.

The Federation provided \$271 and \$200 in grants to NWF Action Fund in the years ended August 31, 2017 and 2016, respectively. In addition, NWF Action Fund reimburses the Federation for certain costs such as leased staff, benefits, miscellaneous expenses and overhead costs. As of August 31, 2017 and 2016, NWF Action Fund owed the Federation \$11 and \$119, respectively, for such costs. Additionally, as of August 31, 2017 and 2016, the NWF Action Fund owed \$53 and \$152 to the Federation for contributions collected for the Federation.

15. Fair Value Measurement

The Federation's financial assets measured at fair value as of August 31, 2017 and 2016 are classified in the statements of financial position as follows:

	2017	2016
Charitable gift annuities and trusts	\$ 11,536	\$ 11,034
Investments	59,512	54,264
Permanently restricted investments	5,484	5,474
Total	\$ 76,532	\$ 70,772

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15. Fair Value Measurement (continued)

The following tables set forth the fair values of financial assets that are measured at fair value on a recurring basis by their fair value hierarchy classification as of August 31:

	2017 Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Charitable remainder and perpetual trusts	\$ 5,683	\$ -	\$ -	\$ 5,683
Investments and permanently restricted investments, including charitable gift annuity investments:				
Common stocks:				
Large cap	4,442	4,442	-	-
International equities	1,501	1,501	-	-
Fixed income mutual funds:				
Bond funds	4,220	4,220	-	-
Government securities	599	599	-	-
Equity mutual and index funds:				
Large blend	18,676	8,529	10,147	-
Small and mid blend	980	980	-	-
Specialty	645	645	-	-
International equities	8,696	8,696	-	-
Money market fund	<u>4,660</u>	<u>4,660</u>	<u>-</u>	<u>-</u>
Subtotal	<u>50,102</u>	<u>34,272</u>	<u>10,147</u>	<u>5,683</u>
Limited partnerships and private investment funds <sup>(a)</sup>	21,645			
Hedge fund <sup>(a)</sup>	3,653			
Receivable for pending investment redemptions <sup>(a)</sup>	<u>1,132</u>			
Total	<u>\$ 76,532</u>			

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

15. Fair Value Measurement (continued)

	2016 Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Charitable remainder and perpetual trusts	\$ 5,542	\$ -	\$ -	\$ 5,542
Investments and permanently restricted investments, including charitable gift annuity investments::				
Common stocks:				
Large cap	4,610	4,610	-	-
International equities	961	961	-	-
Fixed income mutual funds:				
Bond funds	7,881	7,881	-	-
Government securities	503	503	-	-
Equity mutual and index funds:				
Large blend	17,573	8,485	9,088	-
Small and mid blend	924	924	-	-
Specialty	586	586	-	-
International equities	7,433	7,433	-	-
Money market fund	<u>508</u>	<u>508</u>	<u>-</u>	<u>-</u>
Subtotal	<u>46,521</u>	<u>31,891</u>	<u>9,088</u>	<u>5,542</u>
Limited partnerships and private investment funds <sup>(a)</sup>	20,800			
Hedge fund <sup>(a)</sup>	<u>3,451</u>			
Total	<u>\$ 70,772</u>			

(a) These investments are measured at NAV or its equivalent as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. As of August 31, 2017, the Federation has \$1.132 million of pending distributions receivable from private investment fund managers.

FASB has issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The standard eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost. The standard is effective for fiscal years

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

15. Fair Value Measurement (continued)

beginning after December 15, 2018. Early adoption is permitted for all financial statements of fiscal years that have not yet been issued. The Federation has adopted this accounting pronouncement for the year ended August 31, 2017, and accordingly omitted disclosure for the fair value of financial instruments measured at amortized cost as of August 31, 2017.

The following table sets forth the reconciliation of beginning and ending balances related to fair value measurements using significant unobservable inputs (Level 3):

	<u>Charitable remainder and perpetual trusts</u>
Balance as of August 31, 2015	6,483
Unrealized gains (losses)	(1,277)
Realized gains	-
Purchases	336
Sales	-
Transfers in	-
Transfers out	-
	5,542
Balance as of August 31, 2016	5,542
Unrealized gains (losses)	283
Realized gains	-
Purchases	-
Sales	(142)
Transfers in	-
Transfers out	-
	5,683
Balance as of August 31, 2017	<u>\$ 5,683</u>

The Federation has included in the table below the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using NAV per share or its equivalent for which fair value is not readily determinable as of August 31, 2017 and 2016. For the Federation, such investments include limited partnerships and private investment and hedge funds.

Investment type	Fair Value	Redemption frequency	Notice period (days)
Long-short equity portfolio funds	\$ 5,790	Annually	90
Fund partnerships – International	4,854	Annually	65
Fund partnerships – International	1,739	Annually	15
Fund partnerships – International	2,120	Quarterly	60
Global Equity Fund	5,199	Quarterly	30
Diversified Inflation Hedge Fund	3,653	Monthly	30
Fund partnerships – International	1,943	Monthly	30
Total	<u>\$ 25,298</u>		

**THE NATIONAL WILDLIFE FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2017 and 2016**  
(in thousands)

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15. Fair Value Measurement (continued)

The following table sets forth a summary of the Federation's investments with a reported NAV as of August 31, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>Redemption frequency</u>	<u>Notice period (days)</u>
Long-short equity portfolio funds	\$ 5,340	Annually	90
Fund partnerships – International	4,663	Annually	65
Fund partnerships – International	1,494	Annually	15
Fund partnerships – International	1,711	Quarterly	60
Global Equity Fund	4,323	Quarterly	30
Diversified Inflation Hedge Fund	3,451	Monthly	30
Fund partnerships – International	1,684	Monthly	30
Floating Rate Income Offshore Fund	<u>1,585</u>	Monthly	30
Total	<u>\$ 24,251</u>		

There were no unfunded commitments or illiquid investments at August 31, 2017 and 2016.

16. Subsequent Events

The Federation has evaluated subsequent events through November 28, 2017, the date the financial statements were available to be issued. There were no subsequent events noted that required adjustment to or disclosure in these financial statements.



Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The National Wildlife Federation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The National Wildlife Federation (the Federation) which comprise the statement of financial position as of August 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Federation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Federation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Federation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and



material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
November 28, 2017



*Certified Public Accountants*

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The National Wildlife Federation

**Report on Compliance for Each Major Federal Program**

We have audited The National Wildlife Federation (Federation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Federation's major federal programs for the year ended August 31, 2017. The Federation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Federation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Federation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Federation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Federation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended August 31, 2017.

## Report on Internal Control Over Compliance

Management of the Federation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Federation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Federation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
November 28, 2017

**THE NATIONAL WILDLIFE FEDERATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)</b>				
<i>Pass-Through from University Corporation for Atmospheric Research:</i>				
NRA/Research Opportunities in Space and Earth Sciences - 2013	43.001	Z15-16286	\$ -	<u>\$ 105,566</u>
		Total NASA		105,566
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
<b>Office of the Secretary</b>				
<i>Pass-Through from National Fish and Wildlife Foundation:</i>				
Coastal Resiliency Planning and Ecosystem Enhancement for Northeast Massachusetts	15.153	2300.14.041766	-	1,305,332
<i>Pass-Through from New Jersey Department of Environmental Protection:</i>				
Building Ecological Solutions to Coastal Community Hazards	15.153	CP15-018	-	162,047
<i>Pass-Through from New Jersey Audubon Society:</i>				
Assessing Coastal Impoundment Vulnerability and Resilience in the Northeast	15.153	2300.14.042878	-	<u>15,964</u>
		Total for CFDA 15.153		1,483,343
<b>Fish and Wildlife Service</b>				
Capacity Building for Monarch Butterfly Restoration	15.649	N/A	-	227,576
Cooperative Ecosystem Studies Units	15.678	N/A	-	13,874
<b>U.S. Geological Survey</b>				
<i>Pass-Through from North Carolina State University:</i>				
Conservation Adaption Planning for Landscape and Climate Change in the Southeast	15.820	2014-3086-02	-	89,501
<b>Bureau of Land Management</b>				
<i>Pass-Through from National Fish and Wildlife Foundation:</i>				
Fence-flagging to Reduce Conflicts between Sage Grouse Conservation and Livestock Grazing	15.231	0103.15.046656	-	27,035
Engaging Youth to Reduce Sage Grouse Mortality through Livestock Fence-Flagging in Montana	15.231	2100.16.051784	-	<u>55,004</u>
		Total for CFDA 15.231		82,039

See accompanying notes to this schedule.

Continued

**THE NATIONAL WILDLIFE FEDERATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. DEPARTMENT OF THE INTERIOR (continued)</b>				
<b>National Park Service</b>				
<i>Pass-Through from Ground Work:</i>				
Growing a Wild NYC	15.931	P16AC01621	-	\$ 68,997
<i>Pass-Through from U.S. National Park Service:</i>				
Climate Adaptation Planning and Activities				
Integrating Climate-Smart Principles into NPS	15.945	P13AC00443	-	<u>41,265</u>
		Total U.S. Department of the Interior		2,006,595
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<b>National Oceanic and Atmospheric Administration</b>				
<i>Pass-Through from Research Foundation of CUNY:</i>				
Resilient School Consortium (RISC) Program	11.008	49929A	-	38,191
<i>Pass-Through from CB Trust:</i>				
Sustainable Schools Program Around Eco-Schools	11.454	13933	-	13,000
Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	11.451	N/A	-	<u>7,942</u>
		Total U.S. Department of Commerce		59,133
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA)</b>				
<b>Office of Water</b>				
<i>Pass-Through from National Fish and Wildlife Foundation:</i>				
Documenting Restoration Outcomes with FieldDoc	66.466	0600.16.054315	-	65,745
Schoolyard Habitats in Baltimore City	66.466	0603.16.053453	-	38,708
Choose Clean Water Conference	66.466	0603.16.056729	-	35,000
<i>Pass-Through from CB Trust:</i>				
Promoting Meaningful Stormwater Mitigation on Urban/Suburban School Grounds	66.466	43369	-	14,892
<i>Pass-Through from Maryland Department of Natural Resources:</i>				
Chesapeake Bay Implementation Grant Section 117	66.466	14-16-2124 CBG 14201	-	<u>270</u>
		Total for CFDA 66.466		154,615
<b>Office of the Administrator</b>				
School Ground for Learning	66.951	N/A	-	<u>23,152</u>
		Total EPA		177,767

See accompanying notes to this schedule.

Continued

**THE NATIONAL WILDLIFE FEDERATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Natural Resources Conservation Service</b>				
<i>Pass-Through from National Fish and Wildlife Foundation:</i>				
Schoolyard Habitats in Baltimore City	10.683	0603.16.053453	-	<u>\$ 6,674</u>
		Total U.S. Department of Agriculture		6,674
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Federal Highway Administration</b>				
<i>Pass-Through from The Nature Conservancy:</i>				
Highway Planning and Construction	20.205	03032017VTFO	-	<u>1,002</u>
		Total U.S. Department of Transportation		1,002
<b>U.S. DEPARTMENT OF DEFENSE</b>				
Integrated Natural Resource Management Plans	12.632	N/A	-	<u>66,558</u>
		Total U.S. Department of Defense		<u>66,558</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 2,423,295</u></u>

See accompanying notes to this schedule.

THE NATIONAL WILDLIFE FEDERATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2017

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1. Summary of Significant Accounting Policies

**Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

**Cost Principles**

Federal expenditures were recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). The Federation has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance as the Federation already has a negotiated indirect cost rate with the federal government.

2. Reconciliation of Schedule of Expenditures of Federal Awards to Statement of Activities

Expenditures per Schedule of Expenditures of Federal Awards	\$ 2,423,295
Plus: Nonfederal revenue	<u>29,406,208</u>
Contributions from governments, foundations and corporations per Statement of Activities	<u>\$31,829,503</u>

**THE NATIONAL WILDLIFE FEDERATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2017**

---

**A. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:  Unmodified  Qualified  
 Adverse  Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:  Unmodified  Qualified  
 Adverse  Disclaimer

Internal control over major program(s):

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?  Yes  No

Identification of Major Program(s):

CFDA #	Program Title
15.153	Hurricane Sandy Disaster Relief – Coastal Resiliency Grants
15.649	Service Training and Technical Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee?  Yes  No

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None required to be reported.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None required to be reported.



**APPENDIX C**

**FORMS OF PRINCIPAL LEGAL DOCUMENTS**

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**BOND TRUST INDENTURE**

**between**

**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**and**

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

**August 1, 2018**

**Relating to**

**\$8,820,000**

**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
REVENUE BONDS  
(NATIONAL WILDLIFE FEDERATION PROJECT),  
SERIES 2018A (TAX-EXEMPT GREEN BONDS)**

**AND**

**\$1,970,000**

**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
REVENUE BONDS  
(NATIONAL WILDLIFE FEDERATION PROJECT),  
SERIES 2018B (TAXABLE GREEN BONDS)**

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Schedule 1      Form of Requisition and Certificate

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This **BOND TRUST INDENTURE** dated as of August 1, 2018, (this "Indenture") is between the **FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "Authority"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as trustee (in such capacity, together with any successor in such capacity the "Bond Trustee" or the "Trustee");

**WHEREAS**, Chapter 643 of the Virginia Acts of Assembly of 1964, as amended (the "Act"), authorizes the creation of economic development authorities by several counties, cities and towns in the Commonwealth of Virginia (the "Commonwealth").

**WHEREAS**, the Authority has been duly organized pursuant to the Act.

**WHEREAS**, the Act provides that the Authority shall have the powers that are conferred upon industrial development authorities created pursuant to Chapter 33 of Title 15.1 of the Code of Virginia (the "IDA Act"), as it may be amended from time to time.

**WHEREAS**, the IDA Act (a) authorizes the creation of industrial development authorities by the several counties, cities and towns in the Commonwealth; (b) empowers such authorities to assist in the acquisition, construction, equipping, expansion, enlargement, improvement, financing and refinancing of facilities for use by organizations (other than institutions organized and operated exclusively for religious purposes) which are described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and which are exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1954, as amended and (c) authorizes any such authority to issue its bonds and notes for the purposes of carrying out any of its powers.

**WHEREAS**, the Authority proposes to issue and sell under this Indenture its Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) (the "Series 2018A Bonds"), in the original aggregate principal amount of \$8,820,000 and its Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Bonds") in the original aggregate principal amount of \$1,970,000 and to lend the proceeds thereof to National Wildlife Federation, a District of Columbia nonprofit corporation (the "Borrower"), under a Loan Agreement dated as of August 1, 2018 (the "Agreement") between the Authority and the Borrower. The Borrower will apply the proceeds of the Bonds under the terms of the Agreement to (a) currently refinance prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of a new headquarters facility comprising four stories and approximately 100,000 square feet of commercial office space, and related parking facilities located at 11100 Wildlife Center Drive, Reston, Virginia (the "Property"), as well as other property functionally related and subordinate thereto, and (b) finance costs related to the issuance of the Bonds (collectively, the "Project").

**WHEREAS**, simultaneously with the issuance of the Bonds, the Borrower will execute and deliver to the Authority a Promissory Note in the principal amount of the Bonds (the "Note").

**WHEREAS**, the Authority is entering into this Indenture for the purpose of authorizing the Bonds and securing the payment thereof by assigning its rights as registered owner of the Note and certain of its rights under the Agreement.



**WHEREAS**, all things necessary to make the Bonds valid, binding and legal limited obligations of the Authority when authenticated by the Trustee and issued as provided in this Indenture, and to constitute this Indenture as a valid and binding agreement securing the payment of the principal of, premium, if any, and interest on the Bonds issued under this Indenture have been done and performed. The execution and delivery of this Indenture and the execution and issuance of the Bonds have in all respects been duly authorized.

**NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH:**

That, as security for payment of the principal of, premium, if any, and interest on the Bonds when due, the Authority does hereby pledge and assign to, and grant a security interest to the Bond Trustee in, the following described property (the “Trust Estate”):

A. The Note, and all rights, title and interest of the Authority under, in and to the Agreement and the Note, and all revenues and receipts receivable by the Authority therefrom and the security therefor, except the Authority’s Unassigned Rights (as hereinafter defined).

B. The funds, including moneys, investment income and investments therein, held by the Bond Trustee pursuant to the terms of this Indenture.

C. All other property of any kind mortgaged, pledged or hypothecated at any time as and for additional security hereunder by the Authority or by anyone properly authorized on its behalf or with its written consent in favor of the Bond Trustee, which is hereby authorized to receive all such property at any time and to hold and apply it subject to the terms hereof.

**TO HAVE AND TO HOLD** all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its assigns forever.

**IN TRUST**, however, for the equal and proportionate benefit and security of the holders from time to time of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the others except as on the terms and conditions hereinafter stated.

The Authority hereby covenants and agrees with the Bond Trustee and with the respective registered owners, from time to time, of the 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 Agreement shall have the same meaning in this Indenture. In addition, the following words and terms shall have the following meanings in this Indenture unless the context otherwise requires:

“Act” has the meaning set forth in the recitals.

“Agreement” has the meaning set forth in the recitals.

“Amortized Value” means, with respect to any Series 2018A Bond to be redeemed, the principal amount of such Series 2018A Bond multiplied by the price of such Series 2018A Bond expressed as a percentage, calculated based on the industry standard method of calculating bond prices (as such industry standard prevails on the date of delivery of the Series 2018A Bonds), with a delivery date equal to the date of redemption, a maturity date equal to the earlier of (a) the stated maturity date of such Series 2018A Bond or (b) the first optional redemption date of such Series 2018A Bond and a yield equal to such Series 2018A Bond's original reoffering yield, which produces the amounts for all of the Series 2018A Bonds set forth in Exhibit B.

“Authority” has the meaning set forth in the recitals.

“Authorized Representative of the Borrower” shall mean the Chief Financial Officer or the General Counsel or any other person or persons designated to act on behalf of the Borrower by certificate signed by the Chief Financial Officer or the General Counsel and filed with the Authority and the Bond Trustee.

“Bond Counsel” shall mean an attorney or firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Bond Trustee and the Authority.

“Bond Fund” shall mean the Bond Fund established by Section 601.

“Bondholder,” “bondholder” or “Holder” shall mean the registered owner of any Bond.

“Bonds” has the meaning set forth in the Recitals.

“Bond Trustee” has the meaning set forth in the Recitals.

"Borrower" has the meaning set forth in the Recitals

“Business Day” shall mean any day other than a Saturday, Sunday or day on which banking institutions are authorized or obligated by law to close in the Commonwealth of Virginia or at the place where the designated corporate trust office of the Bond Trustee is located.

“Cost of Issuance Fund” shall mean the Cost of Issuance Fund established by Section 601.

“Defeasance Obligations” shall mean (i) cash; (ii) United States Treasury Certificates, Notes and Bonds (including State and Local Government Series (“SLGS”)); (iii) direct obligations of the United States Treasury that have been stripped by the Treasury itself, CATS, TIGRS and similar purchase certificates or other instruments evidencing an undivided ownership in payments of the principal of or interest on direct obligations of the United States Treasury.

“Determination of Taxability” shall mean and shall be deemed to have occurred on the date when (i) the Authority is advised in writing by the Internal Revenue Service that the Internal Revenue Service has made a final determination, from which no further right of administrative appeal exists, that interest on the Series 2018A Bonds is includable in gross income for federal income tax purposes as a result of any action, or failure to act, by the Authority or the Borrower, or (ii) the Authority receives written notice from any existing or former Holder of the Series 2018A Bonds that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice

to such Holder which asserts, in effect, that interest on the Series 2018A Bonds is includable in the gross income of such Holder for federal income tax purposes (together with a copy of such notice of deficiency or similar notice), as a result of any action, or failure to act, by the Authority or the Borrower.

“DTC” shall have the meaning set forth in Section 213.

“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Event of Default” shall mean any of the events enumerated in Section 901.

“Fitch” shall mean Fitch Ratings or its successors in the business of providing investment rating services, provided that if neither Fitch nor any successor is then in such business, the references to Fitch and ratings thereof shall no longer be requirements of the financing documents for the Bonds.

“Government Obligations” shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"IDA Act" has the meaning set forth in the Recitals.

“Indenture” has the meaning set forth in the Recitals.

“Interest Account” shall mean the Interest Account established in the Bond Fund.

“Interest Payment Date” shall have the meaning given to it in Section 202 herein.

“Issuance Costs” shall have the meaning given to it in the Tax Agreement.

“Letter of Representations” shall mean the Blanket Letter of Representations dated March 2, 1998 from the Authority to DTC and any amendments thereto or successor agreements between the Authority and any successor securities depository, relating to a book-entry system to be maintained by the securities depository with respect to the Bonds. Notwithstanding any provision of this Indenture including Article XI regarding amendments, the Bond Trustee may enter into any such amendment or successor agreement without the consent of Bondholders.

“Make-Whole Redemption Price” shall mean the greater of:

- (a) 100% of the principal amount of the Series 2018B Bonds being redeemed; or
- (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2018B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2018B Bonds are to be redeemed, discounted to the date on which the Series 2018B Bonds are to be redeemed on a semi-annual basis

assuming a 360-day year consisting of twelve 30-day months at the adjusted Treasury Rate, plus (i) with respect to the Series 2018B Bonds maturing on September 1, 2025 and subject to sinking fund redemption, 15 basis points.

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

“Note” has the meaning set forth in the recitals.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by Bond Counsel.

“Outstanding” or “Bonds outstanding” shall mean all Bonds that have been authenticated and delivered by the Bond Trustee under this Indenture, except the following:

(a) Bonds canceled or purchased by or delivered to the Bond Trustee for cancellation pursuant to the provisions of this Indenture;

(b) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which sufficient moneys are held by the Bond Trustee;

(c) Bonds deemed paid pursuant to Section 801 of this Indenture; and

(d) Bonds that have been authenticated under Section 208 of this Indenture (relating to registration and exchange of Bonds) or Section 211 of this Indenture (relating to mutilated, lost, stolen, destroyed or undelivered Bonds) in lieu of other Bonds.

“Principal Account” shall mean the Principal Account established in the Bond Fund.

“Project” has the meaning set forth in the recitals.

“Redemption Fund” shall mean the Redemption Fund established by Section 501.

“Standard & Poor’s” shall mean S&P Global Ratings, or its successors in the business of providing investment rating services, provided that if neither Standard & Poor’s nor any successor is then in such business the references to Standard & Poor’s and ratings thereof shall no longer be requirements of the financing documents for the Bonds.

“Tax Agreement” shall mean the Tax Certificate and Agreement dated August 1, 2018, between the Authority and the Borrower.

“Term Bonds” shall mean (a) the Series 2018A Bonds (i) in the original principal amount of \$1,310,000 maturing on September 1, 2034, (ii) in the original principal amount of \$1,445,000 maturing on September 1, 2036 and (iii) in the original principal amount of \$1,590,000 maturing on September 1, 2038 and (b) the Series 2018B Bonds in the original principal amount of \$1,970,000 maturing on September 1, 2025.

“Term Loan” shall mean the term loan dated as of July 31, 2013 from Bank of America, N.A. to the Borrower.

“Treasury Rate” shall mean, with respect to any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Unassigned Rights” shall mean the rights of the Authority under the Agreement to payment of fees and expenses, indemnification and receipt of notices.

“2018A COI Account” shall mean the 2018A COI Account established in the Cost of Issuance Fund.

“2018B COI Account” shall mean the 2018B COI Account established in the Cost of Issuance Fund.

“2018A Redemption Account” shall mean the 2018A Redemption Account established in the Redemption Fund.

“2018B Redemption Account” shall mean the 2018B Redemption Account established in the Redemption Fund.

**Section 102. Rules of Construction.** The following rules shall apply to the construction of this Indenture 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 Indenture.

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

(e) All references herein to the payment of the Bonds are references to payment of principal of and interest on the Bonds.

(f) All accounting terms used herein which are not otherwise expressly defined in this Indenture shall have the meanings respectively given to them in accordance with accounting principles generally accepted in the United States (GAAP). Except as otherwise expressly provided herein, all financial computations made pursuant to this Indenture shall be made in accordance with GAAP and all balance sheets and other financial statements shall be prepared in accordance with GAAP.

(g) Unless otherwise specified, the interest rate applicable to the 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 BONDS

**Section 201. Authorization of the Bonds.** The Authority hereby authorizes the issuance of its (a) Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds), in the aggregate principal amount of \$8,820,000 and (b) Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds), in the aggregate principal amount of \$1,970,000.

**Section 202. Details of the Bonds.** (a) (i) The Series 2018A Bonds shall be issuable as registered bonds in the denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, shall be dated the date of their delivery, shall be numbered appropriately, shall bear interest payable semiannually commencing on September 1, 2018, and on each March 1 and September 1 thereafter (each an “Interest Payment Date”) at rates, and shall mature on September 1 in years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2019	\$ 95,000	3.000%
2020	105,000	3.000
2021	110,000	4.000
2022	110,000	4.000
2023	115,000	4.000
2024	120,000	4.000
2025	125,000	4.000
2026	455,000	5.000
2027	475,000	5.000
2028	500,000	5.000
2029	525,000	5.000
2030	550,000	5.000
2031	580,000	5.000
2032	610,000	5.000
2034	1,310,000	5.000
2036	1,445,000	5.000
2038	1,590,000	5.000

(ii) The Series 2018B Bonds shall be issuable as registered bonds in the denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, shall be dated the date of their delivery, shall be numbered appropriately, shall bear interest payable semiannually commencing on September 1, 2018, and on each Interest Payment Date thereafter at rates, and shall mature on September 1 in years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2025	\$1,970,000	3.700%

(b) Each Bond shall bear interest (i) from the date of its delivery if it is authenticated prior to September 1, 2018, and (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such Bond is authenticated; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues and receipts derived from the Note and the security therefor and pledged to the payment thereof as hereinafter provided. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of the 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 Bonds shall be payable as provided in the Letter of Representations. Interest on the 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 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 Bond.

Nothing herein shall be construed as prohibiting the Authority from issuing each series of Bonds as one fully registered bond for the purpose of qualifying such series of Bonds for book entry registration by a securities depository or any similar arrangement whereby investors may hold a participation interest in such Bonds.

**Section 203. Execution of Bonds.** The Bonds shall be signed by the manual or facsimile signature of the Chairman or the Vice Chairman of the Authority, and a manual or facsimile of its seal shall be printed thereon and attested by the manual or facsimile signature of the Secretary of the Authority. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery. Any Bond may bear the facsimile signature of such

persons as at the actual time of the execution thereof shall be the proper officers to sign such Bond although at the date of delivery of such Bond such persons may not have been such officers.

**Section 204. Authentication of Bonds.** The Bonds shall bear a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Bond Trustee. The Bond Trustee shall authenticate each Bond with the signature of an authorized representative of the Bond Trustee, but it shall not be necessary for the same representative to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to any right or benefit under this Indenture, and such certificate on any Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.

**Section 205. Form of Bonds.** The Bonds shall be substantially in the form set forth in Exhibit A-1 in the case of the Series 2018A Bonds and Exhibit A-2 in the case of the Series 2018B Bonds, with such appropriate variations, omissions and insertions as permitted or required by this Indenture.

**Section 206. Delivery of Bonds.** (a) The Bond Trustee shall authenticate and deliver the Bonds when there have been filed with it the following:

(1) A certified copy of a resolution or resolutions of the Authority authorizing (A) the execution and delivery of the Agreement and the assignment of the Note, (B) the execution and delivery of this Indenture, and (C) the issuance, sale, execution and delivery of the Bonds.

(2) An original executed counterpart of this Indenture.

(3) An original executed counterpart of the Agreement.

(4) The original executed Note, assigned by the Authority, without recourse, to the Bond Trustee.

(5) An Opinion of Arent Fox LLP, Counsel to the Borrower, to the effect that the Borrower, is (A) a "501(c)(3) organization" within the meaning of Section 145 of the Internal Revenue Code of 1986, as amended (the "Code"), and (B) not a private foundation within the meaning of Section 509(a) of the Code and also to the effect that (C) the Agreement and the Note have been duly authorized, executed and delivered by the Borrower and are enforceable against the Borrower, subject to bankruptcy and equitable principles.

(6) Internal Revenue Service form 8038 prepared by the Borrower and executed on behalf of the Authority with respect to the Series 2018A Bonds together with a certificate of the Borrower with respect to the information contained therein.

(7) An opinion of McGuireWoods LLP, Bond Counsel, that the interest on the Series 2018A Bonds is excludable from gross income for federal income tax purposes under existing law and that the interest on the Bonds is exempt from taxation by the Commonwealth of Virginia and also to the effect that the issuance of the Bonds has been duly authorized.



(8) An opinion of McGuireWoods LLP, Bond Counsel, to the Bond Trustee to the effect that registration of the Bonds under the Securities Act of 1933, as amended, and qualification of this Indenture under the Trust Indenture Act of 1939, as amended, is not required.

(9) A request and authorization of the Authority, signed by its Chairman or Vice Chairman, to the Bond Trustee to authenticate and deliver the Bonds to such person or persons named therein upon payment to the Bond Trustee for the account of the Authority of a specified sum plus accrued interest, if any, to the date of delivery.

(b) Simultaneously with the delivery of the Bonds, the Bond Trustee shall apply, or arrange for the application of, the proceeds thereof, in the amount of \$11,983,369.98 (equal to the par amount of the Bonds of \$10,790,000 plus the original issue premium of \$1,286,751 less the underwriter's discount of \$93,381.02) as follows:

(1) To the 2018A Redemption Account of the Redemption Fund, from the proceeds of the Series 2018A Bonds, \$9,908,561.52;

(2) To the 2018B Redemption Account of the Redemption Fund, from the proceeds of the Series 2018B Bonds, \$1,748,569.68;

(3) To the 2018A COI Account of the Cost of Issuance Fund, from the proceeds of the Series 2018A Bonds, \$121,857.64; and

(4) To the 2018B COI Account of the Cost of Issuance Fund, from the proceeds of the Series 2018B Bonds, \$204,381.14.

**Section 207. Reserved.**

**Section 208. Exchange of Bonds; Persons Treated as Owners.** The Bond Trustee shall maintain registration books for the registration of exchange of Bonds. Upon surrender of any Bond at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Bond Trustee, such Bond may be exchanged for an equal aggregate principal amount of Bonds of authorized denominations, of the same series, form and maturity, bearing interest at the same rate as the Bonds surrendered and registered in the name or names requested by the then registered owner. The Authority shall execute and the Bond Trustee shall authenticate any Bonds necessary to provide for exchange of Bonds pursuant to this section.

Prior to due presentment for registration of transfer of any Bond, the Bond Trustee shall 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 interest payments shall be made to the person registered on the 15th day of the month preceding the Interest Payment Date as owner on the registration books maintained by the Bond Trustee.

**Section 209. Charges for Exchange of Bonds.** Any exchange of Bonds shall be at the expense of the Borrower, except that the Bond Trustee as Bond Registrar shall make a charge

to any Bondholder requesting such exchange in the amount of any tax or other governmental charge required to be paid with respect thereto.

**Section 210. Temporary Bonds.** Prior to the preparation of Bonds in definitive form, the Authority may issue temporary 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 Bonds in definitive form and thereupon, upon presentation and surrender of Bonds in temporary form, the Bond Trustee shall authenticate and deliver in exchange therefor Bonds in definitive form of the same series and maturity for the same aggregate principal amount. Until exchanged for Bonds in definitive form, Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Notwithstanding the foregoing, so long as the Bonds are held in book-entry-only form they may be typewritten.

**Section 211. Mutilated, Lost or Destroyed Bonds.** If any Bond has been mutilated, lost or destroyed, the Authority shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the Authority and the Bond Trustee shall so execute, authenticate and deliver such new Bond only if the holder has paid the reasonable expenses and charges of the Authority and the Bond Trustee in connection therewith and, in the case of a lost or destroyed Bond, (a) has filed with the Authority and the Bond Trustee evidence satisfactory to them that such Bond was lost or destroyed and that the holder was the owner thereof and (b) has furnished to the Authority and the Bond Trustee indemnity satisfactory to them. If any such Bond has matured, instead of issuing a new Bond the Bond Trustee may pay the same without surrender thereof, upon receipt of the evidence and indemnity described above.

**Section 212. Cancellation and Disposition of Bonds.** All Bonds that have been paid (whether at maturity, upon acceleration or call for redemption or otherwise) or delivered to the Bond Trustee by the Borrower for cancellation shall not be reissued, and the Bond Trustee shall, unless otherwise directed by the Authority, cremate, shred or otherwise dispose of such Bonds in accordance with the standard procedures of the Bond Trustee. The Bond Trustee shall deliver to the Borrower, and if requested, to the Authority a certificate of any such cremation, shredding or other disposition.

**Section 213. Book Entry Provisions.** (a) The Bonds initially will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in DTC's custody or held by the Bond Trustee in its capacity as "FAST" agent for DTC. One Bond for the original principal amount of each maturity will be registered to Cede & Co. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in original principal amounts of \$5,000 or any integral multiple of \$5,000 in excess thereof. Payments of principal of and premium, if any, and interest on the Bonds will be made to DTC or its nominee as the sole Bondholder on the applicable payment date.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the Bonds to its participants, which include securities brokers and dealers, banks,

trust companies, clearing corporations and certain other organizations (the “Participants”) and selection of Bonds to be redeemed in the case of a partial redemption. Transfer of the payments of the principal of and premium, if any, and interest on the Bonds to beneficial owners of the Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of the beneficial ownership interests in the Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the Bonds, in accordance with rules specified by DTC and its Participants. Neither the Authority nor the Bond Trustee makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the Bonds will act in accordance with such rules or on a timely basis.

THE AUTHORITY AND THE BOND TRUSTEE DISCLAIM ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (II) THE PAYMENT BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS, (III) THE DELIVERY BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN ANY PARTIAL REDEMPTION OF THE BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

So long as Cede & Co., as nominee of DTC, is the sole Bondholder, references in this Indenture to the Bondholders, holders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Any notice to or consent requested of Bondholders under this Indenture shall be given to or requested of Cede & Co.

(b) Replacement Bonds (the “Replacement Bonds”) will be registered in the name of and be issued directly to beneficial owners of the Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the Bonds; or

(2) the Bond Trustee or, at the request of the Borrower, the Authority has advised DTC of the Bond Trustee’s or the Borrower’s determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the Bonds to discontinue the book-entry system of transfer.

Upon the occurrence of an event described in clause (1) or (2) (and the Bond Trustee and the Authority undertake no obligation to make any investigation regarding the matters described in clause (2)), the Borrower may attempt to locate another qualified securities depository. If the Borrower fails to locate another qualified securities depository to replace DTC, the Authority shall execute and the Bond Trustee shall authenticate and deliver to the Participants the Replacement Bonds (substantially in the form set forth in Exhibits A, with such appropriate variations,

omissions and insertions as are permitted or required by this Indenture) to which the Participants are entitled for delivery to the beneficial owners of the Bonds. The Bond Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The holders of the Replacement Bonds shall be entitled to the lien and benefits of this Indenture.

### ARTICLE III

#### REDEMPTION OF THE BONDS

**Section 301. Redemption Dates and Prices.** The Bonds may not be called for redemption by the Authority except as provided below:

(a) Extraordinary Optional Redemption. The Bonds shall be subject to redemption prior to maturity if the Borrower exercises its option to prepay the Note in accordance with Section 7.1 of the Agreement, in whole if the Note is prepaid in full or in part to the extent the Note is prepaid if the Note is prepaid in part, at any time, at a price equal to (1) the principal amount thereof without premium, plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption, if the Note is prepaid under Sections 7.1(a) or 7.1(b) of the Agreement or (2) if the Note is prepaid under Section 7.1(c) of the Agreement, (A) with respect to any Series 2018A Bond redeemed, the Amortized Value thereof plus accrued interest to the redemption date or (B) with respect to any Series 2018B Bond redeemed, the Make-Whole Redemption Price plus accrued interest to the redemption date. In the event of partial extraordinary optional redemption, an Authorized Representative of the Borrower may direct the Bond Trustee to redeem as directed by the Borrower, the Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of the Bonds of such maturity bears to the total principal amount of all Bonds issued under this Indenture and then outstanding or in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions.

(b) Optional Redemption. The Series 2018A Bonds maturing on or after September 1, 2029, will be subject to redemption by the Authority, at the direction of the Borrower, prior to maturity, in whole or in part, at any time on and after September 1, 2028, at a redemption price equal to 100% of the principal amount of the Series 2018A Bonds to be redeemed plus accrued interest thereon to the redemption date in the event the Borrower exercises its option to prepay all or a portion of the amounts outstanding under the Note pursuant to Sections 7.2 or 7.3 of the Agreement. The Series 2018B Bonds are subject to redemption prior to their stated maturity in whole or in part on any date, at the option of the Borrower, at the Make-Whole Redemption Price, together with accrued interest to the date fixed for redemption.

(c) Mandatory Redemption. The 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) Selection of Bonds. Except as provided in Section 301(a), if less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, each portion of an authorized denomination of principal amount (as provided in Section 202) being counted as one

Bond for such purposes; provided, however, that if less than all of the Series 2018B Bonds of a maturity subject to sinking fund requirements in accordance with Section 303 are called for optional redemption, then the Borrower shall designate the principal amount of such maturity of the Series 2018B Bonds so called and such principal amount shall be applied to reduce each subsequent sinking fund requirement applicable to such maturity as nearly as possible on a pro rata basis, taking into account minimum authorized denominations. Notwithstanding the preceding sentence, except as provided in Section 301(a), if less than all of the Bonds of any maturity are called for redemption and the Bonds are held in a book-entry system by DTC, then the Bonds to be redeemed shall be selected by DTC in accordance with its procedures, each portion of an authorized denomination of principal amount (as provided in Section 202) being counted as one Bond for such purposes. If a portion of a Bond having a principal amount of more than an authorized denomination (as provided in Section 202) 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 Note under Article VII of the Agreement or requests any redemption of the Bonds permitted hereunder and sufficient amounts are in the funds created herein, the Bond Trustee shall, in the name of the Authority, redeem the Bonds as then permitted or required at the earliest practicable date permitted hereunder.

(f) Mandatory Redemption for Determination of Taxability. Upon the occurrence of a Determination of Taxability, the Series 2018A Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption. The Series 2018A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds then Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A Bonds shall be redeemed in such amount as is deemed necessary in the Opinion of Bond Counsel to accomplish that result.

**Section 302. Notice of Redemption.** The Bond Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the call for any such redemption identifying the Bonds to be redeemed to be sent by first class mail, or in such manner prescribed by DTC, not less than 30 nor more than 60 days prior to the redemption date to the owner of each Bond to be redeemed at his address as it appears on the registration books. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure or defect has occurred.

Any notice of redemption mailed as specified in this section shall be deemed to have been duly given when mailed by the Bond Trustee. Any such notice shall be given in the Authority's name, identify the Bonds to be redeemed by name, certificate number, CUSIP number, interest rate, maturity date and any other descriptive information determined by the Bond Trustee to be needed to identify the Bonds. All such notices shall also state that on the redemption date the Bonds called for redemption will be payable at the Bond Trustee's designated corporate trust office and that from that date interest will cease to accrue.

In the case of an optional redemption under Section 301(b), the notice may state that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the redemption date.

On or before the date fixed for redemption, funds shall be deposited with the Bond Trustee to pay the principal of, premium, if any, and interest accrued thereon to the redemption date on the Bonds called for redemption. Upon the happening of the above conditions, the Bonds or portions thereof thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture. In the event that the notice of redemption contains a condition as described in the immediately preceding paragraph and such moneys are not so received, such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

**Section 303. Mandatory Sinking Fund.** (a) As a sinking fund, the Bond Trustee shall redeem Series 2018A Bonds in the original principal amount of \$1,310,000 maturing on September 1, 2034, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2033	\$640,000
2034*	670,000

\* maturity

As a sinking fund, the Bond Trustee shall redeem Series 2018A Bonds in the original principal amount of \$1,445,000 maturing on September 1, 2036, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2035	\$705,000
2036*	740,000

\* maturity

As a sinking fund, the Bond Trustee shall redeem Series 2018A Bonds in the original principal amount of \$1,590,000 maturing on September 1, 2038, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2037	\$775,000
2038*	815,000

\* maturity

(b) As a sinking fund, the Bond Trustee shall redeem Series 2018B Bonds in the original principal amount of \$1,970,000 maturing on September 1, 2025, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2019	\$255,000
2020	260,000
2021	270,000
2022	280,000
2023	290,000
2024	300,000
2025*	315,000

\* maturity

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 Term Bonds in an amount equal to the principal amount of such Bonds that have been redeemed (other 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 Bonds have not previously been applied as a credit against any other mandatory sinking fund redemption payment.

**Section 304. Purchase in Lieu of Optional Redemption.** The Authority and, by their acceptance of the Bonds, the owners of the Bonds, irrevocably grant to the Borrower the option to purchase, at any time and from time to time, any Bond which has been called for optional redemption pursuant to the provisions of this Indenture at a purchase price equal to the applicable redemption price. To exercise such option, the Borrower shall give the Bond Trustee a written request exercising such option. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased shall be selected in accordance with the provisions of Section 301(d) hereof. The Bond Trustee shall thereupon give notice of such purchase in the manner specified herein as though such purchase were an optional redemption. All such purchases may be subject to conditions to the obligation of the Borrower to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Bonds is held by the Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase. Following such purchase, the Trustee shall cause such Bonds, so long as they are not book-entry bonds, to be registered in the name of the Borrower or its nominee and shall deliver them to the Borrower or its nominee. No purchase of the Bonds pursuant to this provision shall operate to extinguish the indebtedness of the Authority evidenced thereby.

## ARTICLE IV

### GENERAL COVENANTS AND PROVISIONS

**Section 401. Payment of Bonds.** The Authority shall promptly pay when due the principal of (whether at maturity, upon acceleration or call for redemption or otherwise) and premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in the Bonds; provided, however, that such obligations are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the trust estate granted in the granting clauses at the beginning of this Indenture, which revenues and receipts are hereby specifically pledged to such purposes in the manner and to the extent provided herein. Neither the members of the Authority nor any persons executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof. Neither the Commonwealth of Virginia nor any political subdivision thereof shall be liable for the Bonds or obligated to pay the principal, premium, if any, or the interest thereon or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Authority, is pledged to the payment of the principal of or the premium, if any, or the interest on the Bonds or other costs incident thereto.

**Section 402. Covenants and Representations of Authority.** The Authority shall observe and perform all covenants, conditions and agreements on its part contained in this Indenture, in every Bond executed, authenticated and delivered 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 Bonds authorized hereby and to execute this Indenture, to execute and assign the Agreement, to assign the Note 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 Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the 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.

**Section 403. Instruments of Further Assurance.** The Authority shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Bond Trustee of all the rights assigned hereby and the revenues and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. The Authority shall cooperate with the Bond Trustee and with the Bondholders in protecting the rights and security of the Bondholders.

**Section 404. Inspection of Books of Facilities.** All books and documents in the Authority's possession relating to the Agreement and the Note and the revenues derived therefrom



shall at all times be open to inspection by such agents as the Bond Trustee or the holders of at least 25% in aggregate principal amount of Bonds then Outstanding may from time to time designate.

**Section 405. Rights under Agreement and the Note.** The Bond Trustee in its own name or in the name of the Authority may enforce all rights of the Authority and all obligations of the Borrower under and pursuant to the Agreement and the Note for and on behalf of the Holders, whether or not the Authority is in default hereunder.

**Section 406. Prohibited Activities, Arbitrage Covenant, Tax Covenant.** The Authority shall not knowingly engage in any activities or take any action that might result in the income of the Authority derived from the Borrower with respect to the Series 2018A Bonds becoming taxable to it under federal income tax laws.

The Authority covenants for the benefit of the Holders of the Bonds that it will, to the extent within its control, take no action to cause the proceeds of the Series 2018A Bonds, the earnings on those proceeds or any moneys on deposit in any fund or account maintained with respect to the Series 2018A Bonds (whether such moneys were derived from the proceeds of the sale of the Series 2018A Bonds or from other sources) to be used in a manner that will cause the Series 2018A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code (including but not limited to ensuring compliance with the ongoing requirements of Section 148 of the Code concerning the rebate and non-purpose investment rules) all in accordance with the Tax Agreement. This covenant shall survive the defeasance or payment in full of the Series 2018A Bonds, notwithstanding any other provision of this Indenture, until requirements for payment of any rebate amounts pursuant to Section 148(f) of the Code have been satisfied.

The Authority covenants for the benefit of the Holders of the Bonds that it will, to the extent within its control, take no action to cause or permit no action to be taken that would cause the interest on the Series 2018A Bonds to be includable in gross income for federal income tax purposes. This covenant shall survive the defeasance or payment in full of the Series 2018A Bonds, notwithstanding any other provision of this Indenture, until the requirements for payment of any rebate amounts pursuant to Section 148(f) of the Code have been fully satisfied.

**Section 407. Reports by Bond Trustee.** The Bond Trustee shall make monthly reports to the Borrower of all moneys received and expended by it under this Indenture, and the Bond Trustee shall make annual reports no later than thirty days following the end of each Bond Year (as defined in the Tax Agreement) to the Authority of all moneys received and expended by it under this Indenture.

**Section 408. Letter of Representations.** The Authority and the Bond Trustee agree that, so long as Cede & Co. or some other nominee of DTC is the sole Bondholder, they each will give notices, make payments and establish record dates for consents and similar purposes with respect to the Bonds and select Bonds for redemption as set forth in the Letter of Representations.

**Section 409. Loan to Finance or Refinance the Project.** Subject to the provisions of Section 401 and pursuant to the Agreement, the Authority shall make a loan to the Borrower with the proceeds of the Bonds so that it can finance or refinance the Project. The Authority shall

not create or knowingly suffer to be created any lien or security interest in revenues with respect to the loan to the Borrower, except the pledge made pursuant to this Indenture.

## ARTICLE V

### REDEMPTION FUND

**Section 501. Creation of Redemption Fund.** There is hereby established with the Bond Trustee a trust fund designated the “Fairfax County Economic Development Authority, Redemption Fund: National Wildlife Federation Project,” in which there will be established two subaccounts: the 2018A Redemption Account and the 2018B Redemption Account.

**Section 502. Reserved.**

**Section 503. Payments from Redemption Fund.** On the Closing Date, the Bond Trustee shall distribute all moneys in the 2018A Redemption Account and the 2018B Redemption Account to Bank of America, N.A., as lender with respect to the Term Loan, to refund the Term Loan.

## ARTICLE VI

### REVENUES AND FUNDS

**Section 601. Establishment of Funds.** (a) There is hereby established with the Bond Trustee, the “Fairfax County Economic Development Authority, Bond Fund: National Wildlife Federation Project,” in which there shall be established two subaccounts: the Interest Account and the Principal Account.

(b) There is hereby established with the Bond Trustee, the “Fairfax County Economic Development Authority Cost of Issuance Fund: National Wildlife Federation Project,” in which there will be established two subaccounts: the 2018A COI Account and the 2018B COI Account.

**Section 602. Funds Received.** (a) The Bond Trustee shall deposit all payments and receipts derived from the Note, the Agreement or the security therefor in the following order, subject to credits as provided in this Article VI:

(1) To the Interest Account of the Bond Fund, an amount equal to the amount of interest due on the Bonds on the next Interest Payment Date, or such lesser amount that, together with amounts already on deposit in the Interest Account, but subject to the provisions of Section 603(a), will be sufficient to pay interest on the Bonds to become due on the following Interest Payment Date.

(2) To the Principal Account of the Bond Fund, the amount of principal that will become due on the Bonds on the following September 1 or will be payable on such September 1 pursuant to Section 303 or such lesser amount that, together with amounts already on deposit in the Principal Account, will be sufficient to pay principal of the Bonds to become due or be paid at redemption on such September 1.

**Section 603. Bond Fund.**

(a) Interest Account. The Bond Trustee shall use moneys in the Interest Account solely to pay interest on the Bonds as the same becomes due. If the Bond Trustee is purchasing Bonds pursuant to Section 603(b)(1), amounts in the Interest Account may be used to pay the portion of the purchase price consisting of accrued interest to the date of purchase.

In the event the balance in the Interest Account on an Interest Payment Date or date upon which the Bonds are to be redeemed is insufficient for the payment of interest due on the Bonds on the Interest Payment Date or date upon which the Bonds are to be redeemed, the Bond Trustee shall immediately notify the Borrower of the amount of the deficiency. Upon notification, the Borrower shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

(b) Principal Account. The Bond Trustee shall use moneys in the Principal Account solely to pay the principal of and premium, if any, on the Bonds whether at maturity, by acceleration, call for redemption or otherwise. The Bond Trustee shall provide for redemption of the Bonds in accordance with the mandatory sinking fund redemption schedule set forth in Section 303; provided, however, that on or before the 70<sup>th</sup> day next preceding any such sinking fund payment date the Authority, or the Authorized Representative of the Borrower on behalf of the Authority, may:

(1) pay to the Bond Trustee for deposit in the Principal Account as an advance payment on the Note such amount as the Borrower may determine, accompanied by a certificate signed by an Authorized Representative of the Borrower directing the Bond Trustee to apply such amount on or before such 70<sup>th</sup> day to the purchase of the Bonds required to be redeemed on such sinking fund payment date, and the Bond Trustee shall thereupon use all reasonable efforts to expend such funds as nearly as may be practicable in the purchase of such Bonds at a price (including accrued interest to the date of settlement) not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date;

(2) deliver to the Bond Trustee for cancellation the Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or

(3) instruct the Bond Trustee to apply a credit against the Authority's sinking fund redemption obligation for any such Bonds that previously have been redeemed (other than through the operation of the sinking fund) and cancelled by the Bond Trustee and not previously applied as a credit against any sinking fund redemption obligation.

Each Bond so purchased, delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against amounts required to be transferred to the Principal Account on account of such Bonds, and the principal amount of the Bonds to be redeemed on such sinking fund payment date shall be reduced by the amount of Bonds so purchased, delivered or previously redeemed. Any principal amount of such Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date shall be

similarly credited in chronological order against future transfers to the Principal Account and shall similarly reduce the principal amount of Bonds to be redeemed on the next sinking fund payment date.

In the event that the balance in the Principal Account is insufficient for the payment of principal due on any September 1, the Bond Trustee shall immediately notify the Borrower of the amount of the deficiency. Upon notification, the Borrower shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

(c) Investment earnings on amounts in the Interest Account shall be retained in the Interest Account. If the balance in the Interest Account on any Interest Payment Date (before the transfers to be made to such account on such date) shall exceed the amount payable on account of interest payable on the Bonds on such date, the excess shall be retained in the Interest Account and used as a credit against required transfers to the Interest Account on the next Interest Payment Date. Investment earnings on amounts in the Principal Account shall be credited thereto as earned. In the event the balance in the Principal Account on any September 1 (prior to the transfers to be made to such account on such date) shall exceed the amount necessary on such date to pay principal of the Bonds at maturity, the excess shall be retained therein and used to pay principal of the Bonds due and to the extent not so used, credited against required transfers thereto.

(d) When the balances in the Interest and Principal Accounts of the Bond Fund are sufficient to redeem or pay at maturity all Bonds then Outstanding and to pay all interest to accrue thereon prior to redemption or maturity, at the request of the Borrower the balance in the Bond Fund shall be held for redemption or payment of the Bonds at the earliest practicable date and the payment of interest thereon and for no other purpose.

**Section 604. Cost of Issuance Fund.** Upon there being filed with the Bond Trustee (a) a written request signed by an Authorized Representative of the Borrower stating the amount and purpose of any payment using a requisition form substantially similar to the one attached as Schedule I and (b) a certificate signed by an Authorized Representative of the Borrower in a form substantially similar to the one attached as Schedule I, money in the 2018A COI Account of the Cost of Issuance Fund will be used to pay or reimburse the Borrower for Issuance Costs related to the Series 2018A Bonds and money in the 2018B COI Account of the Cost of Issuance Fund will be used to pay or reimburse the Borrower for costs related to the issuance of the Bonds. Upon receipt of such requisition and certificate, the Bond Trustee shall, within two Business Days, make payment from the Cost of Issuance Fund in accordance with such requisition; provided, however, that if such certificate states any Event of Default exists, the Bond Trustee shall not be required to make, but may make, such payment, if it determines that such payment is in the interest of the holders of the Bonds. All such payments shall be made by check, draft or wire transfer payable either directly to the person, firm or corporation to be paid or, upon receipt of evidence that the Borrower has previously paid such amount, to the Borrower. Any money remaining in the 2018A COI Account of the Cost of Issuance Fund after all Issuance Costs related to the Series 2018A Bonds have been paid or remaining after 90 days after the issuance of the Bonds, will be deposited by the Trustee into the Interest Account of the Bond Fund to be used for the payment of interest on the Series 2018A Bonds as it becomes due and payable as further provided herein. Any money remaining in the 2018B COI Account of the Cost of Issuance Fund after all costs related to the issuance of the Bonds have been paid or remaining after 90 days after the issuance of the Bonds,

will be deposited by the Trustee into the Interest Account of the Bond Fund to be used for the payment of interest on the Bonds as it becomes due and payable as further provided herein.

**Section 605.**        **Reserved.**

**Section 606.**        **Reserved.**

**Section 607.**        **Reserved.**

**Section 608.**        **Accounts within Funds.** The Bond Trustee shall at the direction of the Borrower create accounts within any fund established by this Indenture and shall deposit amounts transferred to such fund in accounts therein and invest the same as directed by the Borrower. In making transfers from any such fund, the Bond Trustee shall draw on accounts therein as directed by the Borrower so long as required transfers can be made consistent with such directions.

**Section 609.**        **Non-Presentation of Bonds.** If any Bond is not presented for payment when the principal thereof becomes due (whether at maturity, upon acceleration or call for redemption or otherwise), all liability of the Authority to the holder thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged if funds sufficient to pay such Bond and interest due thereon shall be held by the Bond Trustee for the benefit of the holder thereof, and thereupon it shall be the duty of the Bond Trustee to hold such funds, without liability for interest thereon, for the benefit of the holder of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond.

Any moneys that have been set aside by the Bond Trustee for the payment of the principal of and premium, if any, and interest on the Bonds and that shall remain unclaimed by the registered owner of any of the Bonds for a period of five years after the date on which such principal and interest on the Bonds shall have become payable, shall, unless otherwise required by law, be paid to the Borrower, and thereafter the registered owners of such Bonds shall look only to the Borrower as unsecured creditors for the payment thereof and then only to the extent of the amount so received, without any interest thereon, and the Authority and the Bond Trustee shall have no responsibility with respect to such moneys.

**Section 610.**        **Bond Trustee's and Authority's Fees, Costs and Expenses.** Absent a specific agreement as to payment of the Bond Trustee's fees, charges and expenses, the Bond Trustee shall be entitled to payment of its reasonable fees for its services rendered hereunder and reimbursement of all advances, counsel fees and other expenses reasonably made or incurred by the Bond Trustee in connection with such services, such payment to be made within 30 days of receipt of an invoice for such fees and expenses; provided that the Authority shall be required to pay such fees, charges and expenses solely from the revenues and receipts derived by the Authority from the loan made by the Authority pursuant to the Agreement, including the Note and payments thereunder and amounts paid under the Loan Agreement (except payments the rights to which are expressly retained by the Authority).

**Section 611.**        **Moneys to Be Held in Trust.** All moneys required to be deposited with or paid to the Bond Trustee for the account of any of the funds created by this Indenture shall be held by the Bond Trustee in trust, and except for moneys deposited with or paid to the Bond Trustee

for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Bond Trustee, constitute part of the trust estate and be subject to the lien hereof.

**Section 612. Reserved.**

**Section 613. Repayment to the Borrower from Funds.** All amounts remaining in any of the funds created by this Indenture shall be paid to the Borrower after payment in full of the Bonds and the fees, charges and expenses of the Bond Trustee and its agents and counsel, any other paying agent and other amounts required to be paid hereunder, and the fees, charges and expenses of the Authority and any other amounts required to be paid by the Borrower under the Note or the Agreement.

**ARTICLE VII**

**INVESTMENTS**

**Section 701. Investment of Funds.** To the extent permitted by applicable law, the Bond Trustee shall separately invest and reinvest any moneys held in the funds at the written direction of an Authorized Representative of the Borrower in:

- (a) Government Obligations;
- (b) Obligations of the Federal National Mortgage Association, Governmental National Mortgage Association, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks and Federal Home Loan Banks;
- (c) Bonds, notes and other evidences of indebtedness unconditionally guaranteed as to payment of principal and interest by the Commonwealth of Virginia or any city, county or town therein;
- (d) Savings accounts, time deposits, certificates of deposit, and other bank deposit products in any bank, including those placed by a third party pursuant to an agreement between the Trustee and the Borrower or bankers acceptance of depository institutions, including the Trustee or any of its affiliate, (1) within the Commonwealth of Virginia, provided that such funds are secured in the manner required by the Virginia Security for Public Deposits Act or any successor provision of law, or (2) within or without the Commonwealth of Virginia having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (e) Savings accounts and certificates of
  - (1) savings and loan associations that are under supervision of the Commonwealth of Virginia; and
  - (2) Federal associations organized under the laws of the United States of America and under federal supervision, but only to the extent that such accounts and certificates are fully insured by the Federal Savings and Loan Insurance Corporation or any successor federal agency;

(f) “Prime quality” commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States, or of any state thereof, including paper issued by banks and bank holding companies. “Prime quality” shall be as rated by Moody’s within its ratings of P-1 or P-2 or by Standard & Poor’s within its ratings of A-1 or A-2;

(g) Bankers’ acceptances guaranteed by any bank having a combined capital, surplus and undivided profits of not less than \$50,000,000;

(h) Investments in money market funds restricted to Government Obligations and funds rated in the highest rating category by either Moody’s, Standard & Poor’s or Fitch including any such fund administered by the Bond Trustee or for which the Bond Trustee, its affiliates or subsidiaries provide investment advisory or other management services; and

(i) Investment Agreements with any bank, registered broker/dealer, insurance company or any other financial institution or corporation, or any subsidiary thereof, with a senior unsecured credit rating of, or claims paying ability of, at least “Aa3” by Moody’s or “AA-” by Standard & Poor’s or “AA-” by Fitch. The credit rating may be at either the parent or subsidiary level.

Any bonds, notes or other evidences of indebtedness listed in subsections (a), (b) and (c) above may be purchased by the Bond Trustee pursuant to a repurchase agreement with any bank or investment bank, including an affiliate of the Bond Trustee, within or without the Commonwealth of Virginia having a combined capital, surplus and undivided profits of not less than \$50,000,000, provided the obligation of the bank or investment bank to repurchase is within the time limitation established for investments as set forth below. A repurchase agreement for securities described in subsections (a), (b) and (c) above shall be considered a purchase of such securities even if title and/or possession of such securities is not transferred to the Bond Trustee so long as (i) the repurchase obligation of the bank or investment bank is collateralized by the securities themselves, (ii) the securities have on the date of the repurchase agreement a fair market value equal to at least 100% of the amount of the repurchase obligation of the bank or investment bank, (iii) the securities are held by a third party and segregated from securities owned generally by the bank or investment bank, (iv) a perfected security interest in such securities is created for the benefit of the holders of the Bonds, under the Uniform Commercial Code of Virginia or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq., and (v) if the repurchase agreement is with the bank serving as Bond Trustee or any related party, the third party holding such securities holds them as agent for the Bond Trustee as fiduciary for the holders of the Bonds and not as agent for the bank serving as Bond Trustee in its commercial capacity or any other party.

All such investments shall be held by or under the control of the Bond Trustee and while so held shall be deemed a part of the fund in which such moneys were originally held, except as otherwise provided herein. The interest accruing from such investment and any profit realized therefrom shall be credited to such funds and any loss resulting from such investments shall be charged to such funds, except as otherwise provided herein. The Bond Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund is insufficient for the purposes thereof.

The Bond Trustee shall, to the extent consistent with other provisions of this section, make any investment requested in writing by the Borrower. At the request of the Borrower, but no more than monthly, the Bond Trustee shall provide the Borrower with reports in reasonable detail regarding the investment of the funds held by the Bond Trustee. Although the Borrower recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Borrower hereby agrees that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Moneys held in the Bond Fund shall be invested in securities and obligations maturing not later than the dates on which such moneys will be needed to pay principal of (whether at maturity or by mandatory sinking fund redemption) or interest on the Bonds.

For the purposes of this section, investments shall be considered as maturing on the date on which they are redeemable without penalty at the option of the holder or the date on which the Bond Trustee may require their repurchase, pursuant to a repurchase agreement qualifying as described above.

For the purpose of determining the amount on deposit to the credit of any such fund or account, as reflected by annual accounting statements, obligations purchased as an investment of moneys therein shall be valued at least annually at the cost or market price thereof, whichever is lower, inclusive of accrued interest. Except as provided in Section 603(c), the Bond Trustee shall not be required to calculate the value of investments more frequently than annually.

**Section 702. Investments through Bond Trustee's Bond Department.** The Bond Trustee may make investments permitted by Section 701 through its own bond department.

## ARTICLE VIII

### DISCHARGE OF INDENTURE

**Section 801. Discharge of Indenture.** The Bonds shall be deemed paid for all purposes of this Indenture when (a) payment of the principal of and the maximum amount of interest that may become due on such Bonds to the due date of such principal and interest (whether at maturity, upon redemption, acceleration or otherwise) either (i) has been made in accordance with the terms of Article III or (ii) has been provided for by depositing with the Bond Trustee (A) moneys sufficient to make such payment which otherwise meet the definition of Defeasance Obligations or (B) noncallable Defeasance Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment without regard to the reinvestment thereof; and (b) all compensation and expenses of the Authority and the Bond Trustee (as well as the fees and expenses of their counsel) pertaining to each such Bond in respect of which such payment or deposit is made have been paid or provided for to their respective satisfaction. When a Bond is deemed paid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for payment from moneys or Defeasance Obligations under subsection (a) above and except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in Article II.



Notwithstanding the foregoing, no deposit under subsection (a) above made for the purpose of paying the redemption price of such Bond (as opposed to the final payment thereof upon maturity) will be deemed a payment of such Bond as aforesaid until (x) notice of redemption of such Bond is given in accordance with Article III or, if such Bond is not to be redeemed within the next 60 days, until the Borrower has given the Bond Trustee, in form satisfactory to the Bond Trustee, irrevocable instructions to notify, as soon as practicable, the holder of such Bond, in accordance with Article III, that the deposit required by subsection (a) above has been made with the Bond Trustee and that such Bond is deemed to be paid under this Article and stating the redemption date upon which moneys are to be available for the payment of the principal of such Bond or (y) the maturity of such Bond. Additionally, and while the deposit under subsection (a) above made for the purpose of paying the final payment of a Bond upon its maturity shall be deemed a payment of such Bond as aforesaid, the Bond Trustee shall mail notice to the Owner of such Bond, as soon as practicable stating that the deposit required by subsection (a) above has been made with the Bond Trustee and that such Bond is deemed to be paid under this Article.

When Bonds are deemed paid under the foregoing provisions of this Section and other sums due hereunder and under the Agreement are paid, the Bond Trustee shall, upon request, acknowledge the discharge of the Authority's obligations under this Indenture with respect to such Bonds, except for obligations under Article II in respect of the transfer, exchange, registration, discharge from registration and replacement of the Bonds, and obligations under Section 1002 hereof with respect to the Bond Trustee's compensation and indemnification. The Bonds delivered to the Bond Trustee for payment shall be cancelled pursuant to Section 212.

An Authorized Representative of the Borrower shall direct the deposit, investment and use of the moneys and securities described in this Section such that no deposit will be made and no use made of any such deposit that would cause any Series 2018A Bonds (including Series 2018A Bonds deemed paid pursuant to this section) to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code. Before accepting or using any such deposit, the Bond Trustee may request an Opinion of Bond Counsel as to whether such use or acceptance would cause the Series 2018A Bonds (including Series 2018A Bonds deemed paid pursuant to this section) to be so treated and, that all conditions hereunder have been satisfied, and the Bond Trustee may conclusively rely on such Opinion with regard thereto.

The Bond Trustee may request and shall be fully protected in relying upon a certificate of an independent certified public accountant to the effect that a deposit will be sufficient to defease such Bonds as provided in this Section 801.

## ARTICLE IX

### DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

**Section 901.**      **Events of Default.** Each of the following events shall be an Event of Default:

- (a)      Default in the due and punctual payment of any interest on any Bond;

(b) Default in the due and punctual payment of the principal of any Bond (whether at maturity, upon acceleration or call for redemption or otherwise);

(c) An “Event of Default” under the Agreement, and such “Event of Default” shall not have been remedied or waived; or

(d) Subject to the provisions of Section 912, default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under this Indenture or in the Bonds.

**Section 902. Acceleration.** If an Event of Default occurs and is continuing, the Bond Trustee may, and if requested by the holders of at least 51% in aggregate principal amount of Bonds then Outstanding shall, by notice to the Authority, declare the entire unpaid principal of and interest on the Bonds due and payable and, thereupon, the entire unpaid principal of and interest on the Bonds shall forthwith become due and payable. Upon any such declaration, the Authority shall forthwith pay to the holders of the Bonds the entire unpaid principal of and accrued interest on the Bonds, but only from the revenues and receipts herein specifically pledged for such purpose. Upon the occurrence of an Event of Default and a declaration of acceleration hereunder, the Bond Trustee as assignee of the Authority shall immediately exercise its option under Section 6.2(a) of the Agreement to declare all payments on the Note to be immediately due and payable.

**Section 903. Other Remedies; Rights of Bondholders.** Upon the occurrence of an Event of Default, the Bond Trustee may proceed to protect and enforce its rights as the holder of the Note and the rights of the bondholders by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement herein contained.

Upon the occurrence of an Event of Default, if requested to do so by the holders of at least 51% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in Section 1001(k), the Bond Trustee shall exercise such one or more of the rights and powers conferred by this article as the Bond Trustee, upon being advised by counsel, shall deem most expedient in the interests of the bondholders.

No remedy conferred by this Indenture upon or reserved to the Bond Trustee or to the bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Bond Trustee or to the bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Bond Trustee pursuant to Section 911 or by the bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

**Section 904. Right of Bondholders to Direct Proceeding.** Anything in this Indenture to the contrary notwithstanding, the holders of at least 51% in aggregate principal

amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

**Section 905. Reserved.**

**Section 906. Application of Moneys.** All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the expenses, liabilities and advances incurred or made by the Bond Trustee, the fees of the Bond Trustee and the expenses of the Authority in carrying out this Indenture or the Agreement, be deposited in the Bond Fund and applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

Second - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds at the respective rates specified therein from the respective dates on which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

Third - To the extent permitted by law, to the payment to persons entitled thereto of the unpaid interest on overdue installments of interest ratably, according to the amount of such interest due on such date, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds, including, to the extent permitted by law, interest on

overdue installments of interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this article, then, subject to the provisions of subsection (b) of this section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this section.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such times and from time to time as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice to the registered holders of the Bonds by first class mail as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 907. Remedies Vested in Bond Trustee.** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Bond Trustee may be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds.

**Section 908. Limitation on Suits.** Except to enforce the rights given under Sections 904 and 909, no holder of any Bond shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (a) a default has occurred and is continuing of which the Bond Trustee has been notified as provided in Section 1001(h), or of which by such section it is deemed to have notice, (b) such default has become an Event of Default and the holders of at least 51% in aggregate principal amount of Bonds then Outstanding have made written request to the Bond Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) they have offered to the Bond Trustee indemnity as provided in Section 1001(k), (d) the Bond Trustee has for 30 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names, (e) no direction inconsistent with such written request has been given to the Bond Trustee during such 30 day period by the holders of at least 51% in aggregate principal amount of Bonds then Outstanding, and (f) notice of such action, suit or proceeding is given to the Bond Trustee; it being understood and intended that no one or

more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds then Outstanding. The notification, request and offer of indemnity set forth above, at the option of the Bond Trustee, shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

**Section 909. Unconditional Right To Receive Principal, Premium and Interest.** Nothing in this Indenture shall, however, affect or impair the right of any bondholder to enforce, by action at law, payment of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof, or on the date fixed for redemption or (subject to the provisions of Section 902) upon the same being declared due prior to maturity as herein provided, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner expressed herein and in the Bonds.

**Section 910. Termination of Proceedings.** In case the Bond Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Authority, the Borrower and the Bond Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

**Section 911. Waiver of Events of Default.** The Bond Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so on the written request of the holders of (a) a majority in aggregate principal amount of Bonds then Outstanding in respect of which default in the payment of principal and/or interest exists, or (b) at least 51% in aggregate principal amount of Bonds then Outstanding in the case of any other default; provided, however, that

(1) there shall not be waived without the consent of the holders of all Bonds then Outstanding (A) any Event of Default in the payment of the principal of any Outstanding Bonds (whether at maturity or by sinking fund redemption) or (B) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission,

(i) there shall have been paid or provided for all arrears of interest with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest, all arrears of principal and all expenses of the Bond Trustee in connection with such default, and

(ii) in case of any such waiver or rescission or in case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Bond Trustee on account of any such default, the

Authority, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, and

(2) no declaration of maturity under Section 902 made at the request of the holders of at least 51% in aggregate principal amount of Bonds then Outstanding shall be rescinded unless requested by the holders of at least 51% in aggregate principal amount of Bonds then Outstanding.

No such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 912. Notice of Defaults; Opportunity of the Borrower To Cure Defaults.**

Anything herein to the contrary notwithstanding, no default specified in Section 901(d) on the part of the Authority shall constitute an Event of Default until (a) notice of such default shall be given (1) by the Bond Trustee to the Authority and the Borrower or (2) by the holders of at least 51% in aggregate principal amount of the Bonds then Outstanding to the Bond Trustee, the Authority and the Borrower, and (b) the Authority and the Borrower shall have had 30 days after such notice to correct such default or cause such default to be corrected, and shall not have corrected such default or caused such default to be corrected within such period; provided, however, that if any default specified in Section 901(d) shall be such that it can be corrected but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the Borrower within such period and diligently pursued until such default is corrected, as long as such default is corrected within 90 days.

With regard to any alleged default concerning which notice is given to the Borrower under this section, the Borrower may perform any covenant, condition or agreement the nonperformance of which is alleged in such notice to constitute a default, in the name and stead of the Authority, with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

## ARTICLE X

### THE BOND TRUSTEE

**Section 1001. Acceptance of Trusts and Obligations.** The Bond Trustee hereby accepts the trusts and obligations imposed upon it by this Indenture and the Agreement and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Indenture or the Agreement against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the Agreement and as a corporate Bond Trustee ordinarily would perform such duties under a corporate indenture. In case an Event of Default has occurred (which has not been cured or waived) the Bond Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their

exercise, as a prudent man ordinarily would exercise and use under the circumstances in the conduct of his own affairs.

(b) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be answerable for the conduct of the same if appointed with reasonable care, and shall be entitled to act on the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and shall be fully protected in acting upon such advice and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. As a condition to the taking, suffering or omission of any action hereunder, the Bond Trustee may demand and act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance on such Opinion of Counsel.

(c) The Bond Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Bond Trustee endorsed on the Bonds) or for the recording, re-recording, other filing or re-filing of any financing or continuation statement or any other document or instrument, or for the validity of the execution by the Authority of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Bond Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority or on the part of the Borrower under the Agreement, except as hereinafter set forth. The Bond Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Section 701.

(d) The Bond Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The bank or trust company acting as Bond Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any bondholder may be entitled to take with like effect as if such bank or trust company were not the Bond Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Bond Trustee.

(e) The Bond Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Bond Trustee pursuant to this Indenture on the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond shall be conclusive and binding on all future owners of the same Bond and on Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Bond Trustee shall be entitled to rely on a certificate signed on behalf of the Authority by its Chairman or Vice Chairman and attested by its Secretary under its seal, or such other person or persons as may be designated for such purposes by resolution of the Authority, as sufficient evidence of the facts therein contained, and prior to

the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (h) of this section, or of which by said subsection it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Bond Trustee may accept a certificate of the Secretary of the Authority under its seal to the effect that a resolution in the form therein set forth has been adopted by the Authority as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Bond Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Bond Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(h) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Authority to cause to be made any of the payments to the Bond Trustee required to be made by Article VI or failure by the Authority or the Borrower to file with the Bond Trustee any document required by this Indenture or the Agreement to be so filed, unless the Bond Trustee shall be notified of such default by the Authority or by the holders of at least 51% in aggregate principal amount of Bonds then Outstanding.

(i) The Bond Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(j) Notwithstanding any other provision of this Indenture, the Bond Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Bond Trustee in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(k) Before taking any action under this Indenture or the Agreement, except for making scheduled payments of principal and interest, the Bond Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its gross negligence or willful misconduct.

(l) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Bond Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon. The Trustee shall not be accountable for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

(m) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have



reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(n) The Bond Trustee shall not be responsible for the tax-exempt status of the Series 2018A Bonds.

**Section 1002. Fees, Charges and Expenses of Bond Trustee.** Absent a specific agreement as to payment of the Bond Trustee's fees, charges and expenses, the Bond Trustee and any payment agents shall be entitled to payment and reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees and disbursements and other expenses reasonably made or incurred by the Bond Trustee in connection with such services, provided that the trust estate shall not be liable for costs or expenses of the Bond Trustee other than reasonable costs and expenses. Upon an Event of Default, but only upon an Event of Default, the Bond Trustee shall have a first lien with right of payment prior to payment on account of principal of, or premium, if any, and interest on any Bond upon the trust estate created by this Indenture for the foregoing fees, charges and expenses incurred by the Bond Trustee.

**Section 1003. Notice Required of Bond Trustee.** If the Borrower fails to make any payment on the Note on the day such payment is due and payable, the Bond Trustee shall give notice thereof by telephone or facsimile to the Borrower on the next succeeding Business Day and shall confirm such notice in writing by first class registered or certified mail. In the event of (a) the continuance of any such failure to make payment for 30 days after such payment was due, (b) failure of the Authority to cause any of the payments to be made to the Bond Trustee as required by Article VI, or (c) notification to the Bond Trustee by any of the holders of the Bonds then Outstanding, of any default hereunder, the Bond Trustee shall give notice thereof to the owner of each Bond then outstanding.

**Section 1004. Intervention by Bond Trustee.** In any judicial proceeding to which the Authority is a party and which in the opinion of the Bond Trustee has a substantial bearing on the interests of the bondholders, the Bond Trustee may intervene on behalf of the bondholders and, subject to Section 1001(k), shall do so if requested by the holders of at least 51% in aggregate principal amount of Bonds then outstanding.

**Section 1005. Merger or Consolidation of Bond Trustee.** Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and become successor Bond Trustee hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**Section 1006. Resignation by Bond Trustee.** The Bond Trustee may at any time resign from the trusts hereby created by giving 30 days' notice to the Authority, the Borrower and each registered owner of Bonds then Outstanding. Such resignation shall take effect upon the appointment of a successor or temporary Bond Trustee by the Bondholders or the Authority. In

the event that no successor or temporary Bond Trustee is appointed within 30 days of the Bond Trustee's giving of notice of its resignation, the Bond Trustee shall have the right to petition any court of competent jurisdiction for such court's appointment of a temporary Bond Trustee provided, however, that nothing in this sentence shall be deemed to authorize appointment of any Bond Trustee other than in accordance with the requirements of Section 1008 hereof.

**Section 1007. Removal of Bond Trustee.** The Bond Trustee may be removed by giving 30 day written notice (i) by an instrument or concurrent instruments in writing delivered to the Bond Trustee and to the Authority and signed by the owners of at least 51% in aggregate principal amount of the Bonds then Outstanding, or (ii) by any instrument signed by an Authorized Representative of the Borrower provided no Event of Default has occurred and is continuing. The removal shall take effect upon the appointment of a temporary or successor Bond Trustee by the Bondholders, the Borrower or a court of competent jurisdiction.

**Section 1008. Appointment of Successor Bond Trustee; Temporary Bond Trustee.** In case the Bond Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by (a) the owners of at least 51% in aggregate principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners or (b) so long as no Event of Default has occurred and is continuing, the Borrower by an instrument signed by an Authorized Representative of the Borrower; provided, however, that in case of such vacancy the Authority by an instrument signed by its Chairman or Vice Chairman may appoint a temporary Bond Trustee to fill such vacancy until a successor Bond Trustee shall be appointed by the bondholders or the Borrower in the manner provided above; and any such temporary Bond Trustee so appointed shall immediately and without further act be superseded by the Bond Trustee so appointed by such Bondholders or the Borrower. Every such Bond Trustee appointed pursuant to this section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (a) a bank or trust company, organized under the laws of the Commonwealth of Virginia or the United States of America, in good standing and having a combined capital, surplus and undivided profits of not less than \$50,000,000, or (b) a subsidiary trust company under the Trust Subsidiary Act, Article 3.1, Chapter 2, Title 6.1, Code of Virginia of 1950, as amended, whose parent Virginia bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.1-32.7(a) of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus and undivided profits, together with that of its parent Virginia bank or bank holding company, as the case may be, is not less than \$50,000,000.

**Section 1009. Concerning any Successor Bond Trustee.** Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder, and thereafter such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Authority or its successor, execute and deliver an instrument transferring to such successor Bond Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all securities and moneys held by it as Bond Trustee hereunder to its successor. Should any instrument in writing

from the Authority be required by any successor Bond Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Bond Trustee and the instrument or instruments removing any Bond Trustee and appointing a successor hereunder, together with all other instruments provided for in this article, shall be filed and/or recorded by the successor Bond Trustee in each recording office where the Indenture may have been filed and/or recorded.

**Section 1010. Right of Bond Trustee To Pay Taxes and Other Charges.** In case any tax, assessment or governmental or other charge on any part of the property conveyed pursuant to the Agreement is not paid as required herein, the Bond Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the bondholders hereunder arising in consequence of such failure. Any amount at any time so paid under this section, with interest thereon from the date of payment at the Prime Rate, as defined in the Agreement, shall become additional indebtedness secured by this Indenture, and such indebtedness shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues and receipts collected from the property herein conveyed, if not otherwise caused to be paid; but the Bond Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

**Section 1011. Bond Trustee Protected in Relying on Resolutions, Etc.** The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Bond Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Bond Trustee for the release of property, the withdrawal of cash hereunder or the taking of any other action by the Bond Trustee as provided hereunder.

**Section 1012. Successor Bond Trustee as Bond Registrar, Custodian of Funds and Paying Agent.** In the event of a change in the office of Bond Trustee, the predecessor Bond Trustee which has resigned or been removed shall cease to be Bond Registrar, custodian of the several funds created under this Indenture and paying agent for principal of and interest on the Bonds and the successor Bond Trustee shall become such Bond Registrar, custodian and paying agent.

## ARTICLE XI

### SUPPLEMENTAL INDENTURES

**Section 1101. Supplemental Indentures Not Requiring Consent of Bondholders.** The Authority and the Bond Trustee may, without the consent of, or notice to, any of the Bondholders, enter into such indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture:

(b) To grant to or confer on the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders or the Bond Trustee or either of them;

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

(d) To modify, amend or supplement this Indenture in such manner as required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities (Blue Sky) law, and, if they so determine, to add to this Indenture such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law;

(e) To modify, amend or supplement this Indenture in such manner as required to prevent this Indenture or any fund, account or deposit created, established or made pursuant hereto from being deemed an "investment company" as such term is defined in Section 3 of the Investment Company Act of 1940, as amended, or otherwise subject to registration under Section 8 of such Act; or

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

**Section 1102. Supplemental Indentures Requiring Consent of Bondholders.**

Exclusive of supplemental indentures covered by Section 1101 and subject to the terms and provisions contained in this section, the Holders of at least 51% in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of this Indenture, to consent to and approve the execution by the Authority and the Bond Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bond, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental indenture, without the consent and approval of the holders of all of the Bonds then outstanding.

If at any time the Authority shall request the Bond Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be sent to each registered owner of the Bonds then outstanding by registered or certified mail to the address of such bondholder as it appears on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of

the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by the Authority following the giving of such notice, the Holders of at least 51% in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Authority from executing such supplemental indenture or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

The Bonds owned or held by or for the account of the Authority or the Borrower or any person controlling, controlled by or under common control with either of them shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds provided for in this Article XI or in Article XII. At the time of any such calculation, the Borrower shall furnish the Bond Trustee a certificate of an Authorized Representative of the Borrower, upon which the Bond Trustee may rely, describing all Bonds so to be excluded.

**Section 1103. Consent of the Borrower Required.** Notwithstanding any other provision of this Indenture, a supplemental indenture under this article that affects any rights of the Borrower shall not become effective until the Borrower shall have consented to the execution and delivery of such supplemental indenture.

**Section 1104. Amendment by Unanimous Consent.** Notwithstanding any other provision in this Indenture, the Authority and the Bond Trustee may enter into any indenture supplemental to this Indenture upon receipt of the consent of the Holders of all Bonds then outstanding, the Opinion of Counsel required by Section 1106 and, if required by Section 1103, the consent of the Borrower.

**Section 1105. Amendment without Consent of Authority.** In the event the Authority is unwilling or unable to enter into any supplemental indenture permitted by this Article XI the Bond Trustee may, without the consent of the Authority, amend or supplement this Indenture in any manner otherwise permitted by this Article XI so long as such amendment or supplement does not adversely affect the rights of the Authority.

**Section 1106. Opinion of Counsel Required.** Notwithstanding any other provision of this Indenture, the Bond Trustee (a) shall not execute any supplemental indenture to this Indenture unless there shall have been filed with the Bond Trustee an Opinion of Bond Counsel stating (i) that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms and that upon execution it will be valid and binding on the Authority in accordance with its terms, and (ii) that such supplemental indenture will not have an adverse effect on the exemption of interest on the Series 2018A Bonds from gross income for Federal income tax purposes, and (b) shall not, without the consent of the Borrower, execute any supplemental indenture to this Indenture that will adversely affect any rights of the Borrower and shall in all events give the Borrower at least 15 days' prior notice (which may be waived) of any proposed supplemental indenture.

**Section 1107. Trustee's Obligation Regarding Supplemental Indentures and Amendments of the Note and the Agreement.** The Bond Trustee shall not unreasonably (a) refuse to enter into any supplemental indenture permitted by this Article or (b) withhold its consent to any amendment, change or modification of the Agreement or the Note permitted by Article XII; provided, however, that any such refusal or withholding shall not be unreasonable if the Bond Trustee reasonably believes that such supplemental indenture or amendment, change or modification does or may prejudice any right of the holders of Bonds then outstanding or affect adversely the rights and immunities of, or increase the duties of, the Bond Trustee.

## ARTICLE XII

### AMENDMENTS OF AGREEMENT AND THE NOTE

**Section 1201. Amendments of Agreement and the Note Not Requiring Consent of Bondholders.** The Authority and the Bond Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Agreement or the Note as may be required

- (a) by the provisions of the Agreement, the Note or this Indenture,
- (b) for the purpose of curing any ambiguity or formal defect or omission therein,
- (c) to make any changes required to comply with regulations issued under Section 148(f) of the Code, or
- (d) in connection with any other change therein that, in the opinion of the Bond Trustee, which may be based upon an Opinion of Counsel, will not prejudice in any material respect the rights of the Holders of the Bonds then outstanding.

The Authority and the Bond Trustee shall, without the consent of or notice to the bondholders, consent to any such amendment, change or modification made in connection with any modification or amendment of, or supplement to, the Indenture pursuant to Section 1101(e).

**Section 1202. Amendments of Agreement and Note Requiring Consent of Bondholders.** Except for amendments, changes or modifications as provided in Section 1201, neither the Authority nor the Bond Trustee shall consent to any amendment, change or modification of the Agreement or the Note without the written approval or consent of the Holders of at least 51% in aggregate principal amount of Bonds then outstanding given and procured as provided in Section 1102. If at any time the Authority and the Borrower shall request the consent of the Bond Trustee to any such proposed amendment, change or modification, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1102 with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that a copy of the instrument embodying the same is on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders.

**Section 1203. Limitation on Amendments.** No amendment, change or modification may decrease the obligation of the Borrower under the Agreement and the Note to pay amounts sufficient to pay principal of, premium, if any, and interest on the Bonds as the same become due.

**Section 1204. Amendment by Unanimous Consent.** Notwithstanding any other provision of this Indenture, the Authority and the Bond Trustee may consent to any amendment, change or modification of the Agreement or the Note upon receipt of the consent of the Holders of all Bonds then outstanding.

**Section 1205. Opinion of Counsel Required.** The Bond Trustee shall not consent to any amendment, change or modification of the Agreement or the Note, unless there shall have been filed with the Bond Trustee and the Authority an Opinion of Counsel that such amendment, change or modification is authorized or permitted by this Indenture and complies with its terms and that on execution it will be valid and binding on the party or parties executing it in accordance with its terms, and an Opinion of Bond Counsel stating that such amendment, change or modification will not have an adverse effect on the exemption of interest on the Series 2018A Bonds from gross income for federal income tax purposes.

### ARTICLE XIII

#### RESERVED

### ARTICLE XIV

#### MISCELLANEOUS

**Section 1401. Consents of Bondholders.** (a) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument, or of the writing appointing any such agent shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Bond Trustee with regard to any action taken under such request or other instrument, if the fact and date of the execution by any person of any such writing is proved by the certification of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

For all purposes of this Indenture and of the proceedings for its enforcement, such person shall be deemed to continue to be the Holder of such Bond until the Bond Trustee shall have received notice in writing to the contrary.

(b) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be provided by any broker, dealer or municipal securities dealer acting as an underwriter for the Bonds during any period that such broker, dealer or municipal securities dealer holds the Bonds. Proof of the

execution of any consent, request, direction, approval, objection or other instrument will be sufficient for any of the purposes of this Indenture, and will be conclusive in favor of the Trustee with regard to any action taken under the request or other instrument, if the fact and date of the execution by any person of any writing is proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing the writing acknowledged before him or her its execution, or by affidavit of any witness to such execution.

**Section 1402. Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and agreements herein contained; this Indenture and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

**Section 1403. Limitation of Liability of Members, etc. of Authority.** No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member, officer, employee or agent of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee, agent or adviser of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Indenture, the Act, or the IDA Act, provided such member, officer, employee, agent or adviser does not act in bad faith.

**Section 1404. Notices.** Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed

(a) if to the Borrower, at 11100 Wildlife Center Drive, Reston, Virginia 20190 (Attention: General Counsel);

(b) if to the Authority, at 8300 Boone Boulevard, Suite 450, Vienna, Virginia 22182 (Attention: Chairman); and

(c) if to the Bond Trustee, at 500 Ross Street, 12<sup>th</sup> Floor - AIM 154-1270, Pittsburgh, Pennsylvania 15262 (Attention: Corporate Trust).

A duplicate copy of each demand, notice, approval, request, consent, opinion or other communication given hereunder by either the Authority or the Bond Trustee to the other shall also be given to the Borrower. The Authority, the Borrower and the Bond Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed. Until so changed, the address for the Bond Trustee provided above will be its designated corporate trust office.



The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Borrower shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Borrower whenever a person is to be added or deleted from the listing. If the Borrower elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Borrower understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Borrower. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Borrower; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 1405. Payments/Actions Due on Holidays, Etc.** If any date specified herein for the payment of the Bonds or the performance of any act shall not be a Business Day, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or redemption price of or interest on the Bonds shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

**Section 1406. Successors and Assigns.** This Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 1407. Severability.** If any provision of this Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

**Section 1408. Applicable Law.** This Indenture shall be governed by the applicable laws of the Commonwealth.

**Section 1409. Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**Section 1410. Patriot Act Requirements of the Bond 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 Bond 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 as a legal entity. The Bond Trustee may also seek financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

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**IN WITNESS WHEREOF**, the Authority and the Bond Trustee have caused this Indenture to be executed in their respective corporate names as of the date first above written.

**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Catherine Lange  
Chairman

(Seal)

Attest:

By: \_\_\_\_\_  
Secretary

[Authority Signature Page to Bond Trust Indenture]

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

By: \_\_\_\_\_  
Authorized Agent

[Bond Trustee Signature Page to Bond Trust Indenture]

**Schedule 1**

**Form of Requisition and Certificate**

FAIRFAX COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY  
REVENUE BONDS  
(NATIONAL WILDLIFE FEDERATION PROJECT),  
SERIES 2018A (TAX-EXEMPT GREEN BONDS)

FAIRFAX COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY  
REVENUE BONDS  
(NATIONAL WILDLIFE FEDERATION PROJECT),  
SERIES 2018B (TAXABLE GREEN BONDS)

\_\_\_\_\_, 20\_\_

**Requisition No. [ ]**

The Bank of New York Mellon Trust Company, N.A.  
500 Ross Street  
12<sup>th</sup> Floor, AIM 154-1270  
Pittsburgh, Pennsylvania 15262  
Attention: Corporate Trust Administration

On behalf of the Fairfax County Economic Development Authority (the “Authority”), I requisition, pursuant to the Bond Trust Indenture dated as of August 1, 2018 (the “Indenture”) between the Authority and The Bank of New York Mellon Trust Company, N.A., from:

\_\_\_ 2018A COI Account of the Cost of Issuance Fund, the sum of \$ \_\_\_\_\_

\_\_\_ 2018B COI Account of the Cost of Issuance Fund, the sum of \$ \_\_\_\_\_

to be paid to the respective parties on behalf of the Borrower for payment of Issuance Costs related to the Series 2018A Bonds, if requisitioned from the 2018A COI Account, or costs related to the issuance of the Bonds, if requisitioned from the 2018B COI Account, as listed on Exhibit A, which are authorized pursuant to the Indenture. All capitalized terms not otherwise defined in this requisition shall have the meanings set forth in the Indenture.

Attached hereto is an invoice or other appropriate evidence of the incurrence of each obligation described in Exhibit A.

\_\_\_\_\_  
Authorized Representative of  
National Wildlife Federation

**CERTIFICATE**

In connection with the attached requisition, the undersigned hereby certifies that:

(A) the payment of this requisition will not result in an amount greater than 2% of the original principal amount of the Series 2018A Bonds being expended for “issuance costs” within the contemplation of Section 147(g) of the Code, including, without limitation, any counsel fees, financial adviser fees, rating agency fees, trustee fees, paying agent and certifying and authenticating agent fees, accountant fees, printing costs and costs incurred in connection with the required public approval of the Series 2018A Bonds when aggregated with any applicable underwriter’s discount;

(B) the payment of this requisition will not result in less than 95% of the net proceeds of the Series 2018A Bonds expended or to be expended under such requisition and all prior requisitions being considered as having been used exclusively by governmental units or by one or more 501(c)(3) organizations in a trade or business related to the Borrower’s exempt purpose;

(C) each obligation stated on the requisition constitutes Issuance Costs related to the Series 2018A Bonds, if such obligation is being paid from funds requisitioned from the 2018A COI Account, or costs related to the issuance of the Bonds, if such obligation is being paid from funds requisitioned from the 2018B COI Account, and is a proper charge against the Cost of Issuance Fund, and such obligation has not been the basis for a prior requisition that has been paid; and

(D) 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 notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Agreement [or, if such an event or condition has happened or existed, or is happening or exists, state the specific nature and date of the occurrence of such event or condition and describe the action the Borrower has taken, is taking or proposes to take with respect thereto].

All capitalized terms not otherwise defined in this certificate shall have the meanings set forth in the Indenture (as defined in the attached requisition).

Date: \_\_\_\_\_, \_\_\_\_\_

---

Authorized Representative of  
National Wildlife Federation

**Exhibit A to Requisition**

<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>

FORM OF BONDS

NUMBER

DOLLARS

RA-\_\_\_\_\_

\_\_\_\_\_

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY

Revenue Bonds

(National Wildlife Federation Project)

Series 2018A (TAX-EXEMPT GREEN BONDS)

INTEREST RATE

MATURITY DATE

DATED DATE

CUSIP

\_\_\_\_\_ %

September 1, \_\_\_\_\_

August 1, 2018

\_\_\_\_\_

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY, 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 September 1, 2018, and on each March 1 and September 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 15th 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 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 Bonds shall be made from the proceeds from the sale of the 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 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 POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND FAIRFAX COUNTY, 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 FAIRFAX COUNTY, 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 \$8,820,000 Fairfax County Economic Development Authority Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) (the "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 laws of the Commonwealth of Virginia, particularly Chapter 643 of the 1964 Acts of Assembly, as amended. The Bonds and the Authority's Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds) (the "Series 2018B Bonds") are issued under and are equally and ratably secured by a Bond Trust Indenture dated as of August 1, 2018 (as supplemented and amended from time to time, the "Indenture"), between the Authority and the Bond Trustee.

The Authority will loan the proceeds of the Bonds and the Series 2018B Bonds to National Wildlife Federation, a District of Columbia nonprofit corporation (the "Borrower") pursuant to the terms of a Loan Agreement dated as of August 1, 2018 (the "Agreement"), between the Authority and the Borrower.

The Borrower will use the proceeds of the Bonds to (a) currently refinance prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of a new headquarters facility comprising four stories and approximately 100,000 square feet of commercial office space, and related parking facilities located at 11100 Wildlife Center Drive, Reston, Virginia (the "Property"), as well as other property functionally related and subordinate thereto, and (b) finance costs related to the issuance of the Bonds.

Pursuant to the Indenture, the Authority has assigned to the Bond Trustee, as security for the Bonds and the Series 2018B Bonds, the Promissory Note of the Borrower in the principal amount equal to the aggregate principal amount of the Bonds and the Series 2018B Bonds, dated the date of delivery (the “Note”), and certain rights of the Authority under the Agreement. In the Agreement, the Borrower agrees to pay amounts sufficient to pay the principal of and premium, if any, and interest on the Bonds and the Series 2018B Bonds as the same become due.

Reference is hereby made to the Indenture and the Agreement, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Bonds are issued, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority and the Bond Trustee, the rights of the holders of the Bonds and the provisions for defeasance of such rights.

The Bonds may not be called for redemption by the Authority except as provided in the Indenture and as provided below.

The Bonds are required to be redeemed as, and in the manner, provided in the Indenture upon the occurrence of a Determination of Taxability (as defined in the Indenture).

As more fully described in the Indenture and the Agreement, the Bonds are required to be redeemed by the Authority in whole or in part at any time at a redemption price of (a) 100% of the principal amount thereof plus accrued interest to the redemption date in the event the Borrower exercises its option to prepay the Note, in whole or in part, pursuant to Section 7.1(a) or 7.1(b) of the Agreement or (b) the Amortized Value (as defined in the Indenture) thereof plus accrued interest to the redemption date in the event the Borrower exercises its option to prepay the Note, in whole or in part, pursuant to Section 7.1(c) of the Agreement.

The Bonds maturing on or after September 1, 2029, will be subject to redemption by the Authority, at the direction of the Borrower, prior to maturity in whole, or in part, at any time, on and after September 1, 2028, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon, if any, to the redemption date.

As a sinking fund, the Bond Trustee shall redeem the Bonds in the original principal amount of \$1,310,000 maturing on September 1, 2034, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2033	\$640,000
2034*	670,000

\* maturity

As a sinking fund, the Bond Trustee shall redeem the Bonds in the original principal amount of \$1,445,000 maturing on September 1, 2036, on each September 1 in years and in

principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2035	\$705,000
2036*	740,000

\* maturity

As a sinking fund, the Bond Trustee shall redeem the Bonds in the original principal amount of \$1,590,000 maturing on September 1, 2038, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2037	\$775,000
2038*	815,000

\* maturity

The Indenture provides for a credit against the sinking fund requirements of the Bonds maturing on September 1, 2034, 2036 and 2038 to the extent the Bonds of any such maturity previously have been purchased or redeemed (other than through the operation of the sinking fund) and cancelled or surrendered for cancellation and have not been applied previously as such a credit.

Except as provided in Section 301(a) of the Indenture, if less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, or if the Bonds are held in a book-entry system by The Depository Trust Company in accordance with its procedures, each portion of an authorized denomination of principal amount (as provided in Section 202 of the Indenture) being counted as one Bond for this purpose. If a portion of this Bond 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 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 first class mail 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 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 Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with

respect thereto, except as provided in the Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds issued under the 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 Indenture, the Agreement or Note or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds are issuable only as registered bonds without coupons in the authorized denominations provided in Section 202 of the Indenture. 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 Indenture, Bonds may be exchanged for an equal aggregate principal amount of 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 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 15th 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 Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon.

**IN WITNESS WHEREOF**, the Fairfax County Economic Development Authority, has caused this Bond to be signed by the signature of its Chairman or Vice 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.

**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Chairman

[SEAL]

ATTEST:

\_\_\_\_\_  
Secretary

(Form of Trustee's Certificate of Authentication)

Date of Authentication:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

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

FORM OF BONDS

NUMBER

DOLLARS

RB- \_\_\_\_\_

\_\_\_\_\_

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY

Revenue Bonds

(National Wildlife Federation Project)

Series 2018B (Taxable Green Bonds)

INTEREST RATE

MATURITY DATE

DATED DATE

CUSIP

\_\_\_\_\_ %

September 1, \_\_\_\_\_

August 1, 2018

\_\_\_\_\_

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY, 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 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 September 1, 2018, and on each March 1 and September 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 15<sup>th</sup> 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 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 Bonds shall be made from the proceeds from the sale of the 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 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 POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND FAIRFAX COUNTY, 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 FAIRFAX COUNTY, 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 \$1,970,000 Fairfax County Economic Development Authority Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds) (the "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 laws of the Commonwealth of Virginia, particularly Chapter 643 of the 1964 Acts of Assembly, as amended. The Bonds and the Authority's Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) (the "Series 2018A Bonds") are issued under and are equally and ratably secured by a Bond Trust Indenture dated as of August 1, 2018 (as supplemented and amended from time to time, the "Indenture"), between the Authority and the Bond Trustee.

The Authority will loan the proceeds of the Bonds and the Series 2018A Bonds to National Wildlife Federation, a District of Columbia nonprofit corporation (the "Borrower") pursuant to the terms of a Loan Agreement dated as of August 1, 2018 (the "Agreement"), between the Authority and the Borrower.

The Borrower will use the proceeds of the Bonds to (a) currently refinance prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of a new headquarters facility comprising four stories and approximately 100,000 square feet of commercial office space, and related parking facilities located at 11100 Wildlife Center Drive, Reston, Virginia (the "Property"), as well as other property functionally related and subordinate thereto, and (b) finance costs related to the issuance of the Bonds and the Series 2018A Bonds.

Pursuant to the Indenture, the Authority has assigned to the Bond Trustee, as security for the Bonds and the Series 2018A Bonds, the Promissory Note of the Borrower in the principal amount equal to the aggregate principal amount of the Bonds and the Series 2018A Bonds, dated the date of delivery (the “Note”), and certain rights of the Authority under the Agreement. In the Agreement, the Borrower agrees to pay amounts sufficient to pay the principal of and premium, if any, and interest on the Bonds and the Series 2018A Bonds as the same become due.

Reference is hereby made to the Indenture and the Agreement, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Bonds are issued, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority and the Bond Trustee, the rights of the holders of the Bonds and the provisions for defeasance of such rights.

The Bonds may not be called for redemption by the Authority except as provided in the Indenture and as provided below.

As more fully described in the Indenture and the Agreement, the Bonds are required to be redeemed by the Authority in whole or in part at any time at a redemption price of (a) 100% of the principal amount thereof plus accrued interest to the redemption date in the event the Borrower exercises its option to prepay the Note, in whole or in part, pursuant to Section 7.1(a) or (b) of the Agreement or (b) the Make-Whole Redemption Price plus accrued interest to the redemption date in the event the Borrower exercises its option to prepay the Note, in whole or in part, pursuant to Section 7.1(c) of the Agreement.

As more fully described in the Indenture and the Agreement, the Bonds may be redeemed by the Authority, at the option of the Borrower, in whole or in part at any time at the Make-Whole Redemption Price, together with accrued interest to the date fixed for redemption.

As a sinking fund, the Bond Trustee shall redeem the Bonds in the original principal amount of \$1,970,000 maturing on September 1, 2025, on each September 1 in years and in principal amounts as follows, and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date:

<u>Year</u>	<u>Amount</u>
2019	\$255,000
2020	260,000
2021	270,000
2022	280,000
2023	290,000
2024	300,000
2025*	315,000

\* maturity

The Indenture provides for a credit against the sinking fund requirements of the Bonds maturing on September 1, 2025, to the extent the Bonds of any such maturity previously have been purchased or redeemed (other than through the operation of the sinking fund) and cancelled or surrendered for cancellation and have not been applied previously as such a credit.

Except as provided in Section 301(a) of the Indenture, if less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, each portion of an authorized denomination of principal amount (as provided in Section 202 of the Indenture) being counted as one Bond for such purposes; provided, however, that if less than all of the Bonds of a maturity subject to sinking fund requirements in accordance with Section 303 of the Indenture are called for optional redemption, the Borrower shall designate the principal amount of such maturity of the Bonds so called and such principal amount shall be applied to reduce each subsequent sinking fund requirement applicable to such maturity as nearly as possible on a pro rata basis, taking into account minimum authorized denominations. Notwithstanding the preceding sentence, except as provided in Section 301(a) of the Indenture, if less than all of the Bonds of any maturity are called for redemption and the Bonds are held in a book-entry system by the Depository Trust Company, then the Bonds to be redeemed shall be selected by The Depository Trust Company in accordance with its procedures, each portion of an authorized denomination of principal amount (as provided in Section 202 of the Indenture) being counted as one Bond for such purposes. If a portion of a Bond having a principal amount of more than an authorized denomination (as provided in Section 202 of the Indenture) 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.

If any of the 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 first class mail 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 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 Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds issued under the 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 Indenture, the Agreement or Note or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds are issuable only as registered bonds without coupons in the authorized denominations provided in Section 202 of the Indenture. 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 Indenture, Bonds may be exchanged for an equal aggregate principal amount of 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 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 15th 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 Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon.

**IN WITNESS WHEREOF**, the Fairfax County Economic Development Authority, has caused this Bond to be signed by the signature of its Chairman or Vice 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.

**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Chairman

[SEAL]

ATTEST:

\_\_\_\_\_  
Secretary

(Form of Trustee's Certificate of Authentication)

Date of Authentication:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture.

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

**EXHIBIT B****AMORTIZED VALUE FOR DETERMINING REDEMPTION PRICE**

The following table sets forth the Amortized Value of the Series 2018A Bonds as of certain redemption dates. The Amortized Value of the Series 2018A Bonds shall be 100% of the principal amount thereof on and after the September 1, 2028 optional redemption date. The amounts shown below exclude accrued interest on the Series 2018A Bonds to the date of redemption.

<u>EXTRAORDINARY REDEMPTION DATE (month/day/year)</u>	<u>AMORTIZED VALUE</u>	<u>EXTRAORDINARY REDEMPTION DATE (month/day/year)</u>	<u>AMORTIZED VALUE</u>
8/1/2018	\$10,106,751.00	9/1/2023	\$9,052,423.90
9/1/2018	10,097,124.95	10/1/2023	8,926,419.40
10/1/2018	10,086,991.50	11/1/2023	8,915,501.60
11/1/2018	10,076,919.10	12/1/2023	8,904,628.00
12/1/2018	10,066,933.10	1/1/2024	8,893,854.35
1/1/2019	10,056,994.60	2/1/2024	8,883,109.55
2/1/2019	10,047,134.50	3/1/2024	8,872,417.85
3/1/2019	10,037,325.80	4/1/2024	8,861,258.30
4/1/2019	10,027,066.20	5/1/2024	8,850,148.55
5/1/2019	10,016,850.80	6/1/2024	8,839,133.40
6/1/2019	10,006,685.65	7/1/2024	8,828,155.60
7/1/2019	9,996,614.90	8/1/2024	8,817,259.40
8/1/2019	9,986,583.45	9/1/2024	8,806,399.85
9/1/2019	9,976,646.40	10/1/2024	8,675,224.00
10/1/2019	9,871,335.20	11/1/2024	8,664,115.75
11/1/2019	9,861,066.05	12/1/2024	8,653,079.60
12/1/2019	9,850,884.20	1/1/2025	8,642,074.35
1/1/2020	9,840,743.15	2/1/2025	8,631,151.65
2/1/2020	9,830,687.75	3/1/2025	8,620,274.05
3/1/2020	9,820,698.80	4/1/2025	8,608,937.05
4/1/2020	9,810,210.70	5/1/2025	8,597,651.90
5/1/2020	9,799,807.05	6/1/2025	8,586,428.50
6/1/2020	9,789,460.50	7/1/2025	8,575,271.95
7/1/2020	9,779,158.65	8/1/2025	8,564,165.20
8/1/2020	9,768,945.55	9/1/2025	8,553,131.70
9/1/2020	9,758,800.65	10/1/2025	8,416,757.85
10/1/2020	9,643,284.65	11/1/2025	8,405,455.90
11/1/2020	9,632,804.05	12/1/2025	8,394,198.90
12/1/2020	9,622,397.90	1/1/2026	8,383,014.15
1/1/2021	9,612,058.90	2/1/2026	8,371,889.20
2/1/2021	9,601,796.65	3/1/2026	8,360,816.50
3/1/2021	9,591,589.15	4/1/2026	8,349,268.30



4/1/2021	9,580,907.30	5/1/2026	8,337,759.70
5/1/2021	9,570,263.55	6/1/2026	8,326,350.95
6/1/2021	9,559,729.45	7/1/2026	8,314,963.05
7/1/2021	9,549,214.55	8/1/2026	8,303,675.70
8/1/2021	9,538,799.45	9/1/2026	8,292,431.60
9/1/2021	9,528,452.65	10/1/2026	7,826,589.65
10/1/2021	9,407,781.25	11/1/2026	7,815,795.45
11/1/2021	9,397,155.70	12/1/2026	7,805,067.70
12/1/2021	9,386,618.80	1/1/2027	7,794,387.75
1/1/2022	9,376,166.45	2/1/2027	7,783,779.25
2/1/2022	9,365,753.30	3/1/2027	7,773,202.35
3/1/2022	9,355,388.25	4/1/2027	7,762,177.05
4/1/2022	9,344,566.60	5/1/2027	7,751,210.00
5/1/2022	9,333,804.95	6/1/2027	7,740,317.30
6/1/2022	9,323,113.25	7/1/2027	7,729,460.95
7/1/2022	9,312,462.10	8/1/2027	7,718,673.75
8/1/2022	9,301,894.00	9/1/2027	7,707,938.60
9/1/2022	9,291,394.10	10/1/2027	7,222,646.80
10/1/2022	9,170,575.20	11/1/2027	7,212,408.35
11/1/2022	9,159,799.30	12/1/2027	7,202,193.75
12/1/2022	9,149,127.55	1/1/2028	7,192,058.35
1/1/2023	9,138,478.15	2/1/2028	7,181,958.80
2/1/2023	9,127,904.55	3/1/2028	7,171,943.45
3/1/2023	9,117,397.15	4/1/2028	7,161,368.10
4/1/2023	9,106,417.60	5/1/2028	7,150,876.90
5/1/2023	9,095,494.65	6/1/2028	7,140,503.50
6/1/2023	9,084,645.35	7/1/2028	7,130,220.35
7/1/2023	9,073,836.35	8/1/2028	7,120,039.20
8/1/2023	9,063,102.15	9/1/2028	7,110,000.00

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**LOAN AGREEMENT**

**between**

**FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**and**

**NATIONAL WILDLIFE FEDERATION**

**August 1, 2018**

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THIS **LOAN AGREEMENT**, dated as of August 1, 2018 (this "Loan Agreement"), is between the **FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "Authority"), and **NATIONAL WILDLIFE FEDERATION**, a District of Columbia nonprofit corporation (the "Borrower").

**WITNESSETH:**

**WHEREAS**, Chapter 643 of the Virginia Acts of Assembly of 1964, as amended (the "Act"), authorizes the creation of economic development authorities by several counties, cities and towns in the Commonwealth of Virginia (the "Commonwealth");

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

**WHEREAS**, the Act provides that the Authority shall have the powers that are conferred upon industrial development authorities created pursuant to Chapter 33 of Title 15.1 of the Code of Virginia (the "IDA Act"), as it may be amended from time to time;

**WHEREAS**, the IDA Act (a) authorizes the creation of industrial development authorities by the several counties, cities and towns in the Commonwealth; (b) empowers such authorities to assist in the acquisition, construction, equipping, expansion, enlargement, improvement, financing and refinancing of facilities for use by organizations (other than institutions organized and operated exclusively for religious purposes) which are described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and which are exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1954, as amended, and (c) authorizes any such authority to issue its bonds and notes for the purposes of carrying out any of its powers;

**WHEREAS**, in order to further the purposes of the Act, the Authority has determined to issue its Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) (the "Series 2018A Bonds") in an aggregate principal amount of \$8,820,000 and its Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Bonds") in an aggregate principal amount of \$1,970,000 and use the proceeds thereof to make a loan to the Borrower under the terms of this Loan Agreement;

**WHEREAS**, the Borrower will use the proceeds of the Bonds to (a) currently refinance prior obligations of the Borrower, which prior obligations were used to finance and refinance all or a portion of the cost of the acquisition, construction, equipping and furnishing of a new headquarters facility comprising four stories and approximately 100,000 square feet of commercial office space, and related parking facilities located at 11100 Wildlife Center Drive, Reston, Virginia (the "Property"), as well as other property functionally related and subordinate thereto, and (b) finance costs related to the issuance of the Bonds (collectively, the "Project"); and

**WHEREAS**, the Authority proposes to loan the proceeds of the sale of the Bonds to the Borrower pursuant to this Loan Agreement, 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 Indenture. The following words and terms shall have the following meanings unless the context otherwise requires:

“Act” shall have the meaning set forth in the Recitals.

“Authority” shall have the meaning set forth in the Recitals.

“Bond Financed Property” shall mean the projects financed or refinanced by the Term Loan, which are to be refinanced with the proceeds of the Bonds.

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement dated July 25, 2018 between the Authority, the Borrower and the Underwriter with respect to the sale of the Bonds.

“Bond Trustee” shall mean the bond trustee at the time serving as such under the Indenture, whether the original or a successor trustee.

“Bonds” shall have the meaning set forth in the Recitals.

“Borrower” shall have the meaning set forth in the Recitals.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement dated as of August 1, 2018 by the Borrower.

“Financing Instruments” shall mean the Indenture, the Note, the Continuing Disclosure Agreement, the Tax Agreement, the Bond Purchase Agreement, and this Loan Agreement.

"IDA Act" shall have the meaning set forth in the Recitals.

“Indenture” shall mean the Bond Trust Indenture dated as of the date hereof between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee, as amended or supplemented from time to time.

“Loan” shall mean the loan to the Borrower under this Loan Agreement.

“Note” shall mean the Borrower’s Promissory Note in the aggregate principal amount of the Bonds, dated August 1, 2018, and delivered to the Authority to evidence the Borrower’s obligations hereunder, and any amendments, supplements or substitutions thereto.

“Prime Rate” shall mean the rate per year announced from time to time by the Bond Trustee, as its prime rate, with any change in the Prime Rate being effective as of the date such announced prime rate is changed.

“Project” shall have the meaning set forth in the Recitals.

“Underwriter” shall mean Morgan Stanley & Co. LLC, as underwriter for the Bonds.

**Section 1.2 Rules of Construction.** The following rules shall apply to the construction of this Loan Agreement 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 the Bonds shall not be deemed to refer to or connote the payment of the Bonds at their stated maturity.

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

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

## ARTICLE II

### REPRESENTATIONS

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

(a) The Authority is duly organized under the Act and has the power to (1) enter into this Loan Agreement and the Indenture, (2) assign the Note to the Bond Trustee, (3) issue the Bonds to finance costs to be incurred in connection with the Project and (4) carry out its other obligations in connection therewith pursuant to this Loan Agreement. The facilities to be financed and refinanced with the proceeds of the Bonds constitute facilities authorized to be financed and refinanced under the Act and in furtherance of the purposes for which the Authority was organized.

(b) The Authority (1) has duly authorized (i) the execution and delivery of the Indenture, this Loan Agreement, and the assignment of the Note, (ii) the performance of its obligations hereunder and thereunder, (iii) the issuance of the Bonds and (iv) the sale of the Bonds, and (2) simultaneously with the execution and delivery of this Loan Agreement, has duly executed and delivered the Indenture and issued and sold the Bonds.

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

(d) The Authority is not (1) in violation of the Act or any other existing federal or Virginia law, rule or regulation applicable to it or (2) in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which any of its assets are subject. The execution and delivery by the



Authority of the Indenture, this Loan Agreement, the Bonds and the assignment of the Note and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the above described documents or other restrictions.

(e) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (1) the issuance and delivery of the Bonds by the Authority, (2) the execution or delivery of or compliance by the Authority with the terms and conditions of this Loan Agreement, the Indenture or the Bonds or (3) the assignment and pledge by the Authority pursuant to the Indenture of its rights under this Loan Agreement and the Note and the payments thereon by the Borrower, as security for payment of the principal of and premium, if any, and interest on the Bonds. The consummation by the Authority of the transactions set forth in the manner and under the terms and conditions as provided herein complies with all state, local or federal laws and any rules and regulations promulgated thereunder.

(f) Notwithstanding anything herein to the contrary, any obligation the Authority may incur hereunder in connection with the issuance of the Bonds shall not be deemed to constitute a general obligation of the Authority but shall be payable solely from the payments received hereunder and under the Note and the security therefor. Neither the Financing Instruments nor any payments to be received by the Authority pursuant to the Note have been pledged or mortgaged other than as provided in the Indenture.

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

(h) The Authority hereby finds that the financing of the Project is in furtherance of the purposes for which the Authority was organized and will serve the purposes of the Act.

**Section 2.2**      **Representations by the Borrower.** The Borrower makes the following representations:

(a) The Borrower is a nonprofit corporation, duly organized and validly existing under the laws of the District of Columbia, has the power to enter into the Financing Instruments to which it is a party and the transactions contemplated thereunder and, by proper action, has duly authorized the execution and delivery of the Financing Instruments and the performance of its obligations thereunder.

(b) The Borrower is an organization described in Section 501(c)(3) of the Code, which has received a determination letter from the Internal Revenue Service classifying it as an

organization (a) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and (b) which is not a “private foundation” as defined in Section 509(a) of the Code. Such determination letter has not been modified, limited, revoked or suspended. The Borrower has not received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that its exemption under Section 501(c)(3) of the Code has been modified, limited, revoked, or superseded, or that the Internal Revenue Service is considering modifying, limiting, revoking or superseding such exemption. The Borrower is in compliance with all of the terms, conditions and limitations, if any, contained in the determination letter. There has been no change in the facts and circumstances represented to the Internal Revenue Service as a basis for receiving, and which formed the basis on which the Internal Revenue Service issued, the determination letter relating to the status of the Borrower as an organization described in Section 501(c)(3) of the Code and as an organization which is not a “private foundation” as defined in Section 509 of the Code of a nature or to a degree as would warrant any action by the Internal Revenue Service to modify, limit, revoke or supersede such determination letter as it applies to the Borrower. No administrative or judicial proceedings are pending or threatened which may, in any way, adversely affect the classification of the Borrower as an organization (a) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code and (b) which is not a “private foundation” as defined in Section 509 of the Code. The Borrower has received no notice or communication of any kind from the Internal Revenue Service directly or indirectly questioning its status described in the first sentence of this subsection or the tax-exempt status of any bonds issued on its behalf, or indicating that the Borrower or any such bonds specifically are being or will be audited with respect to such status. The Borrower is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit, within the meaning of the Securities Act of 1933, as amended, and no part of the net earnings of the Borrower inures to the benefit of any person, private stockholder or individual, within the meaning of Section 3(a)(4) of the Securities Act of 1933, as amended.

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

(d) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Borrower pending or, to the knowledge of the Borrower, threatened in which any liability of the Borrower is not adequately covered by insurance or for which adequate reserves are not provided or for which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or affect its existence or authority to do business, the undertaking of the Project, the validity of the Financing Instruments or the performance of the Borrower’s obligations thereunder.

(e) The execution and delivery of the Financing Instruments, the performance by the Borrower of its obligations thereunder and the consummation of the transactions therein contemplated do not and will not conflict with, or constitute a breach or result in a violation of, articles of incorporation or bylaws of the Borrower, any agreement or other instrument to which

the Borrower is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property.

(f) The Borrower has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority (“Consents”) that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds and the execution and delivery of the Financing Instruments.

(g) The information contained in the Tax Agreement is true and correct in all material respects.

### ARTICLE III

#### FINANCING OF PROJECT

**Section 3.1** **Loan by the Authority.** Upon the terms and conditions of this Loan Agreement and the Indenture, the Authority shall lend to the Borrower the proceeds of the sale of the Bonds. The Loan shall be made by depositing proceeds of such sale in accordance with Section 206 of the Indenture. The Loan shall be disbursed to the Borrower as provided in Articles V and VI of the Indenture.

**Section 3.2** **Agreement To Undertake Project.** (a) The Borrower shall use the proceeds of the Loan to undertake the Project.

(b) Reserved.

(c) Reserved.

(d) Other than the making of the Loan under this Loan Agreement, no contract with respect to the Project shall obligate the Authority in any way.

**Section 3.3** **Repayment of Loan.** Prior to or simultaneously with the issuance of the Bonds, to evidence its obligations to repay the Loan, the Borrower shall deliver the Note to the Authority for assignment to the Bond Trustee as security for the payment of the Bonds.

**Section 3.4** **Reserved.**

**Section 3.5** **Limitation of Authority’s Liability.** Notwithstanding anything herein to the contrary, any obligation the Authority may incur hereunder in connection with the financing of the Project 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 this Loan Agreement, including payments received under the Note.

## ARTICLE IV

### PAYMENTS ON NOTE

**Section 4.1**     **Amounts Payable.** (a) The Borrower shall make all payments required by the Note and the Indenture as and when they become due and shall promptly pay all other amounts necessary to enable the Bond Trustee to make the transfers required by Article VI of the Indenture and all other payments required of the Authority pursuant to the Indenture. The Borrower shall transfer to the Bond Trustee, for use pursuant to Section 602 of the Indenture, the amount necessary to permit the Bond Trustee to provide, in all funds held by the Bond Trustee, the full amounts as and when required by Section 602 of the Indenture. The Borrower immediately shall pay to the Bond Trustee any amounts necessary pursuant to the Indenture to provide for payment of principal and interest on the Bonds when due at maturity or subject to mandatory sinking fund redemption.

(b)     The Borrower shall also pay:

(1)     Upon the issuance of the Bonds, all costs incurred by the Authority in connection with such issuance, including, but not limited to, the fees and expenses of the Authority's counsel and the Authority's financial advisor, and the Authority's issuance fee equal to 25 basis points of the aggregate principal amount of the Bonds.

(2)     The Borrower shall pay, when due and payable, or cause to be paid, an amount equal to (a) the fees and charges of the Bond Trustee incurred in connection with the rendering of its ordinary and extraordinary services as Bond Trustee under the Indenture, including the reasonable fees and expenses of its counsel, (b) the fees and expenses of the rating agencies, if any, for issuing and maintaining their securities rating on the Bonds, and (c) the out-of-pocket expenses, administrative expenses and counsel fees of the Authority. The Borrower may, without constituting grounds for an Event of Default hereunder, withhold payment of any such fees and charges of the Bond Trustee, to contest in good faith the necessity for any extraordinary services of the Bond Trustee and the reasonableness of any extraordinary expenses of the Bond Trustee. If the Borrower should fail to make any of the payments required in this Section, the item or installment which the Borrower has failed to make shall continue as an obligation of the Borrower until the same shall have been fully paid, with interest thereon at the rate per annum borne by the Bonds until paid in full.

(3)     As and when the same become due and payable, amounts described in Section 4.7.

(4)     As and when the same become due and payable, all other amounts that the Borrower agrees to pay under the terms of this Loan Agreement.

**Section 4.2**     **Payments Assigned.** The Borrower consents to the assignment made by the Indenture of the Note and of rights of the Authority under this Loan Agreement to the Bond Trustee. The Borrower shall pay to the Bond Trustee all amounts payable by the Borrower

pursuant to the Note and this Loan Agreement, except for payments made to the Authority pursuant to Sections 4.1(b)(1) and (2) and 5.6.

**Section 4.3**     **Default in Payments.** If the Borrower fails to make any payments required by the Note or this Loan Agreement when due, the Borrower shall pay to the Bond Trustee interest thereon until paid at the rate equal to the highest rate on any Bonds then Outstanding or, in case of the payment of any amounts not to be used to pay principal of or interest on the Bonds at the rate equal to the Prime Rate plus one percent per year.

**Section 4.4**     **Obligations of Borrower Unconditional.** The obligation of the Borrower to make the payments on the Note and to observe and perform all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or the Bond Trustee. Subject to the prepayment of the Note as provided therein, the Borrower shall not suspend or discontinue any payment on the Note or hereunder or fail to observe and perform any of its other covenants, conditions or agreements hereunder for any cause. The Borrower may, after giving to the Authority and the Bond Trustee ten days' notice of its intention to do so, at its own expense and in its own name, or in the name of the Authority if procedurally required, prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower reasonably deems necessary to secure or protect any of its rights hereunder. In the event the Borrower takes any such action, the Authority shall, solely at the Borrower's expense, reasonably cooperate with the Borrower and take necessary action to substitute the Borrower for the Authority in such action or proceeding if the Borrower shall reasonably request.

**Section 4.5**     **Advances by Authority or Bond Trustee.** If the Borrower fails to make any payment or perform any act required of it hereunder, the Authority or the Bond Trustee, without prior notice or demand on the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority or the Bond Trustee and all costs, fees and expenses so incurred shall be payable by the Borrower on demand as an additional obligation under the Note, together with interest thereon at the Prime Rate plus one percent per year until paid.

**Section 4.6**     **Agreement of Authority.** At the request of the Borrower, the Authority shall (a) at any time moneys held pursuant to the Indenture are sufficient to effect redemption of any Bonds and if the same are then redeemable under the Indenture, take all steps that may be necessary to effect redemption thereunder and (b) take any other action required by the Indenture as directed by the Borrower pursuant to the provisions of the Indenture or this Loan Agreement.

**Section 4.7**     **Rebate Requirement.** (a) Except with respect to earnings on funds covered by the exceptions provided by Section 148(f)(4)(B) of the Code, at its sole expense on behalf of the Authority, the Borrower shall determine and pay to the United States the Rebate Amount, as provided in the Tax Agreement, as and when due in accordance with the "rebate requirement" described in Section 148(f) of the Code and Treasury Regulations thereunder, including without limitation, Treasury Regulations Section 1.148. The Borrower shall retain records of all such determinations until six years after payment of the Bonds.

(b)     Reserved.

(c) Reserved.

(d) The Authority shall not be liable to the Borrower by way of contribution, indemnification, counterclaim, set-off or otherwise for any payment made or expense incurred by the Borrower pursuant to this section or the Indenture.

## ARTICLE V

### SPECIAL COVENANTS

**Section 5.1 Maintenance of Licenses, Permits and Accreditations.** The Borrower will maintain, or obtain when needed, all necessary permits, licenses, certifications, and other governmental authorizations necessary to conduct its operations substantially as they are presently conducted or as they may, in the future, be conducted.

**Section 5.2 Merger, Sale and Transfer.** Subject to the following provisions of this Section, the Borrower will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, provided that the Borrower may, so long as no Event of Default exists or would exist by reason of any such merger or consolidation, without violating the agreement contained in this Section, consolidate with or merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve, provided that (i) the surviving, resulting or transferee legal entity, as the case may be, shall be a legal entity organized and existing under the laws of the District of Columbia or of one of the states of the United States of America, shall be qualified to do business in the Commonwealth of Virginia, and, if not the Borrower, shall assume in writing all of the obligations of the Borrower under this Loan Agreement, in which event the Authority shall release the Borrower in writing, concurrently with and contingent upon such assumption, from all liability under this Loan Agreement, (ii) such acquisition, consolidation, merger or transfer does not violate the terms and conditions of the Financing Instruments, (iii) the surviving, resulting or transferee entity is (A) an organization described in, and has received one or more determination letters classifying it as an organization described in, Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code and which is not a "private foundation" as defined in Section 509(a) of the Code, or (B) a Governmental Unit as defined in the Tax Agreement, and (iv) prior to such acquisition, consolidation, merger or transfer, the Bond Trustee and the Authority shall be furnished with an opinion of Nationally Recognized Bond Counsel to the effect that the Tax-Exemption for the Series 2018A Bonds will not be adversely affected and, if the surviving, resulting or transferee entity is other than the Borrower, that such surviving, resulting or transferee entity is an entity eligible for financing in accordance with the Home Rule Act. Within ten (10) days after the merger, consolidation or transfer, the Borrower shall, if requested by the Authority, furnish to the Authority and the Bond Trustee true and complete copies of the documents pertaining to the transaction.

**Section 5.3 Examination of Books and Records; Information to the Authority.** The Borrower shall maintain proper books of record and account, in which full and correct entries will be made, in accordance with generally accepted accounting principles or other industry

practices, of all its business and affairs. The Bond Trustee and the Authority shall be permitted, during normal business hours and upon reasonable notice, to examine the books and records (other than confidential resident records) of the Borrower with respect to the Borrower's financial standing.

**Section 5.4**     **Insurance.** The Borrower shall maintain insurance coverage on the properties of the Borrower with reputable insurance companies duly qualified to conduct business in the required jurisdictions in amounts and against risks customarily insured against by institutions similarly situated.

**Section 5.5**     **Covenants as to Maintenance of Properties, Etc.** The Borrower hereby covenants to: (a) at all times cause its business to be carried on and conducted in an efficient manner and its properties to be maintained, preserved and kept in reasonably good repair, working order and condition with all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing herein contained shall be construed: (i) to prevent the Borrower under the terms of this Loan Agreement from ceasing to operate any portion of its properties, if in the judgment of the Borrower it is advisable not to operate the same for the time being, or if the Borrower intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such a sale or other disposition; or (ii) to obligate the Borrower to retain, preserve, repair, renew or replace any property, leases, rights, privileges or licenses no longer used or useful in the conduct of its charitable purposes and operations; and (b) promptly pay all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or against its properties; provided, however, that the Borrower shall have the right to contest in good faith by appropriate proceedings any such taxes, governmental charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof if such delay or deferral shall be permitted by applicable law and shall not materially adversely affect the ability of the Borrower to perform its obligations under this Loan Agreement.

**Section 5.6**     **Indemnification.** (a) The Borrower shall at all times protect, indemnify and save harmless the Authority and the Bond Trustee (together, the "Indemnitees") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (hereinafter referred to as "Damages"), including without limitation (1) all amounts paid in settlement of any litigation commenced or threatened against the Indemnitees, if such settlement is effected with the written consent of the Borrower, (2) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever, commenced or threatened against the Borrower, the Project or the Indemnitees, (3) any judgments, penalties, fines, damages, assessments, indemnities or contributions, and (4) the reasonable fees of attorneys, auditors, and consultants, provided that the Damages arise out of any actions contemplated by this Loan Agreement or the Indenture, or the non-occurrence of them, or because of any failure of the Borrower to comply with any terms of this Loan Agreement; provided that such indemnity shall be effective only to the extent of any loss that may be sustained by the Indemnitees in excess of the proceeds net of any expenses of collection, received by them or from any insurance carried with respect to such loss and provided further that the benefits of this section shall not inure to any person other than the Indemnitees.

(b) If any action, suit or proceeding is brought against the Indemnitees for any loss or damage for which the Borrower is required to provide indemnification under this section,

the Borrower, upon request, shall at its expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by the Borrower and approved by the Indemnitees, which approval shall not be unreasonably withheld, provided that such approval shall not be required in the case of defense by counsel designated by any insurance company undertaking such defense pursuant to any applicable policy of insurance. The obligations of the Borrower under this section shall survive any termination of this Loan Agreement, including prepayment of the Note and the resignation or removal of the Bond Trustee.

(c) Nothing contained herein shall require the Borrower to indemnify the Authority for any claim or liability resulting from their willful wrongful acts or the Bond Trustee for any claim or liability resulting from its gross negligence (under the standard of care set forth in Article X of the Indenture) or their willful, wrongful acts.

(d) All references in this section to the Authority and the Bond Trustee, including references to Indemnitees, shall include their members, officers, employees and agents.

**Section 5.7 Maintenance of 501(c)(3) Status; Prohibited Activities.** The Borrower shall file all required reports and documents with the Internal Revenue Service so as to maintain its status as an organization described in Section 501(c)(3) of the Code. The Borrower shall file all required reports and documents so as to maintain its status as a District of Columbia nonprofit organization. The Borrower shall not engage in any activities or take any action that might reasonably be expected to result in the Borrower ceasing to be a “501(c)(3) organization” within the meaning of Section 145 of the Code. The Borrower shall promptly notify the Bond Trustee and the Authority of any loss of the Borrower’s status as a “501(c)(3) organization” or of any investigation, proceeding or ruling that might result in such loss of status.

**Section 5.8 Tax Covenants; Compliance with Indenture.** The Borrower agrees that it will not directly or indirectly use or permit the use of any of the proceeds of the Series 2018A Bonds or any other of its funds related thereto, or direct the Bond Trustee to invest any funds related to the Series 2018A Bonds held by the Bond Trustee under the Indenture or this Loan Agreement, in such manner as would, or take or omit to take any other action that would, cause any Series 2018A Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code, or otherwise cause interest on any Series 2018A Bond to be includable in the gross income of any recipient thereof for federal income tax purposes. The Borrower acknowledges having read the Indenture and agrees to perform all duties imposed upon it by the Indenture and by the Tax Agreement. Insofar as the Indenture and the Tax Agreement impose duties and responsibilities on the Borrower, they are specifically incorporated by reference into this Loan Agreement.

**Section 5.9 Investment and Use of Trust Funds.** An Authorized Representative of the Borrower shall provide written instructions for the investment, in accordance with Article VII of the Indenture, of all funds held by the Bond Trustee under the Indenture.

**Section 5.10 Compliance with ERISA.** The Borrower is and will remain in compliance in all material respects with all applicable provisions of ERISA.

**Section 5.11 Continuing Disclosure.** The Borrower covenants and agrees to comply with the continuing disclosure requirements under Rule 15c2-12 promulgated by the Securities



and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), as they may from time to time hereafter be amended or supplemented, and to incur all costs associated with such continuing disclosure requirements to the extent the Bonds are subject to the Rule; provided, however, that failure to comply with such requirements shall not constitute an Event of Default hereunder. The Borrower's continuing disclosure obligations are further set out in the Continuing Disclosure Agreement.

**Section 5.12 Green Bond Designation.** The Borrower will use its best efforts to maintain the characteristics of the Property as set forth in the section of the Official Statement related to the Bonds dated July 25, 2018, titled "Green Bonds Designation;" provided, however, that failure to maintain such characteristics of the Property shall not constitute a default or an Event of Default hereunder or under the Indenture.

**Section 5.13 Financing Statements.** The Borrower shall cause appropriate financing statements and continuation statements naming the Bond Trustee as pledgee and assignee of the Trust Estate to be duly filed and recorded in the appropriate Commonwealth offices, in order to perfect and maintain the security interests created by the Indenture.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

**Section 6.1 Event of Default Defined.** Each of the following events shall be an Event of Default:

(a) Failure of the Borrower to make any payment on the Note when the same becomes due and payable, whether at maturity, redemption, acceleration or otherwise pursuant to the terms thereof or this Loan Agreement.

(b) Failure of the Borrower to observe or perform any of its other covenants, conditions or agreements hereunder, for a period of 30 days after notice in writing (unless the Borrower and the Bond Trustee shall agree in writing to an extension of such time prior to its expiration), specifying such failure and requesting that it be remedied, given by the Authority or the Bond Trustee to the Borrower, or in the case of any default which can be cured, but cannot with due diligence be cured within such 30 day period, failure by the Borrower to proceed promptly to prosecute the curing of the same with due diligence and to cure such within 90 days.

**Section 6.2 Remedies on Default.** Whenever an Event of Default shall have happened and be continuing, the Bond Trustee as the assignee of the Authority may, subject to the requirement of the Indenture,:

(a) Declare all amounts due under this Loan Agreement and the Note to be immediately due and payable, whereupon all such payments shall become and shall be immediately due and payable; and

(b) Take any action at law or in equity necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition or agreement of the Borrower under the Note or this Loan Agreement.

If the Bond Trustee exercises any of its rights or remedies under this section, it shall give notice of such exercise to the Borrower (1) in writing in the manner provided in Section 9.2 and (2) by telephone or email, provided that failure to give such notice by telephone or email shall not affect the validity of the exercise of any right or remedy under this section.

**Section 6.3**     **Application of Amounts Realized in Enforcement of Remedies.** Any amounts collected pursuant to action taken under Section 6.2 hereof shall be applied in accordance with the provisions of the Indenture.

**Section 6.4**     **No Remedy Exclusive.** No remedy herein conferred on or reserved to the Authority or the Bond Trustee or the holder of the Note is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, and any such right or power may be exercised from time to time and as often as may be deemed expedient.

**Section 6.5**     **Attorneys' Fees and Other Expenses.** Upon an Event of Default, the Borrower shall on demand pay to the Authority and the Bond Trustee the reasonable fees and expenses of attorneys and other reasonable expenses incurred by them in the collection of payments due on the Note or the enforcement of performance of any other obligations of the Borrower.

**Section 6.6**     **No Additional Waiver Implied by One Waiver.** If either party or its assignee waives a default by the other party under any covenant, condition or agreement herein, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other default hereunder.

## ARTICLE VII

### PREPAYMENT OF NOTE

**Section 7.1**     **Extraordinary Option To Prepay Note.** The Borrower shall have the option to prepay all or any portion of the unpaid aggregate amount of the Note, together with accrued interest to the date of prepayment, by redeeming the Bonds in accordance with the terms and provisions of Section 301(a) of the Indenture, upon the occurrence of any of the following events:

(a) all or a substantial portion of any facility that comprises a part of the Bond Financed Property (each a "Facility") is damaged or destroyed by fire or other casualty, or title to or the temporary use of all or a substantial portion of such Facility is condemned or taken for any public or quasi public use by any authority exercising or threatening the exercise of the power of eminent domain, or title thereto is found to be deficient, to such extent that in the sole determination of the Borrower (1) the Facility cannot be reasonably restored or replaced to the condition thereof preceding such event, or (2) the Borrower is thereby prevented from carrying on its normal operations for a period of time of at least 60 days or (3) the cost of restoration or

replacement thereof would exceed the net proceeds of any casualty insurance, title insurance, condemnation awards or sale under threat of condemnation with respect thereto;

(b) as a result of any changes in the Constitution of the Commonwealth or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court of administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Indenture or this Loan Agreement becomes void or unenforceable or impossible of performance in any material respect or

(c) the sale or other disposition of the Property by the Borrower to a party other than a related party; for purposes of this section, "related party" means any two or more persons who have (1) common ownership of the voting power of the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another) or (2) 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).

To exercise such option under the circumstances described in (a) and (b) above, the Borrower shall, within 120 days after the event permitting their exercise, give notice to the Authority and the Bond Trustee that it is exercising such option and specify a date not more than 60 days thereafter for making such prepayment. To exercise such option under the circumstances described in (c) above, the Borrower shall, within 30 days after the event permitting such exercise, give notice to the Authority and the Bond Trustee that it is exercising such option and specifying a date not more than 60 days thereafter for making such prepayment. In such case, the Authority shall cause the Bond Trustee to redeem the Bonds as provided in Section 301(a) of the Indenture.

**Section 7.2 Option to Prepay Note in Whole.** The Borrower shall have the option to prepay the Note in whole, with any applicable premium, and terminate this Loan Agreement before payment of the Bonds so long as any such payment allocable to principal of the Note shall be used contemporaneously to discharge a like amount of the Bonds in accordance with Sections 301(b) and 801 of the Indenture; provided, however, that the covenants in Sections 4.7, 5.6, 5.7 and 5.8 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 covenant in Section 4.7 shall continue for six years thereafter. In such case, the Authority shall cause the Bond Trustee to redeem the Bonds as provided in Section 301(b) of the Indenture.

**Section 7.3 Option To Prepay Note in Part.** The Borrower shall have the option to prepay the Note in part, with any applicable premium, so long as any such payment allocable to principal of the Note shall be used contemporaneously to discharge a like amount of Bonds in accordance with Sections 301(b) and 801 of the Indenture. The amount so prepaid shall, so long as all payments then due under the Note have been made (a) if Bonds are then redeemable as provided in Section 301(b) of the Indenture, be used to redeem Bonds to the extent possible under such section, and (b) if Bonds are not then redeemable, be transferred to the Bond Fund.

**Section 7.4**     **Amount Required for Prepayment.** To prepay the Note in whole or in part under Section 7.1, 7.2 or 7.3, the Borrower shall pay to the Bond Trustee, for deposit in the Bond Fund established under the Indenture, an amount of cash and Defeasance Obligations that will be sufficient (1) in the case of prepayment in whole, to discharge the lien of the Indenture pursuant to Section 801 thereof, and (2) in the case of prepayment in part, to cause any Bonds that will be paid with the prepayment to be no longer Outstanding under the Indenture. If the Borrower has prepaid the Note, 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 or premium, if any, or interest on the Bonds to be paid. The Borrower shall instruct the Bond Trustee to give the notice of redemption required by Section 302 of the Indenture if any of the Bonds are to be paid other than at maturity.

## **ARTICLE VIII**

### **RESERVED**

## **ARTICLE IX**

### **MISCELLANEOUS**

**Section 9.1**     **Term of Loan Agreement.** This Loan Agreement shall be effective upon its execution and delivery and, subject to earlier termination upon prepayment in full of the Note and other amounts described in Articles IV, VI and VII, shall expire on the first date upon which the Bonds are no longer Outstanding; provided, however, that the covenants in Sections 5.6, 5.7 and 5.8 shall continue until the final maturity date of all Bonds or the earlier redemption date on which provision for payment for all Bonds has been made and the covenant in Section 4.7 shall continue for six years thereafter. In such case, the Authority shall cause the Bond Trustee to redeem the Bonds as provided in Section 301 of the Indenture.

**Section 9.2**     **Notices.** Unless otherwise provided herein all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed:

(a)     if to the Borrower, at 11100 Wildlife Center Drive, Reston, Virginia 20190 (Attention: Karen Wagner, Vice President of Finance).

(b)     if to the Bond Trustee, at 500 Ross Street, 12<sup>th</sup> Floor, AIM 154-1270, Pittsburgh, Pennsylvania 15262 (Attention: Corporate Trust).

(c)     if to the Authority, at 8300 Boone Boulevard, Suite 450, Vienna, Virginia 22182 (Attention: Chairman).

(d)     if to the Underwriter, at Morgan Stanley & Co. LLC, 1775 Eye Street, N.W., Suite 200, Washington, D.C. 20006 (Attention: Robert L. Feigenson).

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given hereunder by either the Authority or the Borrower to the other shall also be given to the Bond Trustee and, for information purposes only, the Underwriter. The Borrower, the Bond Trustee, the Authority or the Underwriter may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention they shall be directed.

**Section 9.3**     **Amendments to Loan Agreement and Note.** Neither this Loan Agreement nor the Note shall be amended or supplemented and no substitution shall be made for the Note before payment of the Bonds without the consent of the Bond Trustee and the Authority, given in accordance with and subject to Article XII of the Indenture.

**Section 9.4**     **Successors and Assigns.** This Loan Agreement shall be binding on, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 9.5**     **Severability.** If any provision of this Loan Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

**Section 9.6**     **Applicable Law; Entire Understanding.** This Loan Agreement and the Note shall be governed by the applicable laws of the Commonwealth of Virginia. This Loan Agreement and the Note (including the applicable provisions of the Indenture and the Tax Agreement) express the entire understanding and all agreements between the parties and may not be modified except in writing signed by the parties.

**Section 9.7**     **Limitation of Liability of Commissioners of Authority.** No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member, officer, employee or agent of the Authority in his individual capacity so long as he acts in good faith, and no such member, officer, employee or agent shall be subject to any liability under this Loan Agreement or the Note or with respect to any other action taken by him provided that he acts in good faith.

**Section 9.8**     **Further Assurances.** The Authority and the Borrower agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Loan Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

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

**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Chairman

[Authority Signature Page to Loan Agreement]

**NATIONAL WILDLIFE FEDERATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

[Borrower Signature Page to Loan Agreement]

**RECEIPT**

Receipt of the foregoing original counterpart of the Loan Agreement dated as of August 1, 2018, between the Fairfax County Economic Development Authority and National Wildlife Federation is hereby acknowledged.

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

By: \_\_\_\_\_  
Authorized Agent



# NATIONAL WILDLIFE FEDERATION

## Promissory Note

**\$10,790,000**

**August 1, 2018**

National Wildlife Federation (the “Borrower”), for value received, hereby promises to pay the Fairfax County Economic Development Authority (the “Authority”), or assigns, the principal sum of TEN MILLION SEVEN HUNDRED NINETY THOUSAND AND NO/100 DOLLARS (\$10,790,000) as follows.

Installments of principal and interest shall be made as required by the Loan Agreement dated as of August 1, 2018 (the “Loan Agreement”) between the Borrower and the Authority, and the Bond Trust Indenture dated as of August 1, 2018 (the “Bond Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the “Bond Trustee”), and to make payments with respect to the Authority’s Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) and the Authority’s Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds) (the “Bonds”).

Payments shall be made in lawful money of the United States of America at the corporate trust office of the Bond Trustee in Pittsburgh, Pennsylvania, or at such other place as the Bond Trustee may direct in writing. The principal hereof, premium, if any, and interest hereon shall be payable by wire or other transfer of immediately available funds or by payment of clearing house funds by the Borrower 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 and payable (or the next succeeding Business Day (as defined in the Bond Indenture) if such date is not a Business Day).

If, at any time, the amount held by the Bond Trustee in the Bond Fund (as defined in the Bond Indenture) should be sufficient to pay at the times required the principal of, and premium, if any, and interest on the Bonds, then remaining unpaid, to pay all other amounts due under the Bond Indenture and the Loan Agreement and to pay all fees and expenses of the Bond Trustee and the paying agents accrued and to accrue through final payment of the Bonds, the Borrower shall not be obligated to make any further payments hereunder, except to the extent losses may be incurred in connection with investment of moneys in such funds.

The Authority, by the execution of the Bond Indenture and the assignment form at the foot of this Note, is assigning this Note and the payments thereon to the Bond Trustee as security for the Bonds, as issued pursuant to the Bond Indenture. Payments of principal of and premium, if any, and interest on this Note shall be made directly to the Bond Trustee for the account of the Authority pursuant to such assignment and applied only to the principal of and premium, if any, and interest on the Bonds. All obligations of the Borrower hereunder shall terminate when all sums due and to become due pursuant to the Bond Indenture, this Note, the Loan Agreement and the Bonds have been paid or provided for in full.

In addition to the payments of principal and interest specified above, the Borrower shall also pay such additional amounts, if any, that, (i) it is required to pay pursuant to the terms of the Bond Indenture and the Loan Agreement, and (ii) together with other moneys available therefor pursuant to the Bond Indenture, may be necessary to enable the Bond Trustee to make the payments and transfers required by Article VI of the Bond Indenture, including, without limitation, the payments when due for principal of (whether at maturity, by acceleration or call for redemption, or otherwise) and premium, if any, and interest on the Bonds.

The Borrower shall have the option to prepay this Note in whole or in part upon the terms and conditions and in the manner specified in the Loan Agreement.

This Note is issued in satisfaction of the Borrower's payment obligations of the Loan Agreement and is entitled to the benefits and subject to the conditions thereof, including the provisions of Section 4.4 thereof that the Borrower's obligations thereunder and hereunder shall be unconditional.

All the terms, conditions and provisions of the Loan Agreement, are, by this reference thereto, incorporated herein as a part of this Note.

Upon the occurrence of certain "Events of Default" (as defined in the Loan Agreement), the outstanding principal amount of this Note may be declared, and thereupon shall become, due and payable as provided in the Loan Agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, National Wildlife Federation has caused this Note to be executed in its name and on its behalf by the manual signature of its authorized representative as of the date first above written.

**NATIONAL WILDLIFE FEDERATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

## ASSIGNMENT

The Fairfax County Economic Development Authority (the “Authority”) hereby irrevocably assigns, without recourse, the foregoing Promissory Note to The Bank of New York Mellon Trust Company, N.A. (the “Bond Trustee”), acting pursuant to the Bond Trust Indenture dated as of August 1, 2018 (the “Bond Indenture”), between the Authority and the Bond Trustee and hereby directs National Wildlife federation, as the maker of the Promissory Note, to make all payments of principal of, premium and interest thereon directly to the Bond Trustee at its corporate trust office in Pittsburgh, Pennsylvania, 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 \$8,820,000 Revenue Bonds (National Wildlife Federation Project), Series 2018A (Tax-Exempt Green Bonds) and the Authority’s \$1,970,000 Revenue Bonds (National Wildlife Federation Project), Series 2018B (Taxable Green Bonds), issued pursuant to the Bond Indenture.

[SIGNATURE PAGE FOLLOWS]

**FAIRFAX COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Chairman

August 1, 2018

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This *CONTINUING DISCLOSURE AGREEMENT* (the “*Disclosure Agreement*”), dated as of August 1, 2018, is executed and delivered by National Wildlife Federation (the “*Borrower*”) in connection with the issuance of the \$8,820,000 Fairfax County Economic Development Authority Revenue Bonds (National Wildlife Federation Project) Series 2018A (Tax-Exempt Green Bonds) (the “*Series 2018A Bonds*”) and the \$1,970,000 Fairfax County Economic Development Authority Revenue Bonds (National Wildlife Federation Project) Series 2018B (Taxable Green Bonds) (the “*Series 2018B Bonds*,” and together with the Series 2018A Bonds, the “*Bonds*”).

**1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders of the Bonds and delivered in order to assist Morgan Stanley & Co. LLC (the “*Underwriter*”) in complying with the provisions of Section (b)(5)(i) of Rule 15c-12 (the “*Rule*”) promulgated by the Securities and Exchange Commission (the “*SEC*”) under the Securities and Exchange Act of 1934, as the same may be amended from time to time. Capitalized terms used and not defined herein shall have the meanings given to such terms in the Bond Trust Indenture, dated as of August 1, 2018 (the “*Indenture*”) between Fairfax County Economic Development Authority (the “*Authority*”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”).

**2. Annual Disclosure.**

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

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

(ii) the annual financial and operating data with respect to the Borrower of the type appearing in Appendix A to the Official Statement dated July 25, 2018, under the captions “**CERTAIN FINANCIAL INFORMATION—*Financial Management and Controls*,” “—*Statement of Unrestricted Activities*,” “—*Management’s Discussion and Analysis of Operations*,” “—*Sources of Revenue and Support*,” “—*Statements of Financial Position*” and “—*Cash, Cash Equivalents and Investment Portfolio Overview*,” all or a portion of which data may be included in the audited financial statements provided pursuant to Section 2(a)(i). Such data need not be presented in a format identical to that appearing in the Official Statement, provided that it is, in substance, the type of data appearing in such charts.**

(b) The Borrower will provide annually the financial information and operating data described in subsection (a) above (the “*Annual Disclosure*”) within 150 days after the end of the Borrower’s fiscal year, commencing not later than January 28, 2019, for the Borrower’s fiscal year ending August 31, 2018, to the Municipal Securities Rulemaking Board (the “*MSRB*”).

(c) Any of the 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 Borrower will provide in timely manner to the MSRB notice specifying any failure of the Borrower to provide the Annual Disclosure by the date specified.

**3. Event Disclosure.** The Borrower will provide to the MSRB, in a timely manner not in excess of ten (10) business days following the occurrence of the event, notice of the occurrence of any of the following events (the “*Event Disclosure*”) that may from time to time occur 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 enhancements 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 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;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Borrower (for the purposes of the event identified in this Section 3(l), the event is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent or similar officer for the Borrower 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 Borrower 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 Borrower);

(m) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

**4. Method of Filing.** The Borrower shall provide the documents referred to above to the MSRB in an electronic format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The Borrower may alternatively discharge its undertaking in this Disclosure Agreement by transmitting the documents described herein to any entity and by any method authorized by the U.S. Securities and Exchange Commission. The Borrower may engage a qualified third party to assist in the filing of the required documents hereunder.

**5. Termination.** The covenants and obligations of the Borrower specified in Sections 2 and 3 above will terminate upon the redemption, legal defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

**6. Amendment.** The Borrower reserves the right to modify its obligations contained in Sections 2 and 3 above without the consent of holders of the Bonds, provided that such modification complies with the Rule as it exists at the time of modification.

**7. Defaults.**

(a) If the Borrower fails to comply with any covenant or obligations regarding continuing disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the Borrower, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Borrower's obligations under this Disclosure Agreement.

(b) Notwithstanding anything herein to the contrary, any failure of the Borrower to comply with any covenant or obligations specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds, the Indenture or the Loan Agreement, dated as of August 1, 2018, between the Authority and the Borrower, and (ii) shall not give rise to any right or remedy other than that described in Section 7(a).

**8. Additional Disclosure.** The Borrower may from time to time disclose certain information and data in addition to the Annual Disclosure and Event Disclosure. Notwithstanding anything herein to the contrary, the Borrower shall not incur any obligations to continue to provide, or to update, such additional information or data.

**NATIONAL WILDLIFE FEDERATION**

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX E**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

[MCGUIREWOODS LLP LETTERHEAD]

August 1, 2018

Fairfax County Economic Development Authority  
Vienna, Virginia

**\$8,820,000**  
**Fairfax County Economic Development Authority**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018A (Tax-Exempt Green Bonds)**

**\$1,970,000**  
**Fairfax County Economic Development Authority**  
**Revenue Bonds**  
**(National Wildlife Federation Project)**  
**Series 2018B (Taxable Green Bonds)**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the Fairfax County Economic Development Authority (the “Authority”) of the Authority’s \$8,820,000 Revenue Bonds (National Wildlife Federation Project) Series 2018A (Tax-Exempt Green Bonds) (the “Series 2018A Bonds”) and \$1,970,000 Revenue Bonds (National Wildlife Federation Project) Series 2018B (Taxable Green Bonds) (the “Series 2018B Bonds” and together with the Series 2018A Bonds, the “Bonds”).

The Bonds have been issued pursuant to the terms of a Bond Trust Indenture dated as of August 1, 2018 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Trustee”). The proceeds of the Bonds have been loaned by the Authority to National Wildlife Federation (the “Borrower”) pursuant to a Loan Agreement dated as of August 1, 2018 (the “Loan Agreement”), between the Authority and the Borrower. The Borrower has issued to the Authority a promissory note in the principal amount of the Bonds (the “Note”) to evidence and secure its obligations under the Loan Agreement with respect to the Bonds.

Unless otherwise defined, each capitalized term used in this opinion letter shall have the meaning given it in the Indenture.

In connection with this opinion, we have examined (i) the Constitution of Virginia (the “Constitution”), (ii) the applicable laws of (A) the Commonwealth of Virginia (the “Commonwealth”), including without limitation Chapter 643, Acts of Assembly of 1964, as amended (the “Act”) and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) copies of proceedings and other documents relating to the issuance and sale of the Bonds by the Authority, including the resolution adopted by the Authority on June 13, 2018, authorizing the issuance of the Bonds, as we have deemed necessary to render the opinions contained herein.

The Bonds will be dated their date of delivery. We refer you to the Bonds, the Indenture and the Loan Agreement for a description of the purposes for which the Bonds have been issued and the security for them.

With respect to the organization of the Borrower, the power of the Borrower to enter into and perform its obligations under the Loan Agreement and certain other documents to which the Borrower is a party, the due authorization, execution and delivery of the Loan Agreement and the other documents by the Borrower and the validity and enforceability of them against the Borrower, we refer you to the opinion of counsel to the Borrower, dated the same date as this opinion and addressed to you.

Without undertaking to verify the same by independent investigation, as to questions of fact material to our opinions we have relied upon (a) computations provided by Morgan Stanley & Co. LLC, the underwriter of the Bonds (the “Underwriter”), relating to the yield on the Series 2018A Bonds, (b) certifications and representations of representatives of the Authority, the Borrower, the Underwriter and other parties as to certain facts relevant both to our opinion and the requirements of the Code, and (c) certificates of public officials provided to us.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all of their parties other than the Authority, and we have further assumed the due organization, existence and powers of such other parties other than the Authority.

Based on the foregoing, we are of the opinion that, under current law:

1. The Authority is a validly existing political subdivision of the Commonwealth duly created by the Act and is vested with the rights and powers conferred by the Act.

2. The Authority has all requisite authority and power under the Act to issue the Bonds and to enter into and perform its obligations under the Indenture and the Loan Agreement and to apply the proceeds from the issuance of the Bonds as contemplated by the Indenture and the Loan Agreement.

3. The Bonds have been duly authorized and issued in accordance with the Act and the Indenture and, subject to paragraph 6 below, constitute valid, binding and enforceable limited obligations of the Authority, payable as to principal, premium, if any, and interest solely from the revenues, receipts and payments pledged to such purpose under the Indenture. The Bonds do not create or constitute a pledge of the faith and credit or taxing power of the Commonwealth or any of its political subdivisions. Neither the Commonwealth nor the Authority is obligated to pay the principal of or premium, if any, or interest on the Bonds except from the revenues, receipts and payments pledged for such purpose.

4. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and, subject to paragraph 6 below, constitute valid and binding agreements of the Authority, enforceable against the Authority in accordance with their terms.

5. The Authority’s right, title and interest in the security pledged under the Indenture, including the Loan Agreement (except for certain rights of the Authority to indemnification and payment of fees and expenses under the Loan Agreement) and in the Note, have been assigned to the Trustee and, subject to paragraph 6 below, such assignment constitutes a valid and binding assignment by the Authority, enforceable against the Authority in accordance with its terms.

6. The enforceability of the obligations of the parties under the Bonds, the Indenture and the Loan Agreement and the Authority’s assignment of the Loan Agreement and the Note to the Trustee are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors’ rights. The enforceability of such obligations is 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. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

7. Interest on the Series 2018A Bonds, including any accrued “original issue discount” properly allocable to the owners of the Series 2018A Bonds, (i) is excludable from gross income for purposes of federal income

taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum income tax. The “original issue discount” on any Series 2018A Bond is the excess of its stated redemption price at maturity over the initial offering price to the public at which price a substantial amount of the Series 2018A Bonds of the same maturity was sold. We express no opinion regarding other federal tax consequences arising with respect to the Series 2018A Bonds.

In delivering this opinion, we are (i) relying upon and assuming the accuracy of certifications and representations of representatives of the Authority, the Borrower and the Underwriter as to facts material to the opinion and (ii) assuming continuing compliance with the Covenants (as defined below) by the Authority and the Borrower, so that interest on the Series 2018A Bonds will remain excludable from gross income for federal income tax purposes. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2018A Bonds in order for interest on the Series 2018A Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, the requirement that the Borrower maintains its status as an organization described in Section 501(c)(3) of the Code, restrictions on the use, expenditure and investment of the proceeds of the Series 2018A Bonds and the use of the property financed by the Series 2018A Bonds, limitations on the source of the payment of and the security for the Series 2018A Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2018A Bonds to the United States Treasury. The Indenture, the Loan Agreement and the Tax Agreement contain covenants (the “Covenants”) with which the Authority and the Borrower have agreed to comply in connection with such requirements. Failure by the Authority or the Borrower to comply with their respective Covenants could cause interest on the Series 2018A Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2018A Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Authority with its respective Covenants does not require the Authority to make any financial contribution for which it does not receive funds from the Borrower.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2018A Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, the Loan Agreement and the Tax Agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

8. Interest on the Series 2018B Bonds is includable in the gross income of the owners of the Series 2018B Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences with respect to the Series 2018B Bonds.

9. The Bonds and the income from them, including any profit made on their sale, are exempt from taxation by the Commonwealth of Virginia and any of its political subdivisions.

Our services as Bond Counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Bonds and the income tax status of the interest on them and the enforceability of the Indenture and the Loan Agreement. We express no opinion as to the business or financial resources of the Authority or the Borrower or the ability of the Authority or the Borrower to provide for the payment of the Bonds or the accuracy, completeness or sufficiency of any information, including the Authority’s Preliminary Official Statement dated July 17, 2018, and Official Statement dated July 25, 2018, that may have been relied upon by any owner of the Bonds in making the decision to purchase the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix F 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 Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and, except as otherwise provided herein with respect to tenders by beneficial owners of beneficial ownership interests, beneficial owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Bond Indenture.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the Authority, the Borrower, the Underwriter nor the Bond Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The 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 in the aggregate principal amount of the Bonds and will be deposited with DTC at the office of the Bond Trustee on behalf of DTC utilizing the DTC FAST system of registration.

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 ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by S&P. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and <http://www.dtc.org>.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all of the Bonds deposited by Direct Participants with DTC (or the Bond Trustee on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

The deposit of the Bonds with DTC (or the Bond Trustee on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the 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 shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Bonds 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 or its nominee, the Bond Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

NEITHER THE AUTHORITY, THE BORROWER, THE UNDERWRITER NOR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF THE BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND

INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender the Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Authority, the Borrower, the Underwriter and the Bond Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

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## APPENDIX G

### AMORTIZED VALUE FOR DETERMINING REDEMPTION PRICE IN CASE OF EXTRAORDINARY REDEMPTION

The following table sets forth the Amortized Value of the Series 2018A Bonds as of certain redemption dates. The Amortized Value of the Series 2018A Bonds shall be 100% of the principal amount thereof on and after the September 1, 2028 optional redemption date. The amounts shown below exclude accrued interest on the Series 2018A Bonds to the date of redemption.

EXTRAORDINARY REDEMPTION DATE <u>(month/day/year)</u>	<u>AMORTIZED VALUE</u>	EXTRAORDINARY REDEMPTION DATE <u>(month/day/year)</u>	<u>AMORTIZED VALUE</u>
8/1/2018	\$10,106,751.00	9/1/2023	\$9,052,423.90
9/1/2018	10,097,124.95	10/1/2023	8,926,419.40
10/1/2018	10,086,991.50	11/1/2023	8,915,501.60
11/1/2018	10,076,919.10	12/1/2023	8,904,628.00
12/1/2018	10,066,933.10	1/1/2024	8,893,854.35
1/1/2019	10,056,994.60	2/1/2024	8,883,109.55
2/1/2019	10,047,134.50	3/1/2024	8,872,417.85
3/1/2019	10,037,325.80	4/1/2024	8,861,258.30
4/1/2019	10,027,066.20	5/1/2024	8,850,148.55
5/1/2019	10,016,850.80	6/1/2024	8,839,133.40
6/1/2019	10,006,685.65	7/1/2024	8,828,155.60
7/1/2019	9,996,614.90	8/1/2024	8,817,259.40
8/1/2019	9,986,583.45	9/1/2024	8,806,399.85
9/1/2019	9,976,646.40	10/1/2024	8,675,224.00
10/1/2019	9,871,335.20	11/1/2024	8,664,115.75
11/1/2019	9,861,066.05	12/1/2024	8,653,079.60
12/1/2019	9,850,884.20	1/1/2025	8,642,074.35
1/1/2020	9,840,743.15	2/1/2025	8,631,151.65
2/1/2020	9,830,687.75	3/1/2025	8,620,274.05
3/1/2020	9,820,698.80	4/1/2025	8,608,937.05
4/1/2020	9,810,210.70	5/1/2025	8,597,651.90
5/1/2020	9,799,807.05	6/1/2025	8,586,428.50
6/1/2020	9,789,460.50	7/1/2025	8,575,271.95
7/1/2020	9,779,158.65	8/1/2025	8,564,165.20
8/1/2020	9,768,945.55	9/1/2025	8,553,131.70
9/1/2020	9,758,800.65	10/1/2025	8,416,757.85
10/1/2020	9,643,284.65	11/1/2025	8,405,455.90
11/1/2020	9,632,804.05	12/1/2025	8,394,198.90
12/1/2020	9,622,397.90	1/1/2026	8,383,014.15
1/1/2021	9,612,058.90	2/1/2026	8,371,889.20
2/1/2021	9,601,796.65	3/1/2026	8,360,816.50
3/1/2021	9,591,589.15	4/1/2026	8,349,268.30

4/1/2021	9,580,907.30	5/1/2026	8,337,759.70
5/1/2021	9,570,263.55	6/1/2026	8,326,350.95
6/1/2021	9,559,729.45	7/1/2026	8,314,963.05
7/1/2021	9,549,214.55	8/1/2026	8,303,675.70
8/1/2021	9,538,799.45	9/1/2026	8,292,431.60
9/1/2021	9,528,452.65	10/1/2026	7,826,589.65
10/1/2021	9,407,781.25	11/1/2026	7,815,795.45
11/1/2021	9,397,155.70	12/1/2026	7,805,067.70
12/1/2021	9,386,618.80	1/1/2027	7,794,387.75
1/1/2022	9,376,166.45	2/1/2027	7,783,779.25
2/1/2022	9,365,753.30	3/1/2027	7,773,202.35
3/1/2022	9,355,388.25	4/1/2027	7,762,177.05
4/1/2022	9,344,566.60	5/1/2027	7,751,210.00
5/1/2022	9,333,804.95	6/1/2027	7,740,317.30
6/1/2022	9,323,113.25	7/1/2027	7,729,460.95
7/1/2022	9,312,462.10	8/1/2027	7,718,673.75
8/1/2022	9,301,894.00	9/1/2027	7,707,938.60
9/1/2022	9,291,394.10	10/1/2027	7,222,646.80
10/1/2022	9,170,575.20	11/1/2027	7,212,408.35
11/1/2022	9,159,799.30	12/1/2027	7,202,193.75
12/1/2022	9,149,127.55	1/1/2028	7,192,058.35
1/1/2023	9,138,478.15	2/1/2028	7,181,958.80
2/1/2023	9,127,904.55	3/1/2028	7,171,943.45
3/1/2023	9,117,397.15	4/1/2028	7,161,368.10
4/1/2023	9,106,417.60	5/1/2028	7,150,876.90
5/1/2023	9,095,494.65	6/1/2028	7,140,503.50
6/1/2023	9,084,645.35	7/1/2028	7,130,220.35
7/1/2023	9,073,836.35	8/1/2028	7,120,039.20
8/1/2023	9,063,102.15	9/1/2028	7,110,000.00





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