**New Issue — Book-Entry Only**

**RATING: S&P: "A-"**
**RATING OUTLOOK: Stable**
**(See "Rating" herein)**

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the 2018 Bonds is includable in gross income for purposes of federal income tax. Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Pennsylvania, interest on the 2018 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the 2018 Bonds are exempt from personal property taxes in Pennsylvania. See "TAX MATTERS" herein.

# $57,490,000
# CUMBERLAND COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
## (Commonwealth of Pennsylvania)
# Taxable Revenue Bonds
# (Rider Musser Development, LLC Project), Series 2018

**Dated: Date of Delivery**
**Interest Payable: May 1 and November 1**

**Due: November 1, as shown on inside front cover**
**First Interest Payment Date: May 1, 2019**

The Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018 (the "2018 Bonds") of Cumberland County Industrial Development Authority (the "Issuer") are to be issued under the Indenture of Trust, dated as of October 1, 2018 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee ("Trustee"), as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof.

All payments of principal of the 2018 Bonds are payable at the designated corporate trust office of the Trustee described herein, in East Syracuse, New York, and interest, payable each May 1 and November 1, commencing May 1, 2019, shall be paid by check of the Trustee mailed to the registered owners of the 2018 Bonds at their registered addresses, or in lieu of a check and (i) if so requested before a Record Date by an Owner of at least $1,000,000 in principal amount of the 2018 Bonds as determined under the terms of the Indenture, by wire transfer of funds pursuant to written instructions delivered to the Trustee at least five (5) Business Days prior to the date of such payment, or (ii) for the 2018 Bonds registered in the name of Cede & Co., as described below.

The 2018 Bonds and interest thereon are limited obligations of the Issuer, payable solely from loan payments to be made by, and certain collateral security to be furnished to the Trustee by

RIDER MUSSER
DEVELOPMENT

a Pennsylvania limited liability company (referred to herein as the "Company"), as more fully described herein. In addition, the 2018 Bonds will be secured by a Guaranty Agreement (the "Guaranty") executed and delivered by

MESSIAH COLLEGE

(the "Guarantor" or the "College"), a Pennsylvania nonprofit corporation. See "SECURITY FOR THE 2018 BONDS – The Guaranty" herein.

The 2018 Bonds are being issued for the purpose of financing (i) the acquisition, construction and equipping of a 314-unit residential rental facility (the "Project Facility"), which comprises Phase I A and Phase I B of a planned residential neighborhood and business park to be located in Upper Allen Township, Cumberland County, Pennsylvania, (ii) the funding of capitalized interest on the 2018 Bonds, and (iii) the payment of costs of issuance of the 2018 Bonds.

**The 2018 Bonds will be subject to redemption prior to maturity, as described under the caption "THE 2018 BONDS — Redemption Prior to Maturity" herein.**

**THE 2018 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH SUCH 2018 BONDS ARE ISSUED AND SECURED, AND THE 2018 BONDS SHALL NOT BE OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE ISSUER OR AN OBLIGATION OF CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE 2018 BONDS, AND NEITHER THE GENERAL CREDIT OF THE ISSUER NOR THE FAITH AND CREDIT OR TAXING POWER OF CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE ISSUER HAS NO TAXING POWER.**

**The purchase of the 2018 Bonds involves certain risks. See the caption "CERTAIN BONDHOLDERS RISKS" herein.**

The 2018 Bonds will be issued only as fully-registered bonds in book-entry-only form, and when delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Individual purchases of beneficial interests in the 2018 Bonds will be made in book-entry only form (without certificates). So long as DTC or its nominee is the registered owner of the 2018 Bonds, payments of principal, redemption price, and interest on the 2018 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants.

**The 2018 Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any other applicable securities law. The 2018 Bonds are considered "restricted securities" within the meaning of Rule 144 promulgated under the Securities Act. The 2018 Bonds are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws in reliance on Rule 144A promulgated under the Securities Act ("Rule 144A"). The 2018 Bonds are being offered for sale only to "qualified institutional buyers" as defined in Rule 144A, and may be subsequently resold by the holders thereof only in accordance with the transfer restrictions set forth herein under the caption "RESTRICTIONS ON TRANSFERS OF 2018 BONDS". Each initial purchaser of the 2018 Bonds must execute and deliver an investor letter in the form attached hereto as APPENDIX G.**

The 2018 Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Placement Agent, subject to the approving opinion of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel, and certain other conditions. In connection with the issuance of the 2018 Bonds, certain legal matters for the Company will be passed on by its counsel, McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, certain legal matters for the Issuer will be passed on by its counsel, Buchanan Ingersoll & Rooney PC, Harrisburg, Pennsylvania, certain legal matters for the College will be passed on by its counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania, and certain legal matters for the Placement Agent will be passed on by its counsel, Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania. Delivery and payment in full for the 2018 Bonds are anticipated to occur on or about October 17, 2018.

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

## George K. Baum & Company

This Limited Offering Circular is dated October 11, 2018.

## $57,490,000
## CUMBERLAND COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
## (Commonwealth of Pennsylvania)
## TAXABLE REVENUE BONDS
## (RIDER MUSSER DEVELOPMENT, LLC PROJECT),
## SERIES 2018

### MATURITY SCHEDULE

| Maturity (November 1) | Amount | Interest Rate | Yield | Price | CUSIP[†] |
|---|---|---|---|---|---|
| 2028 | $1,280,000 | 5.050% | 5.050% | 100.000% | 23061E AP2 |
| 2043 | 22,470,000 | 5.400% | 5.400% | 100.000% | 23061E AR8 |
| 2048 (Term) | 30,000,000 | 6.000% | 5.550% | 103.425%[*] | 23061E AQ0 |
| 2048 (Serial) | 3,740,000 | 5.500% | 5.700% | 97.137% | 23061E AS6 |

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[†] The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Issuer, the Company or the Placement Agent, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. None of the Issuer, the Company or the Placement Agent has agreed to, and there is no duty or obligation to, update this Limited Offering Circular to reflect any change or correction in the CUSIP numbers set forth above.

[*] Priced to the first optional redemption date (November 1, 2028).

This Limited Offering Circular does not constitute an offer to sell the 2018 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Issuer, the Company or the Placement Agent to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Limited Offering Circular nor the sale of any of the 2018 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Circular nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Limited Offering Circular is not to be construed as a contract with the purchasers of the 2018 Bonds. All summaries of statutes and documents are qualified in their entirety by reference to such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been provided by the Issuer (but only to the extent described in the next paragraph), the Company, the College or the Placement Agent and by other sources which such parties believe are reliable, but it is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Placement Agent.

Other than with respect to the information concerning the Issuer contained under the captions "THE ISSUER" and "LITIGATION – The Issuer" herein, none of the information in this Limited Offering Circular has been supplied or verified by the Issuer and the Issuer makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

THE ISSUER HAS NOT REVIEWED OR APPROVED, AND DOES NOT REPRESENT OR WARRANT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS LIMITED OFFERING CIRCULAR, INCLUDING THE APPENDICES HERETO (OTHER THAN THE STATEMENTS SET FORTH HEREIN UNDER THE CAPTIONS "THE ISSUER" AND "LITIGATION – THE ISSUER" (INSOFAR AS SUCH INFORMATION RELATES TO THE ISSUER)).

This Limited Offering Circular is submitted in connection with the sale of the 2018 Bonds referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

**The 2018 Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any other applicable securities law. The 2018 Bonds are considered "restricted securities" within the meaning of Rule 144 promulgated under the Securities Act. The 2018 Bonds are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws in reliance on Rule 144A promulgated under the Securities Act ("Rule 144A"). The 2018 Bonds are being offered only to "qualified institutional buyers" within the meaning of Rule 144A, and may be subsequently resold by the holders thereof only in accordance with the transfer restrictions set forth herein under the caption "RESTRICTIONS ON TRANSFER OF 2018 BONDS". Each purchaser of the 2018 Bonds acknowledges that the 2018 Bonds will bear a legend in the form set forth herein under the caption "RESTRICTIONS ON TRANSFER OF 2018 BONDS".**

If and when included in this Limited Offering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Issuer, the Company or the College include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the Issuer, the Company or the College . Such forward-looking statements speak only as of the date of this Limited Offering Circular. The Issuer, the Company, the College and the Placement Agent disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Issuer's, the Company's or the College's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS LIMITED OFFERING CIRCULAR, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY

OR IMPORTANCE, AND THIS LIMITED OFFERING CIRCULAR, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2018 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE LIMITED OFFERING CIRCULAR.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2018 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AGENCY. FURTHERMORE, THE FOREGOING AGENCIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Placement Agent has provided the following sentence for inclusion in this Limited Offering Circular. The Placement Agent has reviewed the information in this Limited Offering Circular in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Placement Agent does not guarantee the accuracy or completeness of such information.

This Limited Offering Circular contains summaries of certain documents believed to be accurate, but reference is hereby made to the actual documents, copies of which are available at the offices of the Trustee, and all such summaries are qualified in their entirety by this reference. During the initial offering period with respect to the 2018 Bonds, copies of such documents will be available for inspection at the offices of George K. Baum & Company, the Placement Agent, 651 Holiday Drive, Suite 110, Pittsburgh, Pennsylvania 15220, and thereafter, will be available for inspection at the designated corporate trust office of the Trustee in Philadelphia, Pennsylvania or at the designated corporate trust office of any successor Trustee.

# TABLE OF CONTENTS[*]

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[*] The Table of Contents does not list all of the subjects in this Limited Offering Circular. In all instances, reference should be made to the complete Limited Offering Circular to determine the subjects set forth herein.

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# LIMITED OFFERING CIRCULAR

**relating to**

# $57,490,000
# CUMBERLAND COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
**(Commonwealth of Pennsylvania)**
**Taxable Revenue Bonds**
**(Rider Musser Development, LLC Project), Series 2018**

## INTRODUCTORY STATEMENT

This Limited Offering Circular, including the cover page and appendices, provides certain information with respect to Cumberland County Industrial Development Authority (the "Issuer") and its $57,490,000 aggregate principal amount of Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018 (the "2018 Bonds"). The 2018 Bonds are being issued under and pursuant to an Indenture of Trust dated as of October 1, 2018 (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The 2018 Bonds shall be dated the date of their delivery and shall mature on the dates and bear interest at the rates set forth on the inside front cover hereof. The 2018 Bonds are subject to redemption prior to maturity as set forth more fully herein under "THE 2018 BONDS - Redemption Prior to Maturity."

Capitalized words and terms used in this Limited Offering Circular and not otherwise defined herein shall have the meanings assigned to them in APPENDIX D - "CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES."

**THE 2018 BONDS ARE BEING OFFERED FOR RESALE ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A ("RULE 144A") PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY BE SUBSEQUENTLY RESOLD BY THE HOLDERS THEREOF ONLY IN ACCORDANCE WITH THE TRANSFER RESTRICTIONS SET FORTH HEREIN UNDER THE CAPTION "RESTRICTIONS ON TRANSFER OF 2018 BONDS". SEE "SALE AND PURCHASE OF THE 2018 BONDS" AND "RESTRICTIONS ON TRANSFER OF 2018 BONDS" HEREIN.**

The 2018 Bonds are to be issued pursuant to the provisions of the Pennsylvania Economic Development Financing Law, 73 Pa.C.S. Section 371 *et seq*., as amended (the "Act") and resolutions adopted by the Issuer on September 12, 2018. The 2018 Bonds will be special, limited obligations of the Issuer payable solely from the moneys received under the Loan Agreement described herein, from the moneys held by the Trustee under the Indenture described herein, and from the other collateral security furnished by the Company as described herein.

The 2018 Bonds are being issued at the request of Rider Musser Development, LLC (the "Company"), a Pennsylvania limited liability company. Messiah College, a Pennsylvania nonprofit corporation (the "College" or the "Guarantor"), is the sole member of the Company. See "THE COMPANY" herein.

The 2018 Bonds are being issued for the purpose of financing (i) the acquisition, construction and equipping by the Company of a 314-unit residential rental facility (the "Project Facility"), which comprises Phase I A and Phase I B of a planned residential neighborhood and business park (the "Development") to be located in Upper Allen Township, Cumberland County, Pennsylvania, (ii) the funding of capitalized interest on the 2018 Bonds, and (iii) the payment of costs of issuance of the 2018 Bonds (together, the "Project"). See the section captioned "THE PROJECT FACILITY" AND "THE COMPANY" herein and APPENDIX A and APPENDIX C hereto.

The Issuer and the Company will enter into a Loan Agreement dated as of October 1, 2018 (the "Loan Agreement") under which the Company will be obligated to make loan payments in amounts sufficient to pay the principal of, premium, if any, and interest on the 2018 Bonds when due. Pursuant to the Indenture, the Issuer will assign and pledge to the Trustee, as security for the payment of the 2018 Bonds and all Additional Bonds issued under the Indenture, all right, title and interest of the Issuer in and to the Loan Agreement, including payments to be made by the Company pursuant to the Loan Agreement and all right, title and interest of the Issuer in and to all money and securities held by the Trustee in any fund or account under the Indenture (excluding certain Unassigned Rights).

In order to secure the 2018 Bonds and its obligations under the Loan Agreement, the Company and the Trustee shall enter into an Open End Mortgage, Security Agreement, Assignment of Leases and Fixture Filing dated as of October 1, 2018 (the "Mortgage"), pursuant to which the Company shall (a) grant to the Trustee a mortgage lien on and security interest in its interest in the Project Facility and the real property on which it is located and (b) assign to the Trustee all rents, residency agreements, leases, subleases, licenses or occupancy agreements with regard to the Project Facility; and the Company and the Trustee shall enter into an Assignment of Project Documents, dated as of October 1, 2018 (the "Assignment of Project Documents"), pursuant to which the Company shall assign to the Trustee all of its right, title and interest in, to and under all agreements and documents relating to the construction and operation of the Project Facility (including the construction contract, architect's agreement, the plans and specifications for the Project Facility and the Facility Management Agreement described below under "THE PROJECT FACILITY – Facility Management Agreement"). See "SECURITY FOR THE 2018 BONDS" herein and APPENDIX C – "MARKET FEASIBILITY STUDY" hereto.

**In addition, the College is executing and delivering a Guaranty Agreement (the "Guaranty") dated as of October 1, 2018 in favor of the Trustee, pursuant to which the College will guaranty the payment of debt service with respect to the 2018 Bonds. The Guaranty will only secure the Company's debt service obligations with respect to the 2018 Bonds and will not secure the Company's obligations with respect to any Additional Bonds or other indebtedness of the Company. The Guaranty will be an unsecured general obligation of the College. See "SECURITY FOR THE 2018 BONDS – The Guaranty" herein.**

There follows in this Limited Offering Circular and in the Appendices hereto descriptions of the 2018 Bonds and the security for the 2018 Bonds; summaries of certain Financing Documents; descriptions of the Company, the Issuer, the Project and the College; a summary of certain Bondholders' risks; and certain other information. These summaries and descriptions do not purport to be complete and are expressly made subject to the further provisions of this Limited Offering Circular (including the Appendices hereto) as well as to the exact provisions of the complete documents, which may be obtained from the Trustee or, during the offering period for the 2018 Bonds, from the Placement Agent.

## SALE AND PURCHASE OF THE 2018 BONDS

### Limitation on Sale and Purchase of 2018 Bonds

The 2018 Bonds have not been registered under the Securities Act or any other applicable securities law. The 2018 Bonds are considered "restricted securities" within the meaning of Rule 144 promulgated under the Securities Act. The 2018 Bonds are being offered only to "qualified institutional buyers" ("Qualified Institutional Buyers") within the meaning of Rule 144A, and may be subsequently resold by the Holders thereof only in accordance with the transfer restrictions set forth herein under the caption "RESTRICTIONS ON TRANSFER OF 2018 BONDS". Each initial purchaser of a 2018 Bond is required, as a condition to the initial sale and to any permitted transfer or exchange during the during the one-year period following the date of issuance and delivery of the 2018 Bonds (the "Restricted Period"), to execute and deliver an Investor Letter to the Placement Agent in a form set forth in APPENDIX G hereto. See APPENDIX G – "FORM OF INVESTOR LETTER" herein.

**Each 2018 Bond will be designated on the book-entry records of DTC as being subject to the restrictions on transferability as referenced above prior to the end of the Restricted Period. Any sale or transfer of a 2018 Bond during the Restricted Period to any person or entity which does not qualify as a Qualified Institutional Buyer is strictly prohibited. See "RESTRICTIONS ON TRANSFERS OF 2018 BONDS".**

## THE ISSUER

The Issuer is a body politic and corporate, organized under the Act for the purpose of acquiring, holding, constructing, financing and improving, "projects" as defined in the Act, and to issue bonds for the purpose of financing projects and to loan the proceeds of such bonds to any person to be used for such purposes.

The Issuer has previously issued revenue bonds and notes for various projects. Each of the bond and note issues is payable from receipts and revenues derived by the Issuer from the entity on whose behalf the bonds or notes were issued and is secured separately and distinctly from the issues of every other entity. The Issuer expects from time to time to enter into separate indentures or other agreements for projects that will provide for the issuance of bonds or notes to be secured by revenues derived from such entities.

None of the revenues of the Issuer with respect to any of the revenue bonds and notes referred to above are pledged as security for any of the 2018 Bonds and, conversely, the revenue bonds and notes referred to above are not payable from or secured by the revenues of the Issuer or other moneys securing the 2018 Bonds. See "SECURITY FOR THE 2018 BONDS" herein.

**THE 2018 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE 2018 BONDS ARE ISSUED AND SECURED, AND THE 2018 BONDS SHALL NOT BE OR BE DEEMED GENERAL OBLIGATIONS OF THE ISSUER OR OBLIGATIONS OF CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE 2018 BONDS, AND NEITHER THE GENERAL CREDIT OF THE ISSUER NOR THE FAITH AND CREDIT OR TAXING POWER OF CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE ISSUER HAS NO TAXING POWER.**

The Issuer has not verified, reviewed or approved, and does not make any representations with respect to, the accuracy or completeness of any of the information set forth in this Limited Offering Circular, other than information set forth under "THE ISSUER" and "LITIGATION - The Issuer" herein.

## THE COMPANY

The Company is a Pennsylvania limited liability company organized in 2014 for the purpose of developing the Project Facility, which comprises Phase I A and B of a 100-acre planned residential neighborhood and business park called Oakwood Hills (the "Development") located in Upper Allen Township, Cumberland County, Pennsylvania on real property owned by the Company. The Company is developing the Project Facility and the Development with a goal of generating recurring revenue to the College and tax revenue and jobs to the region, while enhancing the community by offering conveniences to local residents as well as students and faculty of the College. The College is the sole member of the Company; however, the Company's operating agreement provides that the Company is managed by its Board of Directors, and requires that a majority of the members of the Board of Directors be persons who are not members of the Board of Trustees of the College, neither the President, the Chief Executive Officer or other officer of the College may serve on the Board of Directors, and the independent members of the Board of Directors (those not nominated by the College) may not nominate or recommend for affirmative vote by the Board, any person sitting on the College's Board of Trustees.

The development and construction of the Development are the first and only activities undertaken by the Company. The Project Facility and the contract rights of the Company relating thereto, together with the real property on which future portions of the Development are anticipated to be constructed, constitute the primary assets of the Company, and the revenues from the Project Facility and any subsequent phases of the Development are expected to constitute the primary source of income of the Company.

See "RIDER MUSSER DEVELOPMENT BACKGROUND" in APPENDIX A hereto for certain additional information concerning the Company.

## THE PROJECT FACILITY

The Project Facility will consist of a 314-unit residential rental facility which comprises Phase I A and B of the Development, to be located in Upper Allen Township, Cumberland County, Pennsylvania on real property owned by the Company. The Project Facility will consist of six separate apartment buildings together with a clubhouse and related improvements. The Company anticipates that the Development, when fully built, may include the Project Facility with its 314 residential units, a potential third phase of residential rental units, as well as medical, retail and office space, a boutique hotel, institutional uses, freestanding restaurants, a bank and a convenience store. See "THE PROJECT FACILITY – Future Phases of Development".

The Project Facility, situated on the eastern third of the Development site, will feature one-bedroom and two-bedroom garden apartments. The Development is contemplated as a high-end market rate community targeted to single/young professionals, couples, roommates, older households in transition, university staff, graduate students, and empty nesters/retirees. Most units in the Project Facility will be elevator-served with interior hallways, which the Company believes is a unique feature in the market. The apartment community is expected to offer upscale amenities including a clubhouse, pool area and walking trails, open spaces, and parkland interspersed within the entire campus.

The buildings comprising the Project Facility are expected to come online in stages commencing in spring or summer of 2019 and continuing through early 2021. However, there can be no assurance that the planned future phases of the Development will in fact be developed and constructed. See "Future Development Phases" below. The Project is described in more detail in the Market Feasibility Study attached as APPENDIX C hereto.

### Construction of the Project

Site work and construction of infrastructure improvements on the Project Facility site commenced in June 2018. Vertical construction of the buildings comprising the Project Facility is expected to begin in November 2018, with construction of the buildings expected to be completed and available for occupancy in stages commencing in spring or summer of 2019 and continuing through early 2021.

The architect for the project is By Design Consultants, Inc., Camp Hill, Pennsylvania (the "Architect"), and the construction manager is Wohlsen Construction Company, Lancaster, Pennsylvania (the "Construction Manager"). In addition, the Company has engaged S.R. Duffie Consulting, a construction consulting firm, to serve as Owner's Representative with respect to the construction of the Project. The total cost for the design and construction of the Project is approximately $65,500,000.

**The construction management agreement between the Company and the Construction Manager provides for a guaranteed maximum price of $54,537,677 for construction of the Project Facility, which amount excludes soft costs, administrative costs, permitting and other fees and builders risk insurance premiums. The construction management agreement provides for retainage of 10% until construction is 50% complete.**

**The Company has obtained builders risk insurance for construction of the Project Facility from American Zurich Insurance Company. In addition, under the construction management agreement, the Construction Manager has enrolled its major subcontractors for the Project Facility in the Construction Manager's Subcontractor Default Insurance program providing for coverage of up to $10,000,000 per loss and an aggregate limit of $20,000,000.**

**The Company's subdivision for the Project Facility was conditionally approved by the Upper Allen Township Board of Commissioners in October 2017, and upon satisfaction of the conditions to such approval, the subdivision plan was recorded in the office of the Cumberland County Recorder of Deeds in August 2018. The Township has confirmed that the use and development of the Project Facility as set forth in such subdivision plan complies with the Township's zoning ordinance. The Company has received all other governmental permits and approvals required for construction in its current stage, including building permits for the first two of the buildings being constructed (remaining building permits are expected to be issued in due course as the Company commences construction of the other buildings).**

## Facility Management Agreement

Pursuant to a Management Agreement dated October 19, 2017 (the "Facility Management Agreement") between the Company and Property Management, Inc. of Lemoyne, Pennsylvania (the "Manager"), the Company has appointed the Manager to perform all property management services for the Project Facility. The Manager is one of the largest rental property managers in central Pennsylvania, with over 60 residential rental properties comprising over 4,600 units under management, as well as management of over 70 condominium associations and over 7,000,000 square feet of commercial space.

The initial term of the Facility Management Agreement will end on the occupancy date of the first apartment unit in the Project Facility; thereafter, the term will continue for a period of three (3) years from the initial occupancy date. The term of the Facility Management Agreement will be deemed to be renewed for another one (1) year term on each successive anniversary date subject to termination by either party upon thirty (30) days written notice.

Under the Facility Management Agreement, the Manager agrees to provide, among others, the following property management services: preparing a detailed marketing plan for the Project; preparing a cash flow projection through full absorption and stabilization of the Project Facility; services relating to prospective tenants, including showing of apartments and negotiating residential leases; collecting rents; paying from available funds all approved operating expenses of and other bills relating to the Project Facility in a timely manner; maintaining books and records for the Project Facility and submitting monthly operating statements to the Company; preparing annual and long term operations and capital budgets; arranging for regular maintenance work, preventative maintenance, leasing and managerial functions at the Project Facility; arranging for advertising and promotion of residential rentals for the Project Facility; promptly initiating eviction processes and representing the Company's interests in landlord/tenant complaint proceedings; and liaison with third party collection agencies to attempt to collect unpaid rents and judgments.

## Future Phases of Development

The Company's master development plan for the Development includes a potential third phase of residential rental development ("Phase I C") which would include an additional two buildings and approximately 78 apartment units to be located on the real property on which the Project Facility will be located. The portion of the Project Facility on which Phase I C would be constructed is subject to the Mortgage, but any revenues generated by the Company from the possible residential development of Phase I C will not be part of the Gross Revenues pledged by the Company as security for its obligations under the Loan Agreement. The Company is evaluating the costs and benefits and timing of this potential third phase, with no immediate plan to commence construction of such phase. The Company may restructure its master development plan for the Development by eliminating Phase I C and pursuing additional commercial development opportunities instead. In such event, the Company has the right under the Mortgage to release from the lien thereof the portion of the property that is currently intended for use in Phase I C.

In addition, as discussed above, the Project Facility is part of the Development, which the Company anticipates, when fully built out, would include the Project Facility with its 314 residential units and any subsequent residential rental phase, as well as a future commercial phase anticipated to include medical, retail and office space, a boutique hotel, institutional uses, freestanding restaurants, a bank and a convenience store. This commercial phase of the Development would be located on a separate 52 acre parcel owned by the Company and adjacent to the property on which the Project Facility will be located. This separate 52 acre parcel is not part of the Project Facility and is not subject to the Mortgage, and any revenues generated by the Company from the possible commercial development of the parcel will not be part of the Gross Revenues pledged by the Company as security for its obligations under the Loan Agreement. The Company is in the early stages of obtaining estimates for site work infrastructure and other preliminary costs for this commercial phase, but has not developed a timetable for construction of such commercial phase.

While the additional rental phase and the commercial phase described above are contemplated as part of the Company's master development plan, there can be no assurance that such phases will be built or, if the Company proceeds with development of such phases, as to the timing of construction or completion of such phases. The real property and facilities constituting the commercial phase of the Development are not part of the "Project Facility" and will not be subject to the lien of the Mortgage, nor will any revenues from such commercial phase be subject to the lien of the Loan Agreement or the Indenture.

See APPENDIX A and APPENDIX C hereto for certain additional information concerning the Project Facility.

## THE COLLEGE

Messiah College (the "College" or the "Guarantor") is a Pennsylvania nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The College's main campus is located in Grantham, Pennsylvania. Portions of the main campus are located in both Cumberland and York Counties, Pennsylvania.

The College files, on an annual basis, its audited financial statements and other financial and operating data with the Municipal Securities Rulemaking Board (the "MSRB") via its EMMA system, and will execute and deliver a Continuing Disclosure Certificate in connection with the 2018 Bonds as described under "CONTINUING DISCLOSURE" and in APPENDIX F. Such information can be accessed at the MSRB's EMMA website, https//emma.msrb.org. The College's existing debt has been issued by the Pennsylvania Higher Educational Facilities Authority and the Cumberland County Municipal Authority.

For more information about the College, see "MESSIAH COLLEGE" in APPENDIX A hereto and APPENDIX B.

## PLAN OF FINANCE

The 2018 Bonds are being issued for the purpose of financing the acquisition, construction and equipping by the Company of the Project Facility.

The total cost for the design and construction of the Project Facility is approximately $65,500,000. In addition to proceeds of the 2018 Bonds, the Company is providing equity contributed by the College to pay for such project costs. The Company also has received a $700,000 grant from the Pennsylvania Department of Transportation's Multimodal Transportation Fund ("MTF") for construction of a roundabout as part of the Development, and has applied for another grant from MTF and a grant from the Pennsylvania Redevelopment Assistance Capital Program ("RACP"). The Company expects to receive a decision as to such grants in 2018. Receipt of such grants would offset a portion of the costs of the Project Facility. See "RIDER MUSSER DEVELOPMENT – Government Relations Coordinator" in APPENDIX A hereto.

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## ESTIMATED SOURCES AND APPLICATION OF FUNDS

The estimated sources and application of funds in connection with the issuance of the 2018 Bonds are anticipated to be as follows:

| | |
|---|---|
| **SOURCES OF FUNDS** | |
| Par Amount of 2018 Bonds | $57,490,000 |
| Net Reoffering Premium | 920,424 |
| College Funds (Equity Contribution) | 12,780,000 |
| Governmental Grants[*] | 2,700,000 |
| Reimbursement to Company (construction benefitting College) | 344,000 |
| Estimated Rental Income During Construction | 1,374,000 |
| Estimated Earnings on Construction Fund (est. 2.5%) | 1,122,737 |
| TOTAL SOURCES | $76,731,161 |
| **USES OF FUNDS** | |
| Vertical Construction of the Project | $44,949,986 |
| Site Improvements and Government Fees | 12,818,263 |
| Soft Costs | 4,830,584 |
| Land Costs (to supplement land conveyed by College) | 1,478,167 |
| Capitalized Interest | 8,028,573 |
| Working Capital | 1,421,000 |
| Contingency Fund | 2,201,374 |
| Costs of Issuance[**] | 1,003,214 |
| TOTAL USES | $76,731,161 |

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[*] Government Grants includes a $700,000 approved grant and $2,000,000 of expected governmental grants (see "PLAN OF FINANCE").

[**] Includes Placement Agent's fees, legal fees, trustee fees, printing costs, rating fees, title insurance premium and miscellaneous expenses.

## THE 2018 BONDS

### General

The 2018 Bonds are to be dated the date of issuance and are to bear interest payable semiannually on May 1 and November 1 of each year, commencing May 1, 2019, at the rates per annum, according to years of maturity, as set forth on the inside front cover hereof. The 2018 Bonds are to mature on November 1 of the years and in the principal amounts set forth on the inside front cover hereof, and will be subject to redemption prior to maturity, including optional redemption, special redemption and mandatory redemption, as applicable, as set forth below under "Redemption Prior to Maturity."

Except as described below under "Book-Entry Only System", interest payable on each Interest Payment Date for the 2018 Bonds is to be paid to the Persons in whose names the 2018 Bonds are registered on the bond register maintained by the Trustee (sometimes referred to herein as the "Holders") on the 15th calendar day of the month (regardless of whether such day is a Business Day) immediately preceding the relevant Interest Payment

Date, or, if payment of the 2018 Bonds is not deposited with the Trustee on or before any such Interest Payment Date, to the Holders at the close of business on a Special Record Date established by the Trustee, notice of which shall have been mailed to all Owners not less than 15 days prior to such date.

The 2018 Bonds are to be issued in the form of fully registered 2018 Bonds, without coupons, each in minimum denominations of $5,000 and integral multiples thereof. Each Bond shall be transferable only on the books of the Issuer as maintained by the Trustee in its capacity as bond registrar. Upon surrender thereof at the Office of the Trustee, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Trustee duly executed by the Owner or his attorney duly authorized in writing and in either case accompanied by a guaranty of signature satisfactory to the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the transferee or transferees, a new 2018 Bond or Bonds in authorized denominations for a like aggregate principal amount.

The Issuer, the Trustee and any Paying Agent may deem and treat the Person in whose name any 2018 Bond shall be registered upon the books of the Issuer on the Record Date as the absolute owner thereof, whether such 2018 Bond shall be overdue or not for the purpose of receiving payment of the principal of, premium, if any, Redemption Price of and interest on such 2018 Bond and for all other purposes. All such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such 2018 Bond to the extent of the sum or sums so paid. Neither the Issuer, the Trustee nor any Paying Agent shall be affected by any notice to the contrary. Any Holder may designate a nominee in whose name such 2018 Bond may be registered.

In all cases in which the privilege of exchanging or transferring 2018 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver 2018 Bonds in accordance with the provisions of the Indenture. For every exchange or transfer of 2018 Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for (i) any tax, fee or other governmental charge required to be paid with respect to such transfer, (ii) the cost of preparing each new Bond, and (iii) any other expenses of the Issuer or the Trustee incurred in connection therewith.

The Trustee shall not be required to exchange or register a transfer of (1) any 2018 Bonds during the fifteen (15) day period next preceding (i) a Bond Payment Date or (ii) the date of selection of 2018 Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of 2018 Bonds selected for redemption, or (2) any 2018 Bonds selected, called or being called for redemption in whole or in part except, in the case of any 2018 Bond to be redeemed in part, the portion thereof not so to be redeemed.

In the event any 2018 Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and, upon its request, the Trustee shall authenticate and deliver a new Bond in accordance with the provisions of the Indenture, and the Issuer and the Trustee may charge the owner of such 2018 Bond with its reasonable fees and expenses in connection therewith and require indemnity reasonably satisfactory to each of the Issuer and the Trustee.

### Limitations on Sale and Transferability

The 2018 Bonds are being offered and sold to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act as set forth herein under the caption "SALE AND PURCHASE OF THE 2018 BONDS", and may only be resold in accordance with the transfer restrictions set forth herein under the caption "RESTRICTIONS ON TRANSFER OF 2018 BONDS".

### Redemption Prior to Maturity

*Optional Redemption of 2018 Bonds at Par*. The 2018 Bonds maturing on or after November 1, 2043 are subject to redemption by the Issuer at the option of the Company on or after November 1, 2028 (the "Par Call Date"), in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the 2018 Bonds or portions thereof to be redeemed, plus accrued interest, if any, to the Redemption Date.

*Optional Redemption of 2018 Bonds at Make-Whole Redemption Price*. The 2018 Bonds are subject to redemption by the Issuer at the option of the Company in whole or in part at any time prior to the Par Call Date at a

Redemption Price equal to the greater of: (1) 100% of the principal amount of the Series 2018 Bonds to be redeemed; and (2) the sum of the present values of the payments of principal of and interest on the Series 2018 Bonds to be redeemed, which are scheduled and remain to be paid, beginning on the Redemption Date and continuing to the earlier of the Par Call Date or the maturity date of the 2018 Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which the 2018 Bonds are to be redeemed), discounted to the date on which the 2018 Bonds are to be redeemed, on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 25 basis points; plus, in each case, accrued interest on the 2018 Bonds to be redeemed to the Redemption Date.

"Treasury Rate" means, with respect to any optional redemption for a particular 2018 Bond, the yield to maturity 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 (2) 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 earlier of the Par Call Date or the maturity date of the 2018 Bonds to be redeemed; provided, however, that if the period from the Redemption Date to the earlier of the Par Call Date or the 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.

The Trustee shall call Series 2018 Bonds for optional redemption at par or at the Make-Whole Redemption Price pursuant to the foregoing provisions upon receipt of (i) written notice from the Issuer, or the Company on behalf of the Issuer, directing such redemption, which notice shall be sent to the Trustee at least forty-five (45) days prior to the Redemption Date or such fewer number of days as shall be acceptable to the Trustee and shall specify (A) the principal amount of Series 2018 Bonds so to be called for redemption, and (B) the applicable Redemption Price, and (ii) the written consent of the College to such redemption. The Issuer shall direct the Trustee to call Series 2018 Bonds for optional redemption when and only when it shall have been notified by the Company to do so.

*Mandatory Sinking Fund Redemption of 2018 Bonds*. The 2018 Bonds maturing on November 1, 2028, November 1, 2043 and November 1, 2048 (6.000% Term Bond) shall be subject to mandatory redemption on the sinking fund redemption dates and in sinking fund redemption amounts set forth in the following table, at a Redemption Price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the Redemption Date:

**Bonds Due November 1, 2028**

| Year | Principal Amount | |
|---|---|---|
| 2024 | $45,000 | |
| 2025 | 150,000 | |
| 2026 | 255,000 | |
| 2027 | 375,000 | |
| 2028 | 455,000 | (final maturity) |

**Bonds Due November 1, 2043**

| Year | Principal Amount | |
|---|---|---|
| 2029 | $550,000 | |
| 2030 | 655,000 | |
| 2031 | 765,000 | |
| 2032 | 885,000 | |
| 2033 | 1,005,000 | |
| 2034 | 1,135,000 | |
| 2035 | 1,280,000 | |
| 2036 | 1,440,000 | |
| 2037 | 1,590,000 | |
| 2038 | 1,765,000 | |
| 2039 | 2,045,000 | |
| 2040 | 2,160,000 | |
| 2041 | 2,275,000 | |
| 2042 | 2,395,000 | |
| 2043 | 2,525,000 | (final maturity) |

**Bonds Due November 1, 2048**
**(6.000% Term Bond)**

| Year | Principal Amount | |
|---|---|---|
| 2044 | $2,665,000 | |
| 2045 | 2,815,000 | |
| 2046 | 2,970,000 | |
| 2047 | 3,140,000 | |
| 2048 | 18,410,000 | (final maturity) |

*Special Redemption*. The 2018 Bonds are subject to redemption prior to maturity at the option of the Issuer (exercised at the direction of the Company), in whole or in part on any date, at a redemption price equal to 100% of the principal amount of 2018 Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project Facility to which such proceeds relate, and (ii) from unexpended proceeds of the 2018 Bonds upon the abandonment of all or a portion of the Project Facility to which such unexpended proceeds relate due to a legal or regulatory impediment.

*Purchase of 2018 Bonds in Lieu of Redemption*. If the 2018 Bonds are called for redemption in whole or in part pursuant to the terms of the Indenture, the 2018 Bonds called for redemption may be purchased in lieu of redemption in accordance with the Indenture. Purchase in lieu of redemption shall be available for all of the 2018 Bonds called for redemption or for such lesser portion of such 2018 Bonds as constitute authorized denominations under the Indenture. The Company may direct the Trustee to purchase all or such lesser portion of the 2018 Bonds so called for redemption. Any such direction to the Trustee must:

(i) be in writing;

(ii) state either that all of the 2018 Bonds called for redemption are to be purchased or, if less than all of the 2018 Bonds called for redemption are to be purchased, identify those 2018 Bonds to be purchased in authorized denominations; and

(iii) be received by the Trustee no later than 12:00 noon, New York City time, one (1) Business Day prior to the Redemption Date.

If so directed, the Trustee shall purchase such 2018 Bonds on the date which otherwise would be the Redemption Date of the 2018 Bonds. Any of the 2018 Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by the Indenture on the Redemption Date. On or prior to the scheduled Redemption Date, any direction given to the Trustee pursuant to the Indenture may be withdrawn by notice to the Trustee. The purchase shall be made for the account of the Company or its designee. The purchase price of the 2018 Bonds shall be equal to the Outstanding principal of, accrued and unpaid interest on, and the redemption premium, if any, which would have been payable on such 2018 Bonds on the applicable Redemption Date for such redemption. To pay the purchase price of such 2018 Bonds, the Trustee shall use such moneys (including, to the extent applicable, moneys on deposit in the various funds and accounts established under the Indenture) that the Trustee would have used to pay the Outstanding principal of, accrued and unpaid interest on, and the redemption premium, if any, that would have been payable on the 2018 Bonds on the Redemption Date. The Trustee shall not purchase the 2018 Bonds pursuant to the Indenture if, by no later than the Redemption Date, sufficient moneys have not been deposited with the Trustee, or such moneys are deposited, but are not available. No notice of the purchase in lieu of redemption shall be required to be given to the Holders (other than the notice of redemption otherwise required under the Indenture).

*Notice of and Procedures for Redemption*. Except as otherwise provided in the Indenture or the 2018 Bonds, if less than all the 2018 Bonds are to be redeemed, the 2018 Bonds to be called for redemption shall be selected from the maturities designated in writing by the Company and within a maturity by lot by any method determined by the Trustee to be fair and reasonable. When 2018 Bonds are to be redeemed pursuant to the Indenture, the Trustee shall give notice of the redemption of the 2018 Bonds in the name of the Issuer and at the expense of the Company stating: (1) the 2018 Bonds to be redeemed; (2) the Redemption Date; (3) that such 2018 Bonds will be redeemed at the Office of the Trustee; (4) that on the Redemption Date there shall become due and payable upon each 2018 Bond to be redeemed the Redemption Price thereof (except in the case of a mandatory sinking fund redemption, in which case the principal will be due and payable on the Redemption Date and the interest will be paid on such date as provided in the Indenture); and (5) that from and after the Redemption Date interest thereon shall cease to accrue.

The Trustee shall mail a copy of the notice required by the Indenture, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date, to each Holder at the address of such Holder appearing on the registration books of the Issuer, maintained by the Trustee, as Bond Registrar, but failure to mail such notice to any Holder or any defect in the mailed notice or mailing thereof shall not affect the validity of any proceedings for redemption of the 2018 Bonds for which notice has been duly given.

If at the time of mailing of notice of any optional redemption, there shall not have been deposited with the Trustee moneys sufficient to redeem all the 2018 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the sufficient moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

## Book-Entry Only System

The information in this section has been provided by The Depository Trust Company, New York, New York ("DTC") and is not deemed to be a representation of the Issuer, the Company or the Placement Agent. Unless otherwise noted, the following description of the procedures and record keeping with respect to beneficial ownership interests in the 2018 Bonds, payment of interest and other payments on the 2018 Bonds to Participants or Beneficial Owners (as such terms are defined below) of the 2018 Bonds, confirmation and transfer of beneficial ownership interests in the 2018 Bonds and by and between DTC, Participants and Beneficial Owners of the 2018 Bonds is based solely on information furnished by DTC. Accordingly, the Issuer, the Company, and the Placement Agent do not and cannot make any independent representations concerning these matters.

DTC will act as the initial securities depository for the 2018 Bonds. The 2018 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 2018 Bond certificate will be issued for each maturity (and, if appropriate, each fixed interest rate within a maturity) of the 2018 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the State's banking law (the "Banking Law"), a "banking organization" within the meaning of the Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the State's 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. 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 has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 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 2018 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 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2018 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 registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 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 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, redemption price and interest on the 2018 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 Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or the 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 2018 Bonds at any time by giving reasonable notice to Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

IT IS THE DUTY OF EACH BENEFICIAL OWNER TO MAKE ARRANGEMENTS WITH THE APPLICABLE DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO RECEIVE FROM SUCH PARTICIPANT NOTICES OF PAYMENTS OF PRINCIPAL, PREMIUM (IF ANY) AND INTEREST, AND ALL OTHER PAYMENTS AND COMMUNICATIONS WHICH THE DIRECT PARTICIPANT RECEIVES FROM DTC. NEITHER THE ISSUER NOR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

THE ISSUER, THE TRUSTEE AND THE COMPANY CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 2018 BONDS (1) PAYMENTS OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE 2018 BONDS, (2) CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN THE 2018 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE 2018 BONDS, 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 LIMITED OFFERING CIRCULAR. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE TRUSTEE, NOR THE COMPANY SHALL 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 TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO (1) THE 2018 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 PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 2018 BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2018 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE 2018 BONDS.

So long as Cede & Co. is the registered owner of the 2018 Bonds as nominee of DTC, references herein to the Holders, holders, owners or registered owners of such 2018 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2018 Bonds.

*Use of Certain Terms in Other Sections of the Limited Offering Circular*. In reviewing this Limited Offering Circular, it should be understood that while the 2018 Bonds are in the Book-Entry System, references in other sections of this Limited Offering Circular to Owners of the 2018 Bonds or Bondholders shall refer to Cede & Co., as nominee of DTC, and should be read with the understanding that (a) all rights of the Beneficial Owners must be exercised through DTC and the Book-Entry System and (b) notices that are to be given to Holders by the Trustee will be given only to DTC. DTC will forward (or cause to be forwarded) the notices to the Direct Participants by its usual procedures so that the Direct Participants may forward (or cause to be forwarded) such notices to the Beneficial Owners.

## RESTRICTIONS ON TRANSFERS OF 2018 BONDS

**THE 2018 BONDS ARE BEING OFFERED FOR SALE ONLY TO QUALIFIED INSTITUTIONAL BUYERS WHO HAVE SUBMITTED AN EXECUTED INVESTOR LETTER IN THE FORM OF APPENDIX G HERETO TO THE ISSUER, THE COMPANY, THE COLLEGE AND THE PLACEMENT AGENT. ANY SUBSEQUENT TRANSFER OR SALE OF A 2018 BOND MAY ONLY BE MADE (1) TO A QUALIFIED INSTITUTIONAL BUYER IN ACCORDANCE WITH RULE 144A OR (2) FOLLOWING THE RESTRICTED PERIOD IN ACCORDANCE WITH RULE 144 PROMULGATED UNDER THE SECURITIES ACT ("RULE 144").**

Each purchaser of the 2018 Bonds from the Issuer will be deemed to have acknowledged, represented to and agreed with the Issuer, the Company, the College, the Trustee and the Placement Agent as follows:

- It is an Qualified Institutional Buyer as defined in Rule 144A and that such acquisition will be for its own account or for an account with respect to which it exercised discretion required by Rule 144A.
- It acknowledges that the 2018 Bonds have not been registered under the Securities Act and may not be offered or sold except as set forth herein.
- If it should resell or otherwise transfer any of the 2018 Bonds prior to the end of the Restricted Period, it will do so only to a Qualified Institutional Buyer in compliance with Rule 144A and in compliance with applicable state securities laws and the securities laws of any other applicable jurisdiction.

- It will deliver to each person to whom it transfers any of the 2018 Bonds prior to the end of the Restricted Period a notice of the restrictions on transfer of the 2018 Bonds.

Each purchaser or transferee of the 2018 Bonds further acknowledges that the 2018 Bonds will contain a legend substantially to the following effect:

"EACH HOLDER OF THIS BOND (A) WILL NOT SELL OR OTHERWISE TRANSFER THIS BOND OTHER THAN TO (1) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER, OR (2) IN A TRANSACTION COMPLETED MORE THAN ONE (1) YEAR AFTER THE DATE THE BOND WAS LAST ACQUIRED FROM THE ISSUER, THE COMPANY, THE COLLEGE OR AN AFFILIATE OF ANY OF THEM (THE "RESTRICTED PERIOD"), AND (B) WILL, AND EACH SUBSEQUENT HOLDER OF THIS BOND DURING THE RESTRICTED PERIOD IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS BOND DURING THE RESTRICTED PERIOD OF THE RESALE RESTRICTIONS REFERRED TO HEREIN. EACH HOLDER FURTHER ACKNOWLEDGES THAT BY REQUESTING A TRANSFER OF THIS BOND DURING THE RESTRICTED PERIOD, THE HOLDER UNDERSTANDS THAT THE ISSUER, THE COMPANY, THE COLLEGE AND THE TRUSTEE WILL CONCLUSIVELY RELY ON THE REPRESENTATION OF THE HOLDER THAT THE TRANSFEREE IS A QUALIFIED INSTITUTIONAL BUYER PURSUANT TO (A) ABOVE."

Each 2018 Bond will be designated on the book-entry records of DTC as being subject to the restrictions on transferability as referenced above prior to the end of the Restricted Period. Any sale or transfer of a 2018 Bond during the Restricted Period to any person or entity which does not qualify as a Qualified Institutional Buyer is strictly prohibited. Following the end of the Restricted Period, the Trustee will request that the foregoing transfer restrictions on the books of DTC be removed by DTC.

Each purchaser or transferee of the 2018 Bonds acknowledges that the Issuer, the Company, the College, the Trustee, the Placement Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agree that, if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of the 2018 Bonds are no longer accurate or complete, it will promptly notify in writing the Issuer, the Company, the College, the Trustee and the Placement Agent.

## SECURITY FOR THE 2018 BONDS

### Limited Obligations

**THE 2018 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE 2018 BONDS ARE ISSUED AND SECURED, AND THE 2018 BONDS SHALL NOT BE OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE ISSUER OR AN OBLIGATION OF CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 2018 BONDS, AND NEITHER THE GENERAL CREDIT OF THE ISSUER NOR THE FAITH AND CREDIT OR TAXING POWER OF CUMBERLAND COUNTY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE ISSUER HAS NO TAXING POWER.**

### Trust Estate

Under the Indenture, the Issuer assigns and pledges to the Trustee, and grants to the Trustee a security interest in, for the benefit of the owners and future owners of the 2018 Bonds issued under the Indenture, (A) all right, title and interest of the Issuer in and to the moneys in all funds and accounts established by or pursuant to the Indenture or the Loan Agreement or any and all amendments or supplements thereto and held by the Trustee (except moneys deposited with, paid to, or received by the Trustee for the redemption of the 2018 Bonds) and the income thereon, subject to the provisions of the Indenture and the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; (B) all right, title and interest of the Issuer in and to the Loan Agreement, including all payments, revenues and receipts payable or receivable thereunder and all liens and security interest granted thereunder; and (C) any and all other Property of every name and nature from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer, the Company or by anyone in their behalf or with their written consent in favor of the Trustee.

## Loan Agreement

Under the Loan Agreement, the Company shall agree to pay to the Trustee, on each principal or interest payment date for the 2018 Bonds, an amount sufficient to pay the principal of and interest on the 2018 Bonds on such payment date. The obligations of the Company to make payments under the Loan Agreement are absolute and unconditional. See APPENDIX C hereto.

## Security Interest in Gross Revenues from Project Facility

Under the Loan Agreement, as security for the payment of all liabilities and the performance of all obligations of the Company pursuant thereto, the Company pledges, grants a Lien on and assigns to the Trustee, as assignee of the Issuer, the Gross Revenues, together with the Company's right to receive and collect the Gross Revenues and the proceeds of the Gross Revenues. The Company covenants that it shall not create or permit the creation of any Lien on or other commitment of or with respect to the Gross Revenues or the Project Facility except for Permitted Encumbrances.

"Gross Revenues" is defined to mean all Project Revenues (i.e., rental payments and any other charges to be paid by the occupants of the Project Facility), issues, profits, revenues, income, receipts, moneys and royalties derived from all license, lease or rental arrangements for units in the Project Facility, operating revenues and gains from or relating to the Project Facility, determined in accordance with generally accepted accounting principles, including Federal or State grant or other programs, and insurance and condemnation payments and awards, and also including investment income on all funds and accounts held by the Trustee under the Indenture, and all proceeds thereof and rights to receive the same; provided, however, that there shall be excluded from Gross Revenues security deposits paid by tenants or prospective tenants of the Project Facility which are required under applicable law to be held in an escrow account. For the avoidance of doubt, Gross Revenues does not include revenues derived from the ownership or operation of facilities other than the Project Facility. As a result, Gross Revenues does not include any revenues that may be generated by the Company from the possible residential development of Phase I C or any revenues that may be generated by the Company from the possible commercial development of a separate, 52 acre parcel that is adjacent to the property on which the Project Facility will be located. See "THE PROJECT FACILITY – Future Phases of Development".

As discussed above, the Company may restructure its master development plan for the Development by eliminating Phase I C and pursuing additional commercial development opportunities instead. In such event, the Company has the right under the Mortgage to release from the lien thereof the portion of the properties that is currently intended for use in Phase I C. Any revenues that may be generated by the Company from such commercial development shall not constitute "Gross Revenues".

## Mortgage

Under the Mortgage, the Company grants to the Trustee a first priority mortgage lien on all of its right, title and interest in and to the real and personal property comprising the Project Facility. In addition, under the Mortgage, the Company assigns to the Trustee all rents, issues, fees, sums, amounts, profits and, to the extent permitted by law, security deposits of and from the Project Facility, and all residency agreements, leases, subleases, licenses or occupancy agreements of all or part of the Project Facility.

The lien of the Mortgage includes that portion of the Project Facility on which Phase I C would be constructed. As discussed above, the Company may restructure its master development plan for the Development by eliminating Phase I C and pursuing additional commercial development opportunities instead. In such event, the

Company has the right under the Mortgage to release from the lien thereof the portion of the properties that is currently intended for use in Phase I C.

In addition, the lien of the Mortgage does not extend to the separate, 52 acre parcel adjacent to the property on which the Project Facility will be located and on which the commercial phase of the Development would occur. See "THE PROJECT FACILITY – Future Phases of Development".

### Indenture Funds

The Trustee will establish various funds and accounts under the Indenture. Pursuant to the Loan Agreement, the Company agrees to collect the Gross Revenues and transfer them to the Trustee on or prior to the Business Day preceding the last Business Day of each month for deposit to the Revenue Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST" in APPENDIX D hereto.

Except as otherwise provided in the Indenture, on the last Business Day of each month commencing with the first month during which the Trustee receives Gross Revenues from the Company pursuant to the Loan Agreement, the Trustee will withdraw moneys from the Revenue Fund and transfer them to the following funds in the following order of priority:

> FIRST, beginning on the earlier of the date of completion of the acquisition, construction and equipping of the Project Facility as certified by the Company pursuant to the Loan Agreement or the date on which all amounts on deposit in the Capitalized Interest Account have been expended, there shall be transferred to the Bond Fund an amount sufficient to accumulate, in equal monthly installments, an amount equal to the next succeeding Debt Service Payment attributable to principal and interest on the 2018 Bonds;
>
> SECOND, there shall be transferred to the Company for deposit to the Operating Account the amount of the next month's Operating Expenses, as set forth in the current Annual Budget (as stated in a certificate signed by an Authorized Representative of the Company);
>
> THIRD, there shall be transferred to the College the amount of any draw under the Guaranty that has not been reimbursed by the Company (as certified in writing by the College);
>
> FOURTH, there shall be transferred to the Repair and Replacement Fund, beginning in November, 2023 and continuing until the date upon which the Repair and Replacement Fund is funded at the Repair and Replacement Fund Requirement, an amount equal to $12,560 per month, and thereafter, following any withdrawal from the Repair and Replacement Fund, an amount necessary to fully fund the Repair and Replacement Fund at the Repair and Replacement Fund Requirement; and
>
> FOURTH, all remaining amounts on deposit in the Revenue Fund shall be transferred to the Surplus Fund to be used in accordance with the Indenture as described in APPENDIX D hereto under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST – Surplus Fund".

### Assignment of Project Documents

Under the Assignment of Project Documents, the Company assigns to the Trustee all of its rights under the construction contract, architect's agreement and the plans and specifications relating to the Project Facility and the Facility Management Agreement.

### Financial Covenants

Under the Loan Agreement, the Company agrees that it shall cause the Project Facility to maintain at all times while the 2018 Bonds remain Outstanding a Debt Service Coverage Ratio of 1.00 to 1.00. In addition, the Company agrees in the Loan Agreement that so long as any of the 2018 Bonds shall remain Outstanding, the Company shall not, nor shall it permit any subsidiary to, directly or indirectly, create, assume, incur or in any manner become or remain liable in respect to, any Indebtedness secured by the Project Facility or the Gross Revenues except Additional Bonds or Short Term Indebtedness incurred with the written consent of the College, or create, assume, incur or suffer to exist or allow to be created, assumed or incurred or suffered to exist any Lien upon the Project or the Gross Revenues, now owned or hereafter acquired, excepting, however, Permitted Encumbrances. See APPENDIX C hereto.

The Company has estimated that all initial rates, revenues and expenses of the Project Facility, together with anticipated future increases to such variables, will allow the Project Facility to be self-supporting. However, no assurances can be given that such estimated results will actually be achieved.

### Guaranty

The College is executing and delivering the Guaranty in favor of the Trustee, pursuant to which the College will guaranty the payment of debt service with respect to the 2018 Bonds. The Guaranty will only secure the Company's obligations with respect to the 2018 Bonds and will not secure the Company's debt service obligations with respect to any Additional Bonds or other indebtedness of the Company. The Guaranty will be an unsecured general obligation of the College.

## MARKET FEASIBILITY STUDY

Real Property Research Group (the "Consultant") has prepared a Market Feasibility Analysis dated June 19, 2018 (the "Market Feasibility Study") relating to the Project Facility and the Company's ability to generate revenues from the operations of the Project Facility. A copy of the Market Feasibility Study is attached as APPENDIX C hereto.

The following summarizes certain conclusions set forth in the Market Feasibility Study, which are based on the information and assumptions set forth therein:

*Site Analysis*: The Project Facility is well situated to take advantage of existing community services, neighborhood amenities and employment centers in the region. The site is a strategic, convenient location anchoring the northern boundary of the College campus. The campus-like nature of the site and high standards for both site and building design will set this community apart from other higher-end developments.

*Economic Analysis*: The economy is diversified, and unemployment rates remain below national levels. The county's extensive road network and key government, educational and medical facilities have provided strong underpinning for the economic base.

*Demographic Analysis*: The market area and Cumberland County have maintained steady growth rates since 2000. The market area is a mature well-established upper middle-income community with continued steady expansion of the household base. The estimated 2018 medium household income in the Oakwood Hills Market Area is $79,779 and the primary market's median renter household earns $53,409 per year. The market area is an affluent household base and a large proportion of senior households who might consider downsizing given an appropriate premium rental option.

*Competitive Housing Analysis*: The Oakwood Hills multi-family rental market is very strong with full occupancy vacancy rates (0.8 percent) and healthy absorption paces. All five "Upper Tier" competitive communities identified by the Consultant are fully leased, signifying a very strong market. The most recent to open (2017) Upper Tier competitor has fully leased its supply at a monthly pace of 12 to 19 units for its first two phases. Accounting for household trends, necessary unit replacement, and a stabilized structural vacancy rate of 5.0 percent, the Consultant projects an excess demand in the subject's market area as of June 1, 2021, taking into account the Project Facility's 314 units. The result of the net demand analysis indicates a market place with a significant pent-up demand for rental housing that should reasonably absorb the Project Facility and two pipeline projects under consideration plus sufficient surplus to absorb a potential project. The potency of the demand is underscored by the very low vacancy rates in the market place, the strength of the economy, and the strong market acceptance of premium priced rental product. Low capture and penetration rates and demand equation indicate positive demand for rental product with full occupancy rates and healthy lease up of new product.

**The foregoing summary should be read with reference to the complete Market Feasibility Study attached to this Limited Offering Circular as APPENDIX C, which includes a statement of all assumptions made in connection with the statements and conclusions summarized above.**

## DEBT SERVICE REQUIREMENTS FOR THE 2018 BONDS

| Twelve- Month Period Ending November 1 | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ - | $3,411,420.22 | $3,411,420.22 |
| 2020 | - | 3,283,720.00 | 3,283,720.00 |
| 2021 | - | 3,283,720.00 | 3,283,720.00 |
| 2022 | - | 3,283,720.00 | 3,283,720.00 |
| 2023 | - | 3,283,720.00 | 3,283,720.00 |
| 2024 | 45,000.00 | 3,283,720.00 | 3,328,720.00 |
| 2025 | 150,000.00 | 3,281,447.50 | 3,431,447.50 |
| 2026 | 255,000.00 | 3,273,872.50 | 3,528,872.50 |
| 2027 | 375,000.00 | 3,260,995.00 | 3,635,995.00 |
| 2028 | 455,000.00 | 3,242,057.50 | 3,697,057.50 |
| 2029 | 550,000.00 | 3,219,080.00 | 3,769,080.00 |
| 2030 | 655,000.00 | 3,189,380.00 | 3,844,380.00 |
| 2031 | 765,000.00 | 3,154,010.00 | 3,919,010.00 |
| 2032 | 885,000.00 | 3,112,700.00 | 3,997,700.00 |
| 2033 | 1,005,000.00 | 3,064,910.00 | 4,069,910.00 |
| 2034 | 1,135,000.00 | 3,010,640.00 | 4,145,640.00 |
| 2035 | 1,280,000.00 | 2,949,350.00 | 4,229,350.00 |
| 2036 | 1,440,000.00 | 2,880,230.00 | 4,320,230.00 |
| 2037 | 1,590,000.00 | 2,802,470.00 | 4,392,470.00 |
| 2038 | 1,765,000.00 | 2,716,610.00 | 4,481,610.00 |
| 2039 | 2,045,000.00 | 2,621,300.00 | 4,666,300.00 |
| 2040 | 2,160,000.00 | 2,510,870.00 | 4,670,870.00 |
| 2041 | 2,275,000.00 | 2,394,230.00 | 4,669,230.00 |
| 2042 | 2,395,000.00 | 2,271,380.00 | 4,666,380.00 |
| 2043 | 2,525,000.00 | 2,142,050.00 | 4,667,050.00 |
| 2044 | 2,665,000.00 | 2,005,700.00 | 4,670,700.00 |
| 2045 | 2,815,000.00 | 1,845,800.00 | 4,660,800.00 |
| 2046 | 2,970,000.00 | 1,676,900.00 | 4,646,900.00 |
| 2047 | 3,140,000.00 | 1,498,700.00 | 4,638,700.00 |
| 2048 | 22,150,000.00 | 1,310,300.00 | 23,460,300.00 |
| TOTAL | $57,490,000.00 | $83,265,002.72 | $140,755,002.72 |

## CERTAIN BONDHOLDERS' RISKS

### General

AN INVESTMENT IN THE 2018 BONDS INVOLVES CERTAIN RISKS AND EACH INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE 2018 BONDS. Each prospective investor should also carefully examine this Limited Offering Circular and such investor's own financial condition (including the diversification of such investor's investment portfolio) in order to make a judgment as to whether the 2018 Bonds are an appropriate investment.

The Company has identified and summarized below a number of "Bondholders' Risks" that could adversely affect the operation of the Project Facility and/or the 2018 Bonds which should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors which should be considered along with other factors set forth elsewhere in this Limited Offering Circular, including the Appendices hereto.

If the Company is unable to generate sufficient revenues from the operation of the Project Facility to pay its operating expenses and principal of and interest on the 2018 Bonds, an event of default could occur under the Financing Documents. Upon such an event of default, the 2018 Bonds may be paid before maturity or applicable Redemption Dates. Under the Guaranty, however, the College would be obligated to pay debt service on the 2018 Bonds but would have the option under the Indenture of paying scheduled debt service as it becomes due or directing acceleration of the 2018 Bonds and paying all principal and accrued unpaid interest on the 2018 Bonds upon such acceleration. The Company's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including those described below.

### Limited Obligations of the Issuer

The 2018 Bonds constitute limited obligations of the Issuer and have three potential sources of payment. The sources of payment are as follows:

(1) Loan Payments received by the Trustee from the Company pursuant to the terms of the Indenture and the Loan Agreement.

The Issuer has no obligation to pay the 2018 Bonds except from the Trust Estate assigned and pledged under the Indenture, including loan payments derived from the Loan Agreement. See "SECURITY FOR THE 2018 BONDS – Limited Obligations". Under the Loan Agreement, the Company will be required to make loan payments to the Trustee, as the assignee of the Issuer, in amounts sufficient to enable the Trustee to pay the principal of, premium, if any, and interest on the 2018 Bonds. The loan payments are anticipated, however, to be derived solely from the operation of the Project Facility. Furthermore, the Company's ability to meet its obligations under the Loan Agreement will depend upon achieving and maintaining certain occupancy levels at the Project Facility throughout the term of the 2018 Bonds. However, no assurance can be made that the Company will generate sufficient revenues from the Project Facility to pay maturing principal of, premium, if any, and interest on the 2018 Bonds when due after payment of operating expenses of the Project Facility.

(2) Payments received by the Trustee from the College pursuant to the terms of the Guaranty.

Under the Guaranty, the College will be required to make payments to the Trustee in amounts sufficient to enable the Trustee to pay the principal of, premium, if any, and interest on the 2018 Bonds in the event the Company defaults in its payment obligations with respect to the 2018 Bonds. Under the Indenture, the College would have the option of paying scheduled debt service as it becomes due or directing acceleration of the 2018 Bonds and paying all principal and accrued unpaid interest on the 2018 Bonds upon such acceleration. See "Risk Factors Relating to the College" below for risk factors relating to the College's ability to meet its obligations under the Guaranty.

(3) Proceeds realized from the sale or lease of Company's interest in the Project Facility to a third party by the Trustee at or following foreclosure by the Trustee of the Mortgage and proceeds realized from the liquidation of other security for the 2018 Bonds.

Debtors frequently employ defensive measures, such as protracted litigation and bankruptcy proceedings, in response to lenders' efforts to foreclose on real property or otherwise to realize upon collateral to satisfy indebtedness which is in default. Such defensive measures can prevent, or greatly increase the expense and time involved in achieving, such foreclosure or other realization. In addition, the Trustee could experience difficulty in selling or leasing the real and personal property portion of the Project Facility upon foreclosure, and the proceeds of such sale may not be sufficient to pay fully the owners of the 2018 Bonds. See "CERTAIN BONDHOLDERS' RISKS - Liquidation of Security may not be Sufficient in the Event of a Default" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the 2018 Bonds in accordance with their terms are largely dependent upon the Loan Payments described in paragraph (1) above, which are wholly dependent upon the success of the Project Facility. Even if the Project Facility is operating in an efficient manner, other factors could affect the Company's ability to make Loan Payments under the Loan Agreement.

Moreover, subject to the terms of the Loan Agreement, the Company also may become engaged in other ventures in the future. If losses are experienced in such other future ventures, the Company might default in payments under the Loan Agreement, regardless of the successful operation of the Project Facility. The filing by, or against, the Company for relief under the United States Bankruptcy Code (the "Bankruptcy Code") in connection with any other project may have an adverse effect on the ability of the Trustee and Bondholders to enforce their claim or claims to the security granted by the Indenture, the Loan Agreement and the Mortgage which secure the Project Facility, and their claim or claims to moneys owed them as unsecured claimants, if any. Such a filing would generally operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Company and its property and as an automatic stay of any act or proceeding to enforce a lien against such property, which may include the Project Facility even though the Project is not pledged to secure any other indebtedness. Further, once a bankruptcy court has acquired jurisdiction over the Company in connection with the Project Facility or any other project or venture, such court would likely have the ability to exercise its jurisdiction generally in respect of the Company and its assets, including the Project Facility and any other project.

### Limited Resources of the Company

Other than its ownership of the Project Facility and the other real property comprising the Development, the Company has no substantial revenues or assets. Therefore, timely payment of principal of, premium, if any, and interest on the 2018 Bonds will be dependent upon the Company's ability to generate revenues from the Project Facility sufficient to pay its operating expenses and Loan Payments under the Loan Agreement. The Indenture requires that revenues generated by the Company will be applied first to payment of the debt service on the 2018 Bonds and then to operating expenses. In the event such revenues are insufficient to enable the Company to pay debt service, however, the Company likely will have no moneys or assets other than the Project Facility and the revenues generated thereby from which to make the payments required under the Loan Agreement. As discussed herein under "SECURITY FOR THE 2018 BONDS – Security Interest in Gross Revenues", Gross Revenues does not include any revenues that may be generated by the Company from the possible residential development of Phase I C or any revenues that may be generated by the Company from the possible commercial development of a separate, 52 acre parcel that is adjacent to the property on which the Project Facility will be located.

### Liquidation of Security may not be Sufficient in the Event of a Default

The Project Facility is specifically designed and constructed as a residential rental facility and may not be suitable for other uses. The number of entities that could be expected to purchase or lease the Company's interest in the Project Facility is therefore limited, and thus the ability of the Trustee to realize funds from the sale or lease of such interest upon an event of default may be limited. Such value may be also limited by actual or alleged rights of residents. Any foreclosure proceeding may be subject to substantial delays. The ability of the Trustee to receive funds sufficient to pay the 2018 Bonds from any sale or foreclosure of the Company's interest in the Project Facility may be limited by a number of factors, including the limited operational use of the Project Facility as a residential rental facility and the fact that the purchaser of such interest may control the Project Facility only for a limited period of time.

### Construction Risks

Construction of the Project Facility is subject to the usual risks associated with construction projects including but not limited to delays associated with approvals by governmental bodies, unforeseen conditions, and force majeure events. Such events could result in delaying occupancy of the Project Facility and thus adversely impact the revenue of the Company. It is anticipated that the proceeds from the sale of the 2018 Bonds, together with anticipated investment earnings thereon and other available funds, will be sufficient to complete the construction and equipping of the Project Facility based upon the guaranteed maximum price obtained from the construction manager. However, cost overruns for a project of this magnitude may occur due to change orders and other factors. In addition, under the construction contracts, the date of substantial completion of the Project Facility may be extended by reason of change orders authorized by the Company, but also by reason of force majeure events beyond the control of the Company or the construction manager. If the period of substantial completion is extended for any of such force majeure events, the construction manager would not be responsible for liquidated damages for the period of excusable delays.

### Required Occupancy Levels and Rents

In order for the Company to generate sufficient revenues to enable it to make Loan Payments under the Loan Agreement at the times required under the Loan Agreement, the Project Facility must meet certain assumed occupancy levels and achieve certain assumed rents during each fiscal year. There can be no assurance, however, that the Project Facility will be able to meet and maintain such required occupancy and rent levels during any fiscal year.

### Special Use Nature of the Project

The Project Facility is being constructed to serve as a residential apartment complex. If it were necessary to sell the Company's interest in the Project Facility pursuant to the Mortgage upon an event of default, the special use nature of the Project Facility as a residential apartment complex and its location may limit the purchase price that could be obtained, and the net proceeds received may be less than the principal amount of the 2018 Bonds Outstanding.

### Clean-up Costs and Liens under Environmental Statutes

There are potential risks relating to environmental liability associated with the ownership or operation of, or secured lending with respect to, any real property. If hazardous substances are found to be located on real property, owners or operators of, or secured lenders regarding, such property may be held liable for costs and other liabilities relating to such hazardous substances on a strict liability basis. In the event of repossession, purchase or participation in the management of the Project Facility by the Trustee or the Bondholders, the Trustee and/or the Bondholders may be held liable for costs and other liabilities relating to hazardous substances, if any, on the site of the Project Facility on a strict liability basis and such costs might exceed the value of such property.

The Company is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of the Project Facility. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Company could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project Facility. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Trustee's lien on behalf of the Bondholders could attach to the Project Facility, which would adversely affect the Trustee's ability to realize value from the disposition of the Company's interest in the Project Facility upon foreclosure of the Mortgage. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Project Facility under the Mortgage, the Trustee and the Bondholders would need to take into account the potential liability of any tenant of the Project Facility, including a tenant by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

### Pledge, Assignment, and Grant of Security Interest in Future Revenues

Under the Loan Agreement and the Mortgage, the Company shall grant to the Trustee a lien on and security interest in the Gross Revenues and all other personal property of the Company relating to the Project Facility. Nevertheless, certain interests and claims of others may be on a parity with or prior to the pledge, assignment, and grant of a security interest made in the Loan Agreement and/or the Mortgage and in the Indenture and certain statutes and other provisions may limit the Company's right to make such pledges, assignments, and grants of security interests. Examples of such claims, interests, and provisions are:

(1) statutory liens;

(2) rights arising in favor of the United States of America or any agency thereof;

(3) present or future prohibitions against assignment contained in any federal statutes or regulations;

(4) the Pennsylvania Uniform Commercial Code may not recognize a security interest in future revenues derived from the Project Facility;

(5) Permitted Encumbrances (as defined in the Indenture);

(6) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction;

(7) federal bankruptcy laws as they affect amounts earned with respect to the Project Facility after any effectual institution of bankruptcy proceedings by or against the Company or the Issuer;

(8) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee;

(9) items not in possession of the Trustee, the records to which are located or moved outside the Commonwealth of Pennsylvania, which are thereby not subject to or are removed from the operation of the Commonwealth of Pennsylvania; and

(10) the requirement that appropriate continuation statements be filed in accordance with the Pennsylvania Uniform Commercial Code as from time to time in effect.

### Enforceability of Remedies

The 2018 Bonds are payable from the Trust Estate pledged under the Indenture, including payments to be made under the Loan Agreement, payments made pursuant to the Guaranty, and the proceeds of the collateral security pledged to secure the 2018 Bonds. See "SECURITY FOR THE 2018 BONDS" herein. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Financing Documents. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, the Bankruptcy Code), the remedies specified by the Financing Documents 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 Financing Documents. The various legal opinions to be delivered concurrently with the delivery of the 2018 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

### Other Risk Factors

In the future, the following additional factors, among others, may adversely affect the operations of the Company to an extent that cannot be determined at this time. The occurrence of any of the following events could have a material adverse effect on the Company's ability to operate the Project Facility and the ability to pay debt service on the 2018 Bonds.

(1) The adequacy of the construction and property management and maintenance of the Project Facility.

(2) The future ability of the Company to successfully develop the planned commercial phase of the Development and the attractiveness of the components of such commercial phase.

(3) The proximity and attractiveness of competing residential rental properties.

(4) Increases in operating expenses (including costs of energy) at the Project Facility and in relation to competing properties.

(5) An increase in vacancy rates at the Project Facility.

(6) A decline in rental rates as leases are renewed or entered into with new tenants.

(7) National, regional or local economic conditions, including economic and industry slowdowns and unemployment rates.

(8) Local real estate conditions, such as an oversupply of competing residential properties.

(9) Civil disorder, acts of war or of terrorists, acts of God, such as floods or earthquakes, and other factors beyond the control of the Company.

(10) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

(11) Increased costs and decreased availability of liability insurance.

(12) Increased costs of materials and supplies.

(13) Cost and availability of energy.

(14) Unknown litigation.

(15) The occurrence of natural disasters, including floods and storms, which might damage the Project Facility or otherwise impair the operation and ability of the Facility to produce revenue.

(16) Legislation and/or regulation by governmental authorities that adversely affects the Project Facility or the management and operation of the Project Facility.

**Risks Relating to the College**

The ability of the College to meet its payment obligations under the Guaranty is dependent on its ability to generate sufficient revenues to pay its operating expenses and the debt service requirements on bonds and other indebtedness issued for the College's own benefit in addition to any required payments under the Guaranty. Such ability is dependent on a number of factors, including the following:

(1) Loss of accreditation for the College or key academic programs, or changes in accreditation standards which could adversely affect the College's ability to maintain accreditation for itself or key academic programs.

(2) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

(3) Litigation resulting in required payments by the College which exceed insurance coverages.

(4) Increased costs and decreased availability of public liability or other types of insurance.

(5) Changes in the demand for higher education in general or for programs offered by the College in particular.

(6) Cost and availability of energy.

(7) High interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.

(8) A decrease in student loan funds or other aid that permits many students the opportunity to pursue higher education.

(9) An increase in the costs of health care benefits, retirement plans, or other benefit packages offered by the College to its employees.

(10) Withdrawal of any current exemptions from local real estate taxes, business privilege taxes and similar impositions.

(11) Losses in investments held by the College and/or withdrawals to fulfill its obligation under the Guaranty.

(12) Reduced future College revenues as a result of a need to increase tuition discounting to attract students.

(13) Increased competition from other institutions of higher learning which may offer similar academic programs or may recruit similar students, and that may result in reduced enrollments and reduced College revenues.

(14) Reduced ability to attract future annual or capital campaign contributions, that may limit future projects and/or the ability to address deferred maintenance.

(15) Reduced availability of qualified faculty to teach the programs offered by the College.

(16) Legislation and regulation by governmental authorities, including developments affecting tax-exempt status of educational institutions like the College and changes in immigration laws limiting the College's ability to admit foreign students or hire foreign faculty and administrators.

(17) Natural disasters or effects of any climate change which might damage the College's facilities, interrupt service to its facilities or otherwise impair the operation of the College's facilities.

(18) An inability to retain students, resulting in enrollment losses and reduced revenues, which may be due to reduced financial aid available to students from the College or from Federal or state sources.

(19) Future deficits as a result of increased future expenses.

### Limited Secondary Market

The 2018 Bonds are being sold only to Qualified Institutional Buyers within the meaning of Rule 144A, and during the Restricted Period may be resold only to Qualified Institutional Buyers. There can be no guarantee that there will be a secondary market for the 2018 Bonds or, if a secondary market exists, that such 2018 Bonds can be sold for any particular price. Occasionally, because of general market conditions or lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

### Additional Bonds

The Indenture permits the Issuer, at the request of the Company, and upon compliance with certain conditions specified in the Indenture, to issue Additional Bonds under the Indenture which would be equally and ratably secured on a parity basis with the 2018 Bonds. SUCH ADDITIONAL BONDS COULD DILUTE THE SECURITY FOR THE 2018 BONDS. Such Additional Bonds may be issued to refund the 2018 Bonds or other Bonds issued under the Indenture, to pay the cost of completing the Project Facility, to finance Capital Additions relating to the Project Facility (including additions, improvements or extraordinary repair to or replacements of all or any part of the Project Facility), or to finance additional projects approved by the Issuer, including without limitation future phases of the Development. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF

TRUST – Additional Bonds" in APPENDIX D hereto for a description of the Indenture provisions relating to issuance of Additional Bonds.

## TAX MATTERS

**THE MATERIAL UNDER THIS CAPTION "TAX MATTERS" CONCERNING THE TAX CONSEQUENCES OF OWNERSHIP OF THE 2018 BONDS WAS WRITTEN TO SUPPORT THE MARKETING OF THE 2018 BONDS, AND EACH OWNER SHOULD SEEK ADVICE BASED ON THE OWNER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. THIS MATERIAL WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER.**

### General

Interest on and profit, if any, on the sale of the 2018 Bonds are not excludable from gross income for federal income tax purposes.

### General Federal Tax Matters

The following discussion summarizes the material United States federal income tax consequences generally applicable to the purchase, ownership and disposition of the 2018 Bonds by the beneficial owners thereof ("Owners"). The discussion is limited to the tax consequences to the initial Owners of the 2018 Bonds who purchase the 2018 Bonds at the issue price within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code") and generally does not address the tax consequences to subsequent purchasers of the 2018 Bonds. The discussion does not purport to be a complete analysis of all of the potential United States federal income tax consequences relating to the purchase, ownership and disposition of the 2018 Bonds, nor does this discussion describe any federal estate or gift tax consequences. Furthermore, the discussion does not address all aspects of taxation that might be relevant to particular purchasers in light of their individual circumstances. For instance, the discussion does not address the alternative minimum tax provisions of the Code or special rules applicable to certain categories of purchasers including dealers in securities or foreign currencies, insurance companies, regulated investment companies, real estate mortgage investment conduits, financial institutions, tax-exempt entities, persons required to accelerate the recognition of any item of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement, Owners whose functional currency is not the United States dollar and Owners who are not United States Owners (as defined below). The discussion does not address the special rules applicable to purchasers who hold the 2018 Bonds as part of a hedge, straddle, conversion, constructive ownership or constructive sale transaction or other risk reduction transaction. The discussion does not address foreign taxes.

The discussion is based on the provisions of the Code, the regulations of the Department of the Treasury, and administrative and judicial interpretations, all as in effect today and all of which are subject to change, possibly on a retroactive basis. The discussion assumes that the 2018 Bonds are held as capital assets within the meaning of Section 1221 of the Code.

### Tax Consequences to United States Owners

Stated interest payments on the 2018 Bonds is taxable to a United States Owner as ordinary income at the time the interest accrues or is received in accordance with the United States Owner's method of accounting for United States federal income tax purposes. A "United States Owner" is an Owner of a 2018 Bond that is, for United States federal income tax purposes: (1) a citizen or resident of the United States, (2) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (3) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (4) a trust, the administration of which is subject to the primary supervision of a court within the United States and which has one or more United States persons with authority to control all substantial decisions, or a trust that was in existence on August 20, 1996, and has elected to continue its then current treatment as a United States trust. If a partnership (or an entity taxable as a partnership) holds the 2018 Bonds, the United States federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership.

*Original Issue Discount***.** A 2018 Bond will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes if the stated principal amount of such 2018 Bond exceeds its issue price by at least the de minimis threshold amount of 1⁄4 of one percent of the stated principal amount of such 2018 Bond multiplied by the number of complete years from the issue date of such 2018 Bond to its maturity. If a 2018 Bond is issued with OID, United States Owners, regardless of their regular method of tax accounting, will have to include the OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis), prior to their receipt of the cash corresponding to such OID, which ordinarily will result in the inclusion of increasing amounts of OID in income in successive accrual periods.

*Bond Premium***.** A holder of a 2018 Bond who purchases such Bond at a cost that exceeds the stated principal amount of such 2018 Bond will have amortizable bond premium equal to such excess. If the holder elects to amortize the bond premium, such election will apply to all 2018 Bonds held by the holder on the first day of the taxable year to which the election applies, and to all 2018 Bonds thereafter acquired by the holder. The premium must be amortized using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, but a reduction in basis is required for amortizable bond premium even though such premium is applied to reduce interest payments. Bond premium on a 2018 Bond held by a holder that has not elected to amortize bond premium will decrease the gain or loss otherwise recognized on the disposition the Bond.

*Sale, Exchange, Redemption or Retirement of the 2018 Bonds***.** In general, upon the sale, exchange, redemption or retirement of a 2018 Bond, a United States Owner will recognize capital gain or loss equal to the difference between the amount realized on such sale, exchange, redemption or retirement (not including any amount attributable to accrued but unpaid interest that the United States Owner has not already included in gross income) and such United States Owner's adjusted tax basis in the 2018 Bond. Any amount attributable to accrued but unpaid interest that the Owner has not already included in gross income will be treated as a payment of interest. A United States Owner's adjusted tax basis in a 2018 Bond generally will equal the cost of the 2018 Bond to such United States Owner, reduced by principal payments received by such United States Owner and increased by any accrued but unpaid interest (including OID, if any) the United States Owner has included in taxable income.

*Backup Withholding***.** Owners will be subject to "backup withholding" of federal income tax in the event they fail to furnish a taxpayer identification number to the paying agent or there are other, related compliance failures. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to an Owner will be allowed as a credit against the Owner's U.S. federal income tax liability and may entitle the Owner to a refund, provided that the required information is timely furnished to the IRS. Owners should consult their tax advisors concerning the application of information reporting and backup withholding rules.

*Net Investment Income Tax***.** Certain United States Owners that are individuals, estates or trusts whose income exceeds certain thresholds are required to pay an additional 3.8% tax on, among other things, interest income and capital gains, subject to certain limitations and exceptions (the "Net Investment Income Tax"). United States Owners that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Net Investment Income Tax to their income and gains from the 2018 Bonds.

### Pennsylvania Taxes

Bond Counsel is of the opinion that, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the 2018 Bonds, interest on the 2018 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the 2018 Bonds are exempt from personal property taxes in Pennsylvania.

### Other State, Local and Foreign Taxes

Owners may be subject to other state, local, or foreign taxes with respect to an investment in the 2018 Bonds. Prospective investors are urged to consult their tax advisors with respect to the state, local and foreign tax consequences of an investment in the 2018 Bonds.

## ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and holding of the 2018 Bonds by an "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to Title I of ERISA, a "plan" covered by Section 4975 of the Code (including an individual retirement account or "IRA"), a benefit plan subject to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are similar to the provisions of Title I of ERISA or Section 4975 of the Code ("Similar Laws") and any entity whose underlying assets include "plan assets" by reason of such employee benefit or retirement plan's investment in such entity (each of which we refer to as a "Plan").

As described elsewhere in this Limited Offering Circular, a Plan must be a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in order to purchase the 2018 Bonds. Not all Plans are qualified institutional buyers.

### General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (such Plans are referred to herein as "ERISA Plans") and prohibit certain transactions involving the assets of an ERISA Plan with its fiduciaries or other interested parties. In general, under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan. Plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar prohibitions under Similar Laws. In considering the acquisition, holding and, to the extent relevant, disposition of 2018 Bonds with a portion of the assets of a Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

### Prohibited Transactions – In General

Section 406 of ERISA prohibits ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "Parties in Interest," within the meaning of Section 3(14) of ERISA, and Section 4975 of the Code imposes an excise tax on certain "Disqualified Persons," within the meaning of Section 4975 of the Code, who engage in similar prohibited transactions, in each case unless a statutory or administrative exemption is available. A Party in Interest or Disqualified Person who engages in a non-exempt prohibited transaction may be subject to other penalties and liabilities under ERISA and the Code. In addition, a fiduciary of an ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Further, a separate prohibited transaction could arise if, subsequent to the acquisition, the Issuer, the Company or one of its affiliates becomes a Party in Interest with respect to such a Plan or a subsequent transfer of a 2018 Bond is between a Plan and a Party in Interest with respect to the Plan.

The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) a fiduciary with respect to a plan; (2) a person providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan.

## Plan Asset Issues

Certain transactions involving the purchase, holding or transfer of the 2018 Bonds might be deemed to constitute a prohibited transaction under ERISA and the Code if assets of the Issuer, the Company or the College were deemed to be assets of a Plan. Under final regulations issued by the United States Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "Plan Asset Regulations"), the assets of the Issuer, the Company or the College would be treated as plan assets of an ERISA Plan for the purposes of ERISA and the Code only if the ERISA Plan acquires an "equity interest" in the Issuer, the Company or the College and none of the exceptions contained in the Plan Asset Regulations is applicable. An equity interest is defined under the Plan Asset Regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features.

Although there is little statutory or regulatory guidance on this subject, the 2018 Bonds should be treated as debt, without substantial equity features, for purposes of the Plan Asset Regulations. Accordingly, the assets of the Issuer, the Company or the College should not be treated as plan assets of ERISA Plans investing in the 2018 Bonds. However, there can be no complete assurance that the 2018 Bonds will be treated as debt obligations without substantial equity features for purposes of the Plan Asset Regulations. If the Issuer’s, the Company’s or the College’s assets were deemed to constitute "plan assets" pursuant to the Plan Asset Regulations, transactions that the Issuer, the Company or the College might enter into, or may have entered into in the ordinary course of business, might constitute non-exempt prohibited transactions under ERISA or the Code. Therefore, a Plan fiduciary should consult with its counsel prior to making such purchase.

## Prohibited Transaction Exemptions

However, without regard to whether the 2018 Bonds are treated as debt obligations without substantial equity features for such purpose, the acquisition or holding of 2018 Bonds by or on behalf of a Plan could be considered to give rise to a prohibited transaction if the Issuer, the Company or the College, and other parties connected with the offering (such as the Placement Agent), or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Plan. In such case, certain status-based exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire the 2018 Bonds. Included among these exemptions are:

- PTCE 75-1, which exempts certain transactions between a plan and certain broker-dealers, reporting dealers and banks;

- PTCE 96-23, which exempts certain transactions effected at the sole discretion of an "in-house asset manager" (an "INHAM"));

- PTCE 90-1, which exempts certain investments by insurance company pooled separate accounts;

- PTCE 95-60, which exempts certain transactions effected on behalf of an "insurance company general account";

- PTCE 91-38, which exempts certain investments by bank collective investment funds; and

- PTCE 84-14, which exempts certain transactions effected at the sole discretion of a "qualified professional asset manager" (a "QPAM")).

Note that IRAs, and certain other plans described in Section 4975(e)(1) of the Code, are typically not represented by banks, insurance companies or registered investment advisors so that, practically speaking, these status-based exemptions may not be available.

There is also a statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (which may be available to IRAs and other Plans) which is commonly referred to as the "Service Provider Exemption". The Service Provider Exemption covers transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Plan involved and none of which is a fiduciary with respect to the Plan assets involved (or an affiliate of such a fiduciary).

The availability of each of these PTCEs and/or the Service Provider Exemption is subject to a number of important conditions which the Plan's fiduciary must consider in determining whether such exemptions apply. These administrative or statutory exemptions will not apply if the QPAM, INHAM, insurance company, bank or other service provider directing the investment is the Issuer, the Company, the College or any of their affiliates. Also, there can be no assurance that all the conditions of any such exemptions will be satisfied at the time that the 2018 Bonds are acquired by a purchaser, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change, or that the scope of relief provided by these exemptions will necessarily cover all acts that might be construed as prohibited transactions. Therefore, a Plan fiduciary considering an investment in the 2018 Bonds should consult with its counsel prior to making such purchase.

Any ERISA Plan fiduciary considering whether to purchase the 2018 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of employee benefit plans that are not subject to the requirements of ERISA or Section 4975 of the Code should seek similar counsel with respect to the application of similar prohibitions under Similar Laws.

### Representations

EACH INVESTOR IN THE 2018 BONDS (OR AN INTEREST THEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER UNDER ERISA OR APPLICABLE SIMILAR LAWS (a) IT IS NOT A PLAN AND THAT NO PORTION OF THE ASSETS USED TO ACQUIRE OR HOLD THE 2018 BONDS CONSTITUTES ASSETS OF A PLAN OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF A 2018 BOND (OR AN INTEREST THEREIN) BY A PLAN WILL NOT CONSTITUTE A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS FOR WHICH THERE IS NO APPLICABLE STATUTORY, REGULATORY OR ADMINISTRATIVE EXEMPTION.

**The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing 2018 Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the 2018 Bonds. The acquisition, holding and, to the extent relevant, disposition of 2018 Bonds by or to any Plan is in no respect a representation by the Issuer, the Company, the College or the Placement Agent (or any affiliates or representatives thereof) that such an investment meets all relevant legal requirements with respect to investments by such Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.**

## LEGAL MATTERS

The 2018 Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Placement Agent, subject to the approving opinion of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel, and certain other conditions. In connection with the issuance of the 2018 Bonds, certain legal matters for the Company will be passed on by its counsel, McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, certain legal matters for the Issuer will be passed on by its counsel, Buchanan Ingersoll & Rooney PC, Harrisburg, Pennsylvania, certain legal matters for the College will be passed on by its counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania, and certain legal matters for the Placement Agent will be passed on by its counsel, Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania.

The various legal opinions to be delivered concurrently with the delivery of the 2018 Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

## LITIGATION

### The Issuer

There is not now pending or, to the knowledge of the Issuer, threatened any litigation restraining or enjoining the issuance or delivery of the 2018 Bonds or questioning or affecting the validity of the 2018 Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization or existence of the Issuer nor the title of any of the present member, directors or other officials of the Issuer to their respective offices is being contested. There is no litigation pending or, to the Issuer's knowledge, threatened which in any manner questions the right of the Issuer to enter into the any of the Financing Documents or to secure the 2018 Bonds in the manner provided in the Indenture or the Act.

### The Company

There is not now pending or, to the knowledge of the Company, threatened any litigation restraining or enjoining the execution or delivery by the Company of any of the Financing Documents, or questioning or affecting the validity of the Financing Documents, or the proceedings or authority under which the Financing Documents are to be executed and delivered by the Company. Neither the creation, organization or existence of the Company nor the title of any of the present members of the board of directors of the Company to their respective offices is being contested. There is no litigation pending or, to the Company's knowledge, threatened which in any manner questions the right of the Company to enter into any of the Financing Documents.

## PLACEMENT OF 2018 BONDS

George K. Baum & Company (the "Placement Agent") has agreed to purchase the 2018 Bonds at an aggregate purchase price of $57,835,523.80 (which reflects net original issue premium of $920,423.80). The Placement Agent has entered into a Bond Placement Agreement pursuant to which the Placement Agent will purchase the 2018 Bonds subject to various conditions contained in the Bond Placement Agreement.

## INDEPENDENT AUDITORS

The financial statements of the College as of and for the fiscal years ended June 30, 2016 and June 30, 2017 are included in Appendix B hereto and have been audited by Baker Tilly Virchow Krause, LLP, as stated in their report appearing therein.

## CONTINUING DISCLOSURE

On or before the date of issuance of the 2018 Bonds, the Company and the College will execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in substantially the form set forth in APPENDIX F hereto. Pursuant to the Continuing Disclosure Certificate, the Company and the College each will agree to provide certain continuing disclosure for the benefit of the holders of the 2018 Bonds pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The provisions of the Continuing Disclosure Certificate will be for the benefit of the beneficial owners of the 2018 Bonds under the circumstances described therein, and each beneficial owner will be a beneficiary of the provisions of the Continuing Disclosure Certificate with the right to enforce such provisions directly against the Company. However, breach of the provisions of the Continuing Disclosure Certificate will not be considered an Event of Default under the Indenture, the Loan Agreement or the Guaranty and none of the rights and remedies provided under the Indenture or the Loan Agreement upon an Event of Default (other than specific performance) will be available to the beneficial owners in the event of such breach. Unless otherwise required by law, no beneficial owner is entitled to damages for noncompliance by the Company or the College with their respective obligations under the Continuing Disclosure Certificate.

The Company has not made any prior continuing disclosure undertakings under the Rule. The College has made similar undertakings in the past (the "Prior Continuing Disclosure Undertakings") in connection with other series of bonds previously issued for the benefit of the College. While the College made annual filings of financial and operating information in accordance with the Rule and the Prior Continuing Disclosure Undertakings, in some instances the filings were made 5 to 10 days after the filing deadline and certain information required to be contained in the filings was not included, or was included but not presented in the format required under the Rule. In addition, the College did not file notices of such late filings or failures to include all required operating data. Corrective filings to bring the College's prior filings into conformity with the requirements of the Rule and the Continuing Disclosure Undertakings have been made by the College. The College has adopted written policies and procedures governing the College's compliance with its continuing disclosure undertakings.

## CERTAIN RELATIONSHIPS

The College, which is the Guarantor with respect to the 2018 Bonds, is the sole member of the Company. The Company's relationship to the College and transactions by which the College transferred the real property comprising the Project are described in APPENDIX A under the caption "RIDER MUSSER DEVELOPMENT BACKGROUND". In addition, the President of the Company is the spouse of the president of the College.

Ballard Spahr LLP, Bond Counsel to the Issuer, is also providing certain legal services to the College in connection with the issuance of the 2018 Bonds.

An Executive Vice President of George K. Baum & Company, which is acting as the Placement Agent for the 2018 Bonds, is a member of the Board of Trustees of the College. She is not a member of the Executive Committee of the Board of Trustees, and did not vote on resolutions adopted by the Board of Trustees to approve the execution and delivery of the Guaranty as security for the 2018 Bonds.

One of the principals of Wohlsen Construction Company, the construction manager for the Project, is a member of the Board of Trustees of the College. He is not a member of the Executive Committee of the Board of Trustees, and did not vote on resolutions adopted by the Board of Trustees to approve the execution and delivery of the Guaranty as security for the 2018 Bonds.

## RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned its municipal bond rating of "A-" (stable outlook) to the 2018 Bonds, based primarily upon the creditworthiness of the College and the provision of the Guaranty by the College.

Certain information and materials not included in this Limited Offering Circular was furnished to S&P. Generally, such rating service bases its ratings on information and materials so furnished and on investigations, studies and assumptions by such rating service. The rating and outlook assigned to the 2018 Bonds reflects only the views of such Rating Service at the time such rating was issued, and an explanation of the significance of such rating and outlook may be obtained only from such rating service. Such rating and outlook are not a recommendation to buy, sell or hold the 2018 Bonds. There is no assurance that any such rating or outlook will continue for any given period of time or that they will not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward revision of such rating or outlook or withdrawal of such rating may have an adverse effect on the market price of the 2018 Bonds.

## MISCELLANEOUS

The references herein to laws and various of the Financing Documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference and are subject to the full texts thereof.

Neither this Limited Offering Circular nor any other disclosure in connection with the 2018 Bonds is to be construed as a contract with the holders of the 2018 Bonds. Any statements made in this Limited Offering Circular involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact. No representation is made that any of such statements will be realized.

The Issuer has consented to the use of this Limited Offering Circular, but has not participated in the preparation of this Limited Offering Circular and has made no independent investigation with respect to the information contained in this Limited Offering Circular and, accordingly, the Issuer assumes no responsibility for the sufficiency, accuracy or completeness of such information, other than information set forth under "THE ISSUER" and "LITIGATION – The Issuer" herein. The Company has authorized the distribution of this Limited Offering Circular.

**RIDER MUSSER DEVELOPMENT, LLC**

By: /s/David M. Phipps
President

**CUMBERLAND COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

By: /s/Kenneth Tuckey
(Vice) Chairman

# APPENDIX A

# INFORMATION CONCERNING RIDER MUSSER DEVELOPMENT, OAKWOOD HILLS RESIDENTIAL COMMUNITY AND MESSIAH COLLEGE

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# APPENDIX A

# INFORMATION CONCERNING
RIDER MUSSER DEVELOPMENT,
OAKWOOD HILLS RESIDENTIAL COMMUNITY,
and
MESSIAH COLLEGE

**Oakwood Hills Residential Community**

# RIDER MUSSER DEVELOPMENT BACKGROUND

Rider Musser Development, LLC ("RMD") was formed as a Pennsylvania limited liability company on May 14, 2014, and owns land adjacent to the core campus of Messiah College (the "College"). RMD was created for future investment development to create non-tuition recurring revenue to benefit the College. The mission of RMD is to develop the Rider, Musser & Mummau tracts of land in Mechanicsburg, Pennsylvania (Upper Allen Township), originally purchased and land banked by the College, and now owned by RMD. The College is the sole member of RMD. The College has invested both land and funds in RMD as part of its real estate asset class, in the College's long term investment portfolio.

The initial purpose of RMD is to create a new residential neighborhood and business park (the "Development") with the goal of generating recurring revenue to the College and tax revenue and jobs to the region, while enhancing the community by offering conveniences such as various retail and healthcare services to local residents, as well as students and faculty of Messiah College. The initial phase of the development is residential, to be funded by the proceeds of the Cumberland County Industrial Development Authority Taxable Revenue Bonds (Rider Musser Development, LLC Project) Series 2018 (the "Bonds").

## Rider Musser Development Board of Directors

The RMD Board is comprised of eight members, three of whom are current members of the Board of Trustees of Messiah College, including the Chair of the RMD Board, Eunice Steinbrecher, who is also a life trustee of the College. Five of the current RMD Board are alumni of the College. RMD Board members are elected to three-year terms and may serve a maximum of two consecutive three-year terms, after which they may be re-elected after a one-year hiatus from board service. No more than three Board members may be members of the College's Board of Trustees. The RMD Board meets each January, May, August, and November. Brief biographies of the officers of the RMD Board are provided below.

| Name | Occupation |
|---|---|
| Eunice Steinbrecher**, Chair | Former President- S.F. Folio I, LLC. |
| Larry Bashore* | President – Edwin L. Heim Co. |
| Ray Chung | Human Resources Professional – HOPE International |
| David Foster | Professor of Biology & Environmental Science – Messiah College |
| Richard Godshall* | Owner- Pride Force, LLC. |
| Laura Martin | Broker/Owner – SVN Latus Commercial Realty Group |
| Loretta Radanovic | VP & CFO – Four Seasons Produce |
| Brent Smith | President – LINKBANKCORP Inc. |

*Current Trustee of Messiah College
** Lifetime Trustee of Messiah College

**Eunice Steinbrecher, RMD Board Chair**
Ms. Steinbrecher is the former President of S.F. Folio I, LLC, a residential/commercial real estate holding company. She attended Messiah College and received a B.A. in Management from Capital University (OH) in 1992. Her experience owning and managing residential and commercial rental units spans 20 years. Ms. Steinbrecher is a former board member of Greenville Federal Bank, OH, a 36-year board tenure.

Ms. Steinbrecher has also been a member of the Messiah College Board of Trustees since 1985 and was elected a life member, a status which only three trustees currently hold. Between 2000 and 2010 she served as Messiah College board chair. She has chaired the Committee on Trustees, served on the Finance Committee and Advancement Committee, and is currently on the Committee on Operations. Ms. Steinbrecher has also chaired or co-chaired several major fundraising campaigns for the College.

**Larry Bashore, RMD Vice Chair**
Mr. Bashore is the President of Edwin L. Heim Company and its subsidiary, GES Automation Technologies, located in Pennsylvania. The parent company and its subsidiary are involved in commercial and industrial construction. Mr. Bashore is a board member of Fulton Bank, former President of the Mid-Atlantic Builders Exchanges, and former Chair of the Harrisburg Division of the National Electrical Contractor Association. Mr. Bashore is in his twelfth year as a Trustee of Messiah College, chairs the Operations Committee, and is also a member of the Executive Committee. He holds a B.S. in Finance from Susquehanna University and is a graduate of U.S.M.C Officer Candidate School.

**Ray Chung, RMD Board Member**
Mr. Chung is the Human Resources Manager for HOPE International, Lancaster, Pennsylvania. HOPE International is focused on alleviating physical and spiritual poverty through Christ-centered microenterprise development. Prior to joining HOPE, he was a human resource consultant for Willis Towers Watson in Asia. Mr. Chung serves on the Messiah College Alumni Council, Christian Leadership Alliance Advisory Board, and chairs the Personnel, Salary and Benefits Committee on the RMD Board. Mr. Chung received a B.S. in International Business from Messiah College.

**Dr. David Foster, RMD Board Member**
Dr. Foster is a Professor of Biology and Environmental Science at Messiah College. Dr. Foster brings his extensive expertise on topics of conservation biology and sustainable development to the Rider Musser Development board, where he serves as chair of the Residential Phase Oversight Committee. He has been a Messiah College faculty member since 1997. He received a Ph.D in Botany and an M.S. in Conservation and Biology and Sustainable Development from the University of Wisconsin, Madison. He also holds a B.S. in Biology from Eastern University and became a Certified Naturalist at AuSauble Institute.

**Richard Godshall, RMD Board Member**
Mr. Godshall is the owner of Pride Force LLC, servicing the Marcellus Shale oil and gas industry in Pennsylvania. He was previously Operations Vice President for Waste Management of Pennsylvania and surrounding states. He is a Messiah College Board Trustee, Borough Councilman, and a Board member for a non-profit organization aligned with the Mennonite Central Committee.

**Laura Martin, RMD Board Member**
Ms. Martin is Broker/Owner of SVN Latus Commercial Realty Group, a national commercial real estate brokerage firm. Ms. Martin is sole owner of the firm which she founded in 2005. Ms. Martin holds two designations in the field of commercial real estate: CPM (Certified Property Manager) through IREM and a CCIM (Certified Commercial Investment Member) though the CCIM Institute. Additionally, Ms. Martin serves on the board of New Hope Ministries and serves on the NJ, DE and PA chapter of CCIM. She is a former member of the Messiah College Alumni Council. Ms. Martin chairs the RMD Commercial Phase Oversight Committee. She graduated from Messiah College with a BA in Business and a concentration in Marketing.

**Loretta Radanovic, RMD Board Member**
Ms. Radanovic is the Vice President and Chief Financial Officer of Four Seasons Produce, Inc., Ephrata, Pennsylvania. She is a Certified Public Accountant. Ms. Radanovic currently serves on United Fresh Produce Association's Finance and Business Management Council, and on the Audit Committee of Produce for Better Health Foundation. Ms. Radanovic is the chair of the RMD Finance Committee. She received a B.S. in Accounting from Messiah College.

**Brent Smith, RMD Board Member**
Mr. Smith is the President of LINKBANCORP Inc., Pennsylvania. Mr. Smith was previously Senior Vice President of Corporate Development for Sunshine Bancorp. He obtained his Masters in Business Administration from Shippensburg University and holds a B.A. in Business Administration with a concentration in finance from Messiah College.

## Rider Musser Development Administration

**David M. "Kelly" Phipps, Esq., President and CEO**
Mr. Phipps practiced law over a 25-year period prior to becoming the inaugural CEO of RMD. Mr. Phipps was in private practice when the Board of Trustees of Messiah College asked him to take on the task of building a for-profit company to develop the Rider, Musser, and Mummau farms as an investment vehicle for the College. He has also previously been employed as a political campaign manager, college professor, administrator and higher education consultant. Mr. Phipps is a graduate of the McDowell Law School at the University of Akron (Ohio) and holds a bachelor's degree from Kentucky Christian College.

**Donald R. Burgard, CPA, CCMA, Director of Finance**
Mr. Burgard has been a CPA, licensed in Pennsylvania for over 30 years, and prior to joining RMD, was a partner at the Hershey, Pennsylvania accounting firm of Smoker, Smith, and Associates. He previously served the Commonwealth of Pennsylvania as Co-Deputy Treasurer for Fiscal Operations (comptroller) for the Pennsylvania Treasury Department. Mr. Burgard was appointed by Governor Tom Corbett to serve on the state accountancy board and has served on the boards of several non-profit Pennsylvania entities. He is a graduate of the Pennsylvania State University.

**Krista Greene, Director of Operations**
Ms. Greene has been employed by RMD since its inception, having served RMD in several roles. Ms. Greene is also a Pennsylvania licensed real estate agent. Ms. Greene holds an undergraduate degree from Messiah College and a master of social work degree from Temple University.

## Phase I Residential Project - Oakwood Hills

The grouping of the three land tracts (formerly three farms purchased by the College and conveyed to RMD) comprise a 100-acre parcel for the Phase I Residential Project, the initial component of a planned residential neighborhood and business park to be known as Oakwood Hills. The master plan includes a residential development of 314 rental apartments with approximately 40 detached individual garages to be separately leased. Flat lot assigned parking will also be provided for all residents. The diagrams below depict a typical 2-bedroom unit associated with Oakwood Hills.

**Key Residential Features of Oakwood Hills:** Residents will have access to a community club house with a saltwater pool, fitness center and community room, as well as access to picnic and grilling areas. Over 90 percent of units will be served by interior elevators.

While many amenities are reserved solely for residents, both residents and the public will have access to the beautiful walking and hiking trails throughout the untouched green spaces in Oakwood Hills. Future plans include a formal connection to nearby Messiah College.

## Phase IA & IB Residential Project Site: Oakwood Hills

Oakwood Hills will be located in Upper Allen Township, Cumberland County, Pennsylvania. Cumberland County is currently one of only three Pennsylvania counties, rated 'AAA' by S&P Global. It is also the fastest growing county in Pennsylvania according to the Pennsylvania State Data Center. The County enjoys an advantageous location, with excellent proximity by car to many major northeast cities such as New York City (3 hours), Philadelphia (2 hours), Washington D.C. (2 hours) and Baltimore (90 minutes). Residents of Cumberland County can live in a rural setting with the conveniences of multiple large cities in addition to Pennsylvania's capital city of Harrisburg, a short 15 minute drive.

## Feasibility Consultant for Oakwood Hills

**Real Property Research Group** (the "Consultant") has prepared a Market Feasibility Analysis dated June 19, 2018 (the "Market Feasibility Study") relating to the Project Facility and the Company's ability to generate revenues from the operations of the Project Facility. A copy of the Market Feasibility Study is attached as APPENDIX C hereto.

The following summarizes certain conclusions set forth in the Market Feasibility Study, which are based on the information and assumptions set forth therein:

*Site Analysis*: The Project Facility is well situated to take advantage of existing community services, neighborhood amenities and employment centers in the region. The site is a strategic, convenient location anchoring the northern boundary of the College campus. The campus-like nature of the site and high standards for both site and building design will set this community apart from other higher-end developments.

*Economic Analysis*: The economy is diversified, and unemployment rates remain below national levels. The county's extensive road network and key government, educational and medical facilities have provided strong underpinning for the economic base.

*Demographic Analysis*: The market area and Cumberland County have maintained steady growth rates since 2000. The market area is a mature well-established upper middle-income community with continued steady expansion of the household base. The estimated 2018 medium household income in the Oakwood Hills Market Ares is $79,779 and the primary market's median renter household earns $53,409 per year. The market area is an affluent household base and a large proportion of senior households who might consider downsizing given an appropriate premium rental option.

*Competitive Housing Analysis*: The Oakwood Hills multi-family rental market is very strong with full occupancy vacancy rates (0.8 percent) and healthy absorption paces. All five "Upper Tier" competitive communities identified by the Consultant are fully leased, signifying a very strong market. The most recent to open (2017) Upper Tier competitor has fully leased its supply at a monthly pace of 12 to 19 units for its first two phases. Accounting for household trends, necessary unit replacement, and a stabilized structural vacancy rate of 5.0 percent, the Consultant projects an excess demand in the subject's market area as of June 1, 2021, taking into account the Project Facility's 314 units. The result of the net demand analysis indicates a market place with a significant pent-up demand for rental housing that should reasonably absorb the Project Facility and two pipeline projects under consideration plus sufficient surplus to absorb a potential project. The potency of the demand is underscored by the very low vacancy rates in the market place, the strength of the economy, and the strong market acceptance of premium priced rental product. Low capture and penetration rates and demand equation indicate positive demand for rental product with full occupancy rates and healthy lease up of new product.

**The foregoing summary should be read with reference to the complete Market Feasibility Study attached to this Limited Offering Circular as APPENDIX C, which includes a statement of all assumptions made in connection with the statements and conclusions summarized above.**

## Provider of Land Design Services to Oakwood Hills

RMD engaged **H. Edward Black and Associates** for land design services associated with the residential development portion of Oakwood Hills. Founded in 1972 by Ed Black, H. Edward Black and Associates provides a full spectrum of professional land planning and design services, including: land planning; site analysis; landscape architecture; civil engineering; project administration; construction document preparation; maintenance programming; and resource management.

H. Edward Black and Associates' work has included a master site plan, guidance related to the permitting process with Upper Allen Township, approvals from the Commonwealth of Pennsylvania, and consultation associated with traffic engineering.

## Architect to Oakwood Hills

**By Design Consultants, Inc.** ("By Design") have worked with RMD since 2016. By Design was founded in 1992 as a full-service architectural design firm, specializing in multiple building types, including commercial office space, residential design, retail, historic preservation, medical, industrial, recreation, higher education, and government. They have produced designs for the apartment buildings and clubhouse at Oakwood Hills and have handled architectural, structural, mechanical, electric, plumbing and fire protection services for each building.

## Construction Manager for Oakwood Hills

RMD selected **Wohlsen Construction** ("Wohlsen") for construction management services in 2017. Founded in 1877 in Lancaster, Pennsylvania, Wohlsen is a Mid-Atlantic construction company. Wohlsen's customized services include preconstruction and construction project management, to design/build construction and post-construction services. Its core markets include senior living, healthcare and higher education, with additional experience spanning into many other industries. To date, Wohlsen has begun sitework on the residential development, the roundabout (currently under construction), and Oakwood Hills Drive construction.

## Owner's Representative

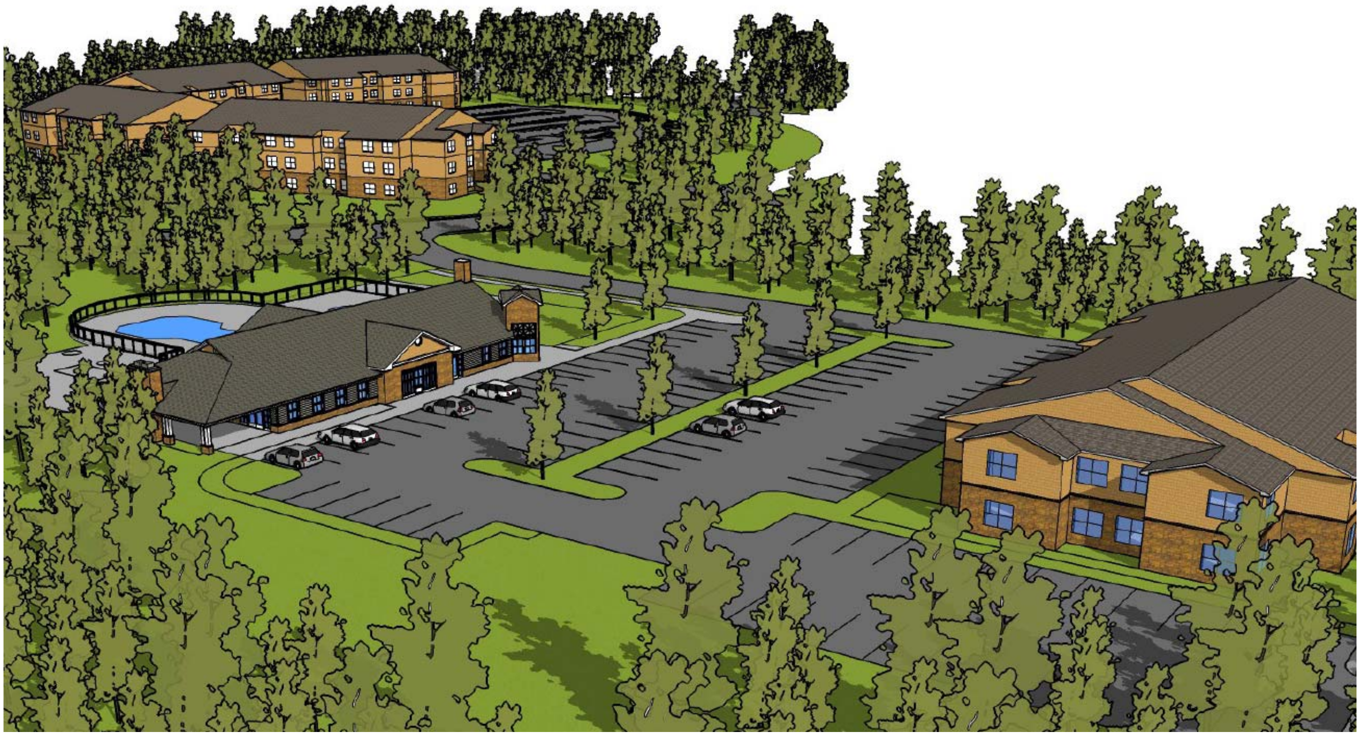
**S.R. Duffie Consulting** began working with RMD as an Owner's Representative in December of 2017 and has focused on contract review and negotiation, construction document review, budget guidance, scheduling, permit procurement and design professional management.

S.R. Duffie Consulting is a construction consulting firm assisting owners and contractors with commercial construction projects. The firm has a combined 73 years of experience in general construction and construction management and involvement in hundreds of projects across many markets in Central Pennsylvania.

## Construction Schedule

| Date | Key Dates* |
|---|---|
| **June, 2018** | Construction on Roundabout and Phase 1A began |
| **April, 2019** | Rental Leasing of Phase 1A begins |
| **June, 2019** | Construction of Phase 1A ends |
| **January, 2020** | Construction of Phase 1B begins |
| **December, 2020** | Rental Leasing of Phase 1B begins |
| **February, 2021** | Construction of Phase 1B ends |

* preliminary, subject to change



**Oakwood Hills Residential Community**

**Calvin and Janet High Center for Worship and Performing Arts**

# MESSIAH COLLEGE

## Mission and History

**Mission:** Messiah College ("Messiah" or the "College") is a Christian college of the liberal and applied arts and sciences. The College is committed to an embracing evangelical spirit rooted in the Anabaptist, Pietist and Wesleyan traditions of the Christian Church. Its mission is to educate men and women toward maturity of intellect, character and Christian faith in preparation for lives of service, leadership and reconciliation in church and society.

**History:** The College received its charter in 1909. Following accreditation in 1963, the College significantly increased the number of majors offered in the liberal arts and introduced undergraduate programs in professional studies. Growth in the student body and in facilities accompanied the growth in academic programs. The College now offers over 75 academic undergraduate majors, complemented by nine graduate degrees. The student body has grown to over 3,000, representing more than 60 denominations.

## Location

The main campus of Messiah College is located in Mechanicsburg, Pennsylvania, a municipality situated approximately twelve miles south of Harrisburg, 85 miles north of Baltimore and 114 miles west of Philadelphia. The diagram below represents the buildings and athletic fields located on 100 of the College's 400+ acres. Campus buildings comprise 1.5 million square feet, most of which were constructed or renovated in the past 25 years. A smaller campus, the Harrisburg Institute, is located in Pennsylvania's capital city of Harrisburg.

## Accreditations and Ratings

- As of September 18, 2018, S&P Global rates all of the College's indebtedness 'A-' (stable outlook)
- Middle States Commission on Higher Education (MSCHE)
- Commission on Accreditation of Athletic Training Education (CAATE)
- Accreditation Board for Engineering and Technology, Inc. (ABET)
- National Council on Family Relations (NCFR) – Certified Family Life Educator
- National Association of Schools of Art and Design (NASAD)
- The Academy of Nutrition and Dietetics, Accreditation Commission for Education in Nutrition and Dietetics (ACEND)
- Commission on Collegiate Nursing Education (CCNE)
- National Association of Schools of Music (NASM)
- National Association of Schools of Theatre (NAST)
- PA Department of Education (Teaching Certification Programs)
- Accreditation Council for Business Schools and Programs (ACBSP)
- Council on Social Work Education (CSWE)
- Council for Accreditation of Counseling and Related Educational Programs (CACREP)

## Recognitions

- The College was named the #5 "Best Regional College" in the northern United States by U.S. News and World Report rankings in 2019.
- For the fifth year in a row U.S. News and World Report has listed the College as one of the "Best Undergraduate Engineering Programs" in the country.
- Messiah was recognized by U.S. News and World Report among "Programs to Look For" in the categories of "Internships" and "Study Abroad" for 2019.
- The College was named the #1 Best Christian Business Degree Program for 2017 by Christian Universities Online – for both its undergraduate and graduate level programs.
- In the past decade Messiah graduates have distinguished themselves as Rhodes, Fulbright, Carnegie, Truman, and Boren Scholars.
- 97% of 2017 alumni who responded to the College's annual Career Center survey were attending graduate programs or employed six months after graduation.
- The College has been recognized among baccalaureate colleges based on commitment to research and public service by Washington Monthly magazine.
- Named one of the "most environmentally responsible colleges in the U.S. and Canada" by the Princeton Review.
- The College has been recognized by the Institute of International Education for the number of undergraduate Messiah students who study abroad.
- In 2017, Share Faith Magazine named Messiah among its top 20 colleges and universities to offer a degree in worship ministry.
- Christian Universities Online ranked Messiah in the top 50 Christian Colleges Exceeding Expectations for 2017.
- Named a top college in Pennsylvania for return on investment by AffordableCollegesOnline.org

**Anderson Field**

**Martin Dining Commons**

## Governance

The policy-making and governing body of the College is the Board of Trustees. The Charter of the College provides for not less than 26 trustees, of whom six are designated as Alumni Trustees. All Trustees are elected to a period of four years beginning on July 1 of the year in which they have been elected. Trustees serve on the board without pay or other compensation. Certain Trustees have been elected to Life Membership, as noted. The current members of the Messiah College Board of Trustees are listed below.

## Principal Administrative Officers of the College

### Dr. Kim Phipps, President

Dr. Phipps assumed office as President of the College in 2004. She is the 8th president of the College and first woman to serve in this role. Prior to becoming president, Dr. Phipps served as Messiah’s Academic Dean and Provost. Before joining Messiah, she served in several leadership roles at Malone College (OH), including Professor and Chair of the Department of Communication Arts, Acting Dean of the college and Associate Dean for Faculty Development. Dr. Phipps is a past Chair and current board member of the Council for Christian Colleges and Universities, the Vice Chair of the Harrisburg Symphony, and a board member of the Council of Independent Colleges, as well as past board President of the YWCA of Greater Harrisburg, and board member for Keystone Human Services. Dr. Phipps's awards and honors include being distinguished by Christianity Today

(2012), a recipient of the Athena Award from the Harrisburg Regional Chamber (2012), honored by the Salvation Army of the Harrisburg Capital Region (2012), and named one of the region's "25 Most Influential Women" by the Central Penn Business Journal (2010).

Education

B.A. Kentucky Christian College
M.A. Morehead State University
Ph.D. Kent State University

**Dr. Todd A. Allen, Special Assistant to the President & Provost for Diversity Affairs**

Dr. Allen joined the College in 2017. He was previously a Professor at Grove City College and Geneva College. He graduated from Geneva College with a B.A. in Communication, an M.A. in Rhetorical Studies from the University of Akron, and a Ph.D. in Rhetorical Studies from Duquesne University.

Education

B.A. Geneva College
M.A. University of Akron
Ph.D. Duquesne University

**Dr. Randall G. Basinger, Provost**

Before assuming his administrative positions, Dr. Basinger taught philosophy for 20 years. As a Professor at Messiah, he twice received the College's "Excellence in Teaching" award. Dr. Basinger was appointed to his current position in 2004. Prior to becoming Provost, he served as the Vice Provost of the College.

Education

B.A. Trinity College
M.A. Trinity Evangelical Divinity School.
Ph.D. Northwestern University

**Dr. John A. Chopka, Vice President for Enrollment Management**

Before joining Messiah in 2007, Dr. Chopka was employed by Malone College for ten years as Vice President for Enrollment Management and Marketing. He previously served as the Associate Director of the Office of Housing and Resident Life at Indiana University of Pennsylvania.

Education

B.A. Malone College
M.A. University of Akron
Ph.D. Alvernia University

**Amanda A. Coffey, Vice President for Human Resources and Compliance**

Ms. Coffey joined the College in 2005 as the Director of Human Resources and assumed her current role as Vice President for Human Resources and Compliance in 2011. Ms. Coffey was previously employed by Merrill Lynch in an administrative position.

Education

B.A. Allegheny College
M.S. Johns Hopkins University

**Barry G. Goodling, Vice President for Advancement**

Mr. Goodling joined the College in 1992. Prior to his employment at the College, Mr. Goodling served as Vice President for Development at Wheaton College in Illinois.

Education

B.A. Messiah College
M.B.A. Shippensburg University

**Dr. Kris Hansen-Kieffer, Dean of Students / Vice Provost**

Dr. Hansen-Kieffer joined the College in 1999. Prior to her employment at the College, she was Assistant Professor/Director of Wellness, University of Sioux Falls.

Education

B.S. University of Nebraska
M.S. South Dakota State University
Ed.D. University of South Dakota

**Kathrynne G. Shafer, Vice President for Operations**

Ms. Shafer joined the College in 2000. During Ms. Shafer's fifteen year tenure, she has held various positions at the College. In 2005 she received her most recent appointment to Vice President for Operations.

Education

B.A. Messiah College
M.B.A. Eastern University

**Dr. William Strausbaugh `79, VP for Information Technology / Associate Provost**

Dr. Strausbaugh joined the College in 1981. He previously served as the Director of Admissions for the College.

Education
B.A. Messiah College
M.S.C.S. Villanova University
D.Ed. Pennsylvania State University

**David S. Walker, CPA, Vice President for Finance and Planning**

Mr. Walker joined the College in 2011. Prior to joining Messiah, he was employed by Dickinson College, from 2004 until 2011 as the Associate Vice President for Finance and Associate Treasurer and from 1999 until 2004 as the Controller. He also held previous administrative positions at Carlisle Hospital.

Education
B.A. Franklin & Marshall College
M.S. Indiana University at Bloomington

## Faculty and Staff Profile

The following table shows the breakdown of the 368 full-time faculty who served Messiah for the 2017-18 academic year.

| | Total Number | % with Terminal Degrees |
|---|---|---|
| Professors | 77 | 98.7% |
| Associate Professors | 54 | 90.7% |
| Assistant Professors | 46 | 80.4% |
| Lecturers | 20 | 25.0% |
| Adjuncts | 171 | |

There is no collective bargaining unit or other labor union representative on campus. Relations between the College and its employees are considered by the College to be excellent.

**Term Tenure Academic Employment Structure** - Until 1997, traditional tenure was granted to qualified faculty of the College, after which term tenure was implemented. Under term tenure, faculty are reviewed in their sixth year of employment, consisting of an interview by the Term Tenure and Promotion Committee, after which a recommendation for continued employment is made to the President for formal approval by the Board of Trustees. Following this process, a faculty member will go through a similar process after each five-year period.

## Academic Program Profile

The College offered the following undergraduate programs for Fall 2017. Of particular note are the College's programs in the areas of engineering, accounting, nursing, education and the performing arts, key niches for which Messiah is known.

Accounting (B.S.)
Actuarial Science (B.S.)
Adventure Education K-12 (B.A.)
Applied Health Science (B.S.)
Art Education (B.S.)
Art History (B.A.)
Art (Business) (B.A.)
Athletic Training (B.A.)
Biblical and Religious Studies (B.A.)
Biochemistry (B.A.)
Biochemistry (B.S.)
Biochemistry (B.S.) ACS Certified
Biology (B.S.)
Biology (B.S.) with T.C.
Biopsychology (B.S.)
Broadcast & Media Production (B.A.)
Business Administration (B.S.)
Chemistry (B.A.)
Chemistry (B.S.)
Chemistry (B.S.) ACS Certified
Chemistry (B.A.) with T.C.
Chinese Business (B.A.)
Chinese Studies (B.A.)
Chinese Studies (B.A.) with T.C.
Christian Ministries (B.A.)
Communication (B.A.)
Computer and Information Science (B.S.)
Criminal Justice (B.A.)
Dance (B.A.)
Digital Media (B.A.)
Economic Development (B.A.)
Economics (B.A.)
Economics (B.S.)
Education with Dual T.C. in Pre K-4 and Special Education (B.S.)
Education Grades 4-8 (B.S.)
Education with Pre K-4 Cert (B.S.)
Engineering (B.S.E.)
English (B.A.)
English (B.A.) with T.C.
Environmental Science (B.S.)
Ethnic and Area Studies (B.A.)
Family and Consumer Science Education K-12 (B.S.) with T.C.
Film and Media Arts (B.A.)
Finance (B.S.)
French (B.A.)
French (B.A.) with T.C.
German (B.A.)
German (B.A.) with T.C.
Health and Physical Education (B.A.) with T.C.
History (B.A.)
History (B.A.) with Social Studies T.C.
Human Development and Family Science (B.A.)
International Business (B.S.)
Journalism (B.A.)
Marketing (B.S.)
Mathematics (B.A.)
Mathematics (B.A.) with T.C.
Molecular Biology (B.S.)
Music (B.A.)
Music (Music and Worship) (B.A.)
Music (Business) (B.A.)
Music Education (B.S.) with T.C.
Music Performance (B.M.)
Musical Theatre (B.F.A.)
Nursing (B.S.N.)
Nutrition and Dietetics (B.S.)
Peace and Conflict Studies (B.A.)
Philosophy (B.A.)
Physics (B.A.)
Physics (B.S.)
Physics (B.A.) with T.C.
Politics and International Relations (B.A.)
Psychology (B.A.)
Psychology (B.S.)
Public Relations (B.A.)
Social Work (B.S.W.)
Sociology and Anthropology (B.A.)
Spanish (B.A.)
Spanish (B.A.) with T.C.
Spanish Business (B.A.)
Sport Management (B.A.)
Studio Art (B.A.)
Studio Art (B.F.A)
Sustainability Studies (B.A.)
Theatre (B.A.)
Theatre (Business) (B.A.)

The College currently offers the following graduate programs:

Business (M.B.A.)
Counseling (M.A.)
Education (M.Ed.)
Higher Education (M.A.)
Music Conducting (M.M.)
Nursing (M.S.N., R.N.-M.S.N., and D.N.P.)
Occupational Therapy (M.O.T.)
Physical Therapy (D.P.T.) – Beginning August 2019
Strategic Leadership (M.A.)

## Undergraduate Student Profile

***First Year Students.*** The following tables show applications, acceptances and other admission statistics for first-year students in the academic years specified below:

| | **2014-15** | **2015-16** | **2016-17** | **2017-18** | **2018-19** |
|---|---|---|---|---|---|
| Applications Submitted | 2,472 | 2,469 | 2,596 | 2,558 | 2,530 |
| Applications Accepted | 1,977 | 1,950 | 2,064 | 1,970 | 1,996 |
| Selectivity Rate | 80.0% | 79.0% | 79.5% | 77.0% | 78.9% |
| New Students Enrolled | 696 | 691 | 685 | 665 | 647 |
| Matriculation Rate | 35.2% | 35.4% | 33.2% | 33.8% | 32.4% |

| | **2014-15** | **2015-16** | **2016-17** | **2017-18** | **2018-19** |
|---|---|---|---|---|---|
| Student Quality | | | | | |
| Average SAT Scores | 1150 | 1127 | 1146 | 1206 | 1197 |

Shown below are the College's freshman to sophomore retention rates for the last five academic years ending with the Fall 2017 cohort.

| | **Retention Rate** |
|---|---|
| Fall 2013 | 87.5% |
| Fall 2014 | 88.1% |
| Fall 2015 | 85.4% |
| Fall 2016 | 88.0% |
| Fall 2017 | 86.8% |

***Transfer Students.*** The following tables show applications, acceptances and other admission statistics for transfer students in the academic years specified below:

| | **2014-15** | **2015-16** | **2016-17** | **2017-18** | **2018-19** |
|---|---|---|---|---|---|
| Applications Submitted | 244 | 265 | 283 | 318 | 292 |
| Applications Accepted | 161 | 185 | 203 | 205 | 209 |
| Selectivity Rate | 66.0% | 69.8% | 71.7% | 64.5% | 71.6% |
| New Students Enrolled | 81 | 83 | 80 | 93 | 96 |
| Matriculation Rate | 50.3% | 44.9% | 39.4% | 45.4% | 45.9% |

| | **2014-15** | **2015-16** | **2016-17** | **2017-18** | **2018-19** |
|---|---|---|---|---|---|
| Student Quality | | | | | |
| Average Transfer GPA | 3.31 | 3.31 | 3.34 | 3.35 | 3.48 |

## Graduate Student Profile

Approximately nine years ago, the College began to strategically contemplate the addition of key graduate programs which would complement Messiah's niches and build on its long standing academic strengths. Now seven years strong, graduate programs have witnessed steady growth and are an important addition to the College's revenues. The following information summarizes the growth of Messiah graduate activities.

**Location of Graduate Health Science Programs**

| | **2013-14** | **2014-15** | **2015-16** | **2016-17** | **2017-18** |
|---|---|---|---|---|---|
| Unduplicated Headcount | 447 | 593 | 626 | 689 | 772 |
| Credit Hours | 5,565 | 7,184 | 7,998 | 8,762 | 10,418 |
| New Students Enrolled | 252 | 279 | 247 | 279 | 323 |

## Geographic Origin of Undergraduate Students

The College enrolls students from 37 states and 32 countries. During the 2017-18 academic year, U.S. students originated from the following states:

| | |
|---|---|
| Pennsylvania | 62.8% |
| Maryland | 8.8% |
| New Jersey | 5.9% |
| New York | 5.5% |

The next highest number of students were from the following states: Virginia, Massachusetts, Connecticut, Ohio, Delaware and New Hampshire.

## Primary Private Competitor Institutions

The following private institutions primarily compete with the College for undergraduate students, all of which are also Christian colleges with the exception of Elizabethtown College. Fall full tuition and fees for the 2018-19 academic year is listed for each institution.

| Primary Overlap Institutions | Tuition & Fees |
|---|---|
| Elizabethtown College (PA) | $46,940 |
| Gordon College (MA) | $37,400 |
| Wheaton College (IL) | $36,420 |
| **Messiah College** | **$35,160** |
| Calvin College (MI) | $34,600 |
| Eastern University (PA) | $33,122 |
| Houghton College (MA) | $32,471 |
| Cedarville University (OH) | $30,270 |
| Geneva College (PA) | $26,980 |
| Liberty University (VA) | $24,910 |
| Grove City College (PA) | $17,930 |

## Messiah College Undergraduate Tuition, Fees, Room and Board

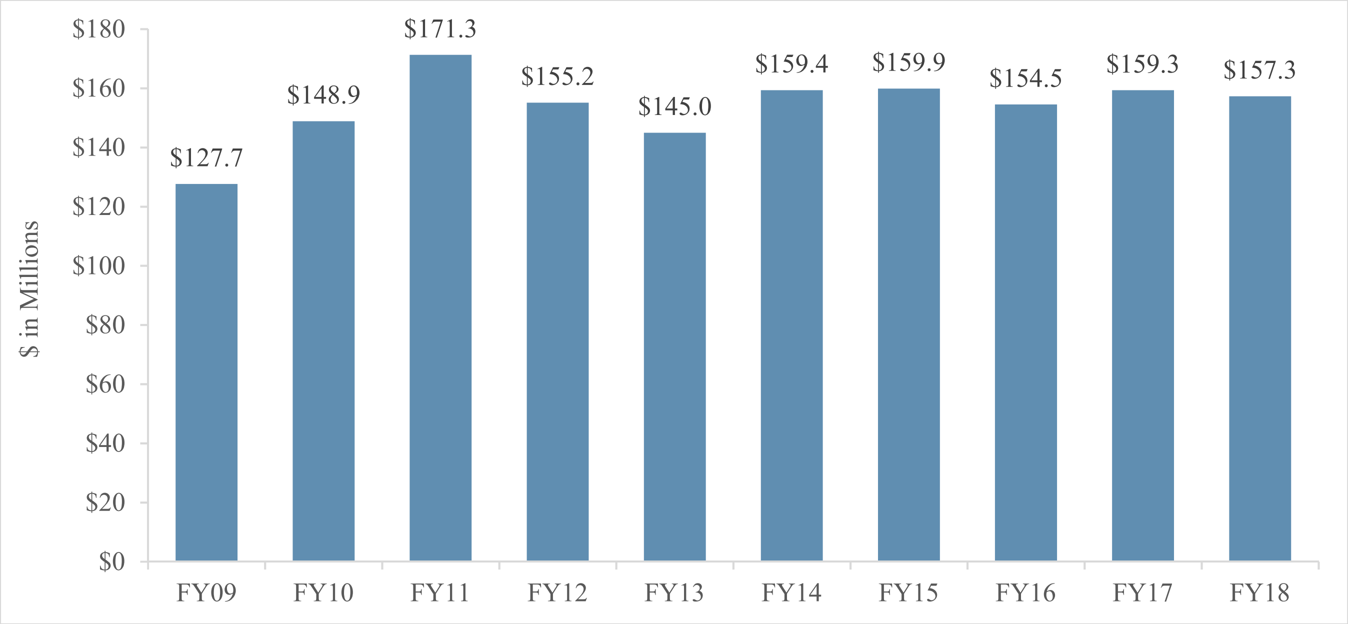
The following table displays the College's tuition, fees, room and board charges for the last five academic years and expected tuition, fees, room and board charges for the upcoming 2018-19 academic year:

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|
| Tuition | $30,510 | $31,410 | $32,350 | $33,320 | $34,320 |
| Student Fees | 830 | 830 | 830 | 840 | 840 |
| Room Fee | 4,950 | 5,100 | 5,250 | 5,410 | 5,570 |
| Board Fee | 4,400 | 4,530 | 4,670 | 4,810 | 4,950 |
| Total* | $40,690 | $41,870 | $43,100 | $44,380 | $45,680 |

* Totals do not incorporate average tuition discounts.

## Cash and Investments

At April 30, 2018 approximately 80% of the College's cash and investments were unrestricted. The College's investment policy associated with long-term investments targets 33% in public equities, 60% in fixed income, 5% in alternatives (which include 4% in private equity and 1% in hedge funds), and 2% in cash. The College's cash and investments (shown in thousands) are shown below for the years specified:



## Accounting Matters

Potential purchasers of the Bonds should read the College's financial statements as of and for the year ended June 30, 2017 in their entirety for more complete information regarding the College's financial position and the results of its operations. The financial statements of the College as of and for the year ended June 30, 2017 included in Appendix B to this Limited Offering Circular have been audited by Baker Tilly Virchow Krause, LLP, independent auditors.

In the opinion of the College, there has been no material adverse change in the financial condition of the College since June 30, 2017, the most recent date for which audited financial statements are available.

**Calvin and Janet High Center for Worship and Performing Arts**

## Summary Financial Information

For the fiscal years ended June 30, 2014 through 2017, the financial information presented below has been derived from the audited financial statements of the College. Financial information for fiscal year 2018 has been derived from the unaudited financial statements of the College.

### Messiah College
### Consolidated Statement of Financial Position
### For Years Ended 2013-2018

| | 2014 | 2015 | 2016 | 2017 | *Unaudited* 2018 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 14,808,725 | $ 13,209,707 | $ 10,463,456 | $ 12,660,903 | $ 7,285,877 |
| Notes and Accounts Receivable, Net | 1,603,005 | 1,687,035 | 1,761,191 | 1,794,051 | 2,235,203 |
| Promises to Give, Net | 5,079,515 | 4,736,176 | 4,219,055 | 2,362,073 | 7,388,463 |
| Interest Receivable | 156,043 | 163,090 | 189,973 | 193,844 | 194,129 |
| Inventories | 804,460 | 591,226 | 546,231 | 572,691 | 573,951 |
| Prepaid Expenses and Other Assets | 766,588 | 1,360,202 | 1,548,289 | 1,244,491 | 1,282,123 |
| Investments | 144,544,301 | - | - | - | - |
| Investments, Endowment | - | 130,595,508 | 125,981,119 | 134,182,387 | 135,662,472 |
| Investments, Gift Annuities and Trusts | - | 12,697,883 | 10,444,508 | 6,600,837 | 6,845,322 |
| Investments, Other | - | 3,390,443 | 7,630,085 | 5,899,203 | 7,483,179 |
| Assets Held in Trust | 9,890,230 | - | - | - | - |
| Loans Receivable, Students | 2,854,757 | 2,786,575 | 2,854,373 | 2,854,785 | 2,909,511 |
| Deposits with Trustee under Debt Agreements | 3,900,592 | 595,129 | 14,525,852 | 220 | 5,320,428 |
| Beneficial Interest in Perpetual Trusts | 4,169,465 | 3,995,453 | 3,703,469 | 3,925,146 | 3,977,900 |
| Property and Equipment, Net | 131,272,491 | 134,980,680 | 145,320,181 | 157,577,323 | 154,962,305 |
| **TOTAL ASSETS** | $ 319,850,172 | $ 310,789,107 | $ 329,187,782 | $ 329,867,955 | $ 336,120,863 |
| **LIABILITIES** | | | | | |
| Accounts Payable and Accrued Expenses | $ 5,517,099 | $ 6,259,429 | $ 8,962,506 | $ 8,597,786 | $ 7,348,078 |
| Student Deposits | 1,682,170 | 1,612,712 | 1,595,432 | 1,448,746 | 1,482,915 |
| Funds Held in Custody for Others | 123,297 | 145,753 | 50,941 | 33,867 | 66,487 |
| Deferred Revenue | 1,129,932 | 1,108,857 | 1,243,432 | 1,442,096 | 1,479,829 |
| Annuities Payable | 7,787,662 | 7,341,206 | 6,272,011 | 3,853,412 | 3,892,122 |
| Funds Held in Trust for Others | 1,818,907 | 1,499,136 | 818,554 | 501,216 | 304,146 |
| Long-Term Debt | 46,838,847 | 43,372,327 | 66,915,535 | 64,871,598 | 68,743,571 |
| U.S. Government Grants Refundable | 2,383,031 | 2,409,848 | 2,435,219 | 2,502,162 | 2,503,950 |
| Other Liabilities | 2,604,041 | 2,748,329 | 2,808,878 | 2,899,118 | 2,994,770 |
| **TOTAL LIABILITIES** | $ 69,884,986 | $ 66,497,597 | $ 91,102,508 | $ 86,150,001 | $ 88,815,869 |
| **NET ASSETS** | | | | | |
| Unrestricted | $ 203,212,706 | $ 196,812,240 | $ 189,870,463 | $ 193,954,586 | $ 190,571,056 |
| Temporarily Restricted | 15,218,852 | 14,896,032 | 13,877,672 | 13,045,825 | 18,072,724 |
| Permanently Restricted | 31,533,628 | 32,583,238 | 34,337,139 | 36,717,544 | 38,661,215 |
| **TOTAL NET ASSETS** | $ 249,965,186 | $ 244,291,510 | $ 238,085,274 | $ 243,717,954 | $ 247,304,994 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 319,850,172 | $ 310,789,107 | $ 329,187,782 | $ 329,867,955 | $ 336,120,863 |

# Messiah College
# Consolidated Statements of Activities
# For Years Ended 2013-2018

| | 2014 | 2015 | 2016 | 2017 | *Unaudited* 2018 |
|---|---|---|---|---|---|
| **UNRESTRICTED OPERATING REVENUES** | | | | | |
| Student Tuition and Fees | $ 88,024,240 | $ 90,254,804 | $ 93,411,383 | $ 95,597,092 | $ 99,191,870 |
| Less: Financial Aid | (34,186,639) | (36,039,377) | (37,894,005) | (38,958,899) | (40,961,047) |
| Net Tuition and Fees | 53,837,601 | 54,215,427 | 55,517,378 | 56,638,193 | 58,230,823 |
| Government Grants and Appropriations | 793,772 | 831,986 | 842,594 | 864,778 | 873,417 |
| Gifts and Grants | 2,184,286 | 1,325,482 | 2,401,993 | 1,676,254 | 1,168,008 |
| Capital Gifts and Grants | 20,800 | 10,100 | - | - | - |
| Endowment Return Designated for Operations | 5,553,796 | 5,629,894 | 5,608,895 | 5,550,376 | 5,527,092 |
| Investment Income | 956,139 | 643,389 | 633,016 | 1,122,416 | 1,021,899 |
| Other Sources | 3,660,777 | 3,451,027 | 3,779,455 | 4,063,694 | 3,970,428 |
| Auxiliary Enterprises | 20,693,148 | 21,655,818 | 21,064,588 | 20,685,752 | 21,248,124 |
| Gain on Disposal of Fixed Assets | 8,502 | - | - | - | - |
| Net Assets Released from Restrictions, Capital | 593,239 | 1,284,263 | 876,740 | 3,758,881 | 3,795,485 |
| Net Assets Released from Restrictions | 3,153,414 | 3,098,356 | 3,540,281 | 3,221,503 | 2,814,358 |
| **TOTAL OPERATING REVENUES** | 91,455,474 | 92,145,742 | 94,264,940 | 97,581,847 | 98,649,634 |
| **UNRESTRICTED OPERATING EXPENSES** | | | | | |
| Educational Program Services: | | | | | |
| Instructional | 32,994,088 | 32,401,580 | 35,016,014 | 37,584,786 | 38,907,293 |
| Academic Support | 9,012,924 | 9,437,926 | 9,512,018 | 9,204,048 | 9,388,423 |
| Student Services | 16,181,201 | 16,944,335 | 17,717,693 | 19,027,658 | 19,873,920 |
| Public Service | 2,395,963 | 2,273,361 | 2,616,693 | 2,330,424 | 2,496,049 |
| Auxiliary Enterprises | 17,023,541 | 16,695,726 | 15,230,371 | 15,440,360 | 16,198,493 |
| Supporting Services, Institutional Support: | 13,529,802 | 14,190,963 | 14,147,722 | 14,127,262 | 14,837,640 |
| **TOTAL OPERATING EXPENSES** | 91,137,519 | 91,943,891 | 94,240,511 | 97,714,538 | 101,701,818 |
| **CHANGE IN NET ASSETS FROM OPERATIONS** | 317,955 | 201,851 | 24,429 | (132,691) | (3,052,184) |
| **UNRESTRICTED NON-OPERATING CHANGES** | | | | | |
| Private Gifts and Grants | - | - | - | - | - |
| Endowment and Life Income Gifts | 12,684 | - | 16,138 | 8,368 | - |
| Endowment Investment Return, Net | 7,399,773 | (6,542,564) | (6,887,387) | 3,257,722 | (808,242) |
| Change in Value of Beneficial Interest in Perpetual Trusts | - | - | - | - | - |
| Other Non-Operating Income | (38,488) | - | - | - | - |
| Investment Return for Trusts and Gift Annuities | 232,270 | 41,822 | 16,863 | 99,302 | 66,564 |
| Change in Value of Split-Interest Agreements | (213,991) | (101,575) | (111,820) | 851,421 | 410,332 |
| Net Assets Released from Restriction | - | - | - | - | - |
| **TOTAL NON-OPERATING CHANGES** | 7,392,248 | (6,602,317) | (6,966,206) | 4,216,813 | (331,346) |
| **CHANGES IN UNRESTRICTED NET ASSETS** | 7,710,203 | (6,400,466) | (6,941,777) | 4,084,122 | (3,383,530) |
| **CHANGES IN TEMPORARILY RESTRICTED NET ASSETS** | 3,650,347 | (322,820) | (1,018,360) | (831,847) | 5,026,898 |
| **CHANGES IN PERMANENTLY RESTRICTED NET ASSETS** | 3,928,816 | 1,049,610 | 1,753,901 | 2,380,405 | 1,943,671 |
| **NET ASSETS, BEGINNING** | 234,675,820 | 249,965,186 | 244,291,510 | 238,085,274 | 243,717,954 |
| **NET ASSETS, ENDING** | $ 249,965,186 | $ 244,291,510 | $ 238,085,274 | $ 243,717,954 | $ 247,304,993 |

## College Indebtedness

The table below illustrates the College's fiscal year estimated debt service requirements including the Series 2018 Bonds.

| DATE | Series 2001 I3 | Series 2001 I4 | Series 2012 LL3 | Series 2014 T1 | Series 2015 NN1 | Series 2016 OO1 | Series 2018 QQ2 | Series 2018 Bonds* |
|---|---|---|---|---|---|---|---|---|
| 06/30/2019 | 692,500.00 | 369,920.00 | 1,849,900.00 | 90,000.00 | 432,506.26 | 526,875.00 | 235,140.63 | - |
| 06/30/2020 | 681,500.00 | 369,920.00 | 1,866,300.00 | 90,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | - |
| 06/30/2021 | 670,500.00 | 369,920.00 | 1,889,300.00 | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | - |
| 06/30/2022 | 687,500.00 | 408,000.00 | 1,908,700.00 | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,283,720.00 |
| 06/30/2023 | 801,000.00 | 408,000.00 | 1,281,250.00 | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,283,720.00 |
| 06/30/2024 | 783,000.00 | 1,688,500.00 | - | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,283,720.00 |
| 06/30/2025 | 863,500.00 | 1,649,500.00 | - | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,327,583.75 |
| 06/30/2026 | 842,500.00 | 1,610,500.00 | - | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,427,660.00 |
| 06/30/2027 | 821,500.00 | 1,670,000.00 | - | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,522,433.75 |
| 06/30/2028 | 800,500.00 | 1,726,500.00 | - | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,626,526.25 |
| 06/30/2029 | 779,500.00 | 1,780,000.00 | - | 135,000.00 | 432,506.26 | 526,875.00 | 279,375.00 | 3,685,568.75 |
| 06/30/2030 | 758,500.00 | 1,830,500.00 | - | 135,000.00 | 604,553.14 | 526,875.00 | 279,375.00 | 3,754,230.00 |
| 06/30/2031 | 836,000.00 | 1,779,500.00 | - | 135,000.00 | 608,478.14 | 526,875.00 | 279,375.00 | 3,826,695.00 |
| 06/30/2032 | 812,000.00 | 1,827,000.00 | - | 135,000.00 | 607,150.01 | 526,875.00 | 279,375.00 | 3,898,355.00 |
| 06/30/2033 | - | - | - | 455,000.00 | 954,318.76 | 1,324,725.00 | 399,375.00 | 3,973,805.00 |
| 06/30/2034 | - | - | - | 455,400.00 | 954,718.76 | 1,325,050.00 | 398,350.00 | 4,042,775.00 |
| 06/30/2035 | - | - | - | 455,500.00 | 954,050.01 | 1,324,625.00 | 397,075.00 | 4,114,995.00 |
| 06/30/2036 | - | - | - | 455,300.00 | 952,300.01 | 1,328,375.00 | 395,550.00 | 4,194,790.00 |
| 06/30/2037 | - | - | - | 454,800.00 | 954,734.38 | 1,321,375.00 | 398,775.00 | 4,281,350.00 |
| 06/30/2038 | - | - | - | 449,000.00 | 955,850.00 | 1,327,959.38 | 396,500.00 | 4,349,540.00 |
| 06/30/2039 | - | - | - | 453,050.00 | 955,631.25 | 1,323,037.51 | 393,975.00 | 4,433,955.00 |
| 06/30/2040 | - | - | - | 451,650.00 | 954,475.00 | 1,327,178.13 | 396,200.00 | 4,611,085.00 |
| 06/30/2041 | - | - | - | 449,950.00 | 952,381.25 | 1,329,575.00 | 392,925.00 | 4,612,550.00 |
| 06/30/2042 | - | - | - | 447,950.00 | 953,300.00 | 1,330,206.25 | 394,400.00 | 4,607,805.00 |
| 06/30/2043 | - | - | - | 445,650.00 | 952,100.00 | 1,329,700.00 | 395,375.00 | 4,601,715.00 |
| 06/30/2044 | - | - | - | 448,050.00 | 954,600.00 | 1,323,137.50 | 395,850.00 | 4,598,875.00 |
| 06/30/2045 | - | - | - | - | 955,700.00 | 1,773,043.75 | 395,812.50 | 4,590,750.00 |
| 06/30/2046 | - | - | - | - | 955,400.00 | 1,769,093.75 | 400,287.50 | 4,576,350.00 |
| 06/30/2047 | - | - | - | - | 953,700.00 | 1,773,356.25 | 394,000.00 | 4,557,800.00 |
| 06/30/2048 | - | - | - | - | - | - | 3,122,462.50 | 4,544,500.00 |
| 06/30/2049 | - | - | - | - | - | - | - | 22,805,150.00 |
| **Total** | **$10,830,000.00** | **$17,487,760.00** | **$8,795,450.00** | **$7,221,300.00** | **$20,891,009.57** | **$28,606,687.52** | **$12,933,928.13** | **$132,418,002.50** |

* shown net of capitalized interest through May 1, 2021

*Note:* Estimated future variable (multi-mode) rates associated with the Series 2001 I3, Series 2001 I4 and Series 2014 T1 Bonds have been assumed in the above table to reset at 3.00% upon the next reset dates, which is a proxy rate that exceeds actual historical rates associated with the College's multi-mode debt resets.

## Litigation

The College, like other similar institutions, is subject to a variety of suits and proceedings arising in the ordinary course of business. In the opinion of the College, there is no litigation of any nature pending or threatened wherein an unfavorable decision would have a material adverse impact on the financial condition of the College.

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# APPENDIX B

# AUDITED FINANCIAL STATEMENTS OF MESSIAH COLLEGE FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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# Messiah College

Financial Statements

June 30, 2017 and 2016

BAKER TILLY

Candor. Insight. Results.

# Messiah College

Table of Contents
June 30, 2017 and 2016

# Independent Auditors' Report

Board of Trustees
Messiah College

## Report on the Financial Statements

We have audited the accompanying financial statements of Messiah College (the "College"), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Messiah College as of June 30, 2017 and 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.

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
October 20, 2017

# Messiah College

Statement of Financial Position
June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 12,660,903 | $ 10,463,456 |
| Notes and accounts receivable, net | 2,016,420 | 1,761,191 |
| Promises to give, net | 2,362,073 | 4,219,055 |
| Interest receivable | 193,844 | 189,973 |
| Inventories | 572,691 | 546,231 |
| Prepaid expenses and other assets | 1,244,491 | 1,548,289 |
| Investments, endowment | 134,182,388 | 125,981,119 |
| Investments, gift annuities and trusts | 6,600,837 | 10,444,508 |
| Investments, other | 5,899,203 | 7,630,085 |
| Loans receivable, students | 2,854,785 | 2,854,373 |
| Deposits with trustee under debt agreements - restricted | 220 | 14,525,852 |
| Beneficial interest in perpetual trusts | 3,925,146 | 3,703,469 |
| Property and equipment, net | 157,577,323 | 145,320,181 |
| Total assets | $ 330,090,324 | $ 329,187,782 |
| **Liabilities and Net Assets** | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 8,597,786 | $ 8,962,506 |
| Student deposits | 1,671,115 | 1,595,432 |
| Funds held in custody for others | 33,867 | 50,941 |
| Deferred revenue | 1,442,096 | 1,243,432 |
| Annuities payable | 3,853,412 | 6,272,011 |
| Funds held in trust for others | 501,216 | 818,554 |
| Long-term debt | 64,871,598 | 66,915,535 |
| U.S. Government grants refundable | 2,502,162 | 2,435,219 |
| Other liabilities | 2,899,118 | 2,808,878 |
| Total liabilities | 86,372,370 | 91,102,508 |
| **Net Assets** | | |
| Unrestricted | 193,954,585 | 189,870,463 |
| Temporarily restricted | 13,045,825 | 13,877,672 |
| Permanently restricted | 36,717,544 | 34,337,139 |
| Total net assets | 243,717,954 | 238,085,274 |
| Total liabilities and net assets | $ 330,090,324 | $ 329,187,782 |

*See notes to financial statements*

## Messiah College

Statement of Activities
Year Ended June 30, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Student tuition and fees | $ 95,597,092 | $ - | $ - | $ 95,597,092 |
| Less: financial aid | (38,958,899) | - | - | (38,958,899) |
| Net tuition and fees | 56,638,193 | - | - | 56,638,193 |
| Government grants and appropriations | 864,778 | 116,689 | - | 981,467 |
| Gifts and grants | 1,676,254 | 1,577,010 | - | 3,253,264 |
| Capital gifts and grants | - | 626,632 | - | 626,632 |
| Endowment return designated for operations | 5,550,376 | 1,636,716 | - | 7,187,092 |
| Investment income | 1,122,416 | 22,988 | - | 1,145,404 |
| Other sources | 4,063,694 | (13,808) | - | 4,049,886 |
| Auxiliary enterprises | 20,685,752 | - | - | 20,685,752 |
| Net assets released from restrictions | 3,221,503 | (3,221,503) | - | - |
| Net assets released from restrictions, Capital | 3,758,881 | (3,758,881) | - | - |
| Total operating revenues | 97,581,847 | (3,014,157) | - | 94,567,690 |
| **Operating Expenses** | | | | |
| Educational program services: | | | | |
| Instructional | 37,584,786 | - | - | 37,584,786 |
| Academic support | 9,204,048 | - | - | 9,204,048 |
| Student services | 19,027,658 | - | - | 19,027,658 |
| Public service | 2,330,424 | - | - | 2,330,424 |
| Auxiliary enterprises | 15,440,360 | - | - | 15,440,360 |
| Supporting services, institutional support | 14,127,262 | - | - | 14,127,262 |
| Total operating expenses | 97,714,538 | - | - | 97,714,538 |
| Changes in net assets from operating activities | (132,691) | (3,014,157) | - | (3,146,848) |
| **Nonoperating Revenues, Expenses, and Other Changes** | | | | |
| Endowment and life income gifts | 8,368 | - | 1,554,274 | 1,562,642 |
| Endowment investment return, net of amount designated for operations | 3,257,722 | 2,148,187 | - | 5,405,909 |
| Change in value of beneficial interest in perpetual trusts | - | - | 221,677 | 221,677 |
| Investment return for trusts and gift annuities | 99,302 | 73,279 | 480,458 | 653,039 |
| Change in value of split-interest agreements | 851,421 | (39,156) | 123,996 | 936,261 |
| Total nonoperating revenues, expenses, and other changes | 4,216,813 | 2,182,310 | 2,380,405 | 8,779,528 |
| Changes in net assets | 4,084,122 | (831,847) | 2,380,405 | 5,632,680 |
| **Net Assets, Beginning** | 189,870,463 | 13,877,672 | 34,337,139 | 238,085,274 |
| **Net Assets, Ending** | $ 193,954,585 | $ 13,045,825 | $ 36,717,544 | $ 243,717,954 |

## Messiah College

Statement of Activities
Year Ended June 30, 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Student tuition and fees | $ 93,411,383 | $ - | $ - | $ 93,411,383 |
| Less: financial aid | (37,894,005) | - | - | (37,894,005) |
| Net tuition and fees | 55,517,378 | - | - | 55,517,378 |
| Government grants and appropriations | 842,594 | 276,245 | - | 1,118,839 |
| Gifts and grants | 2,401,993 | 1,322,144 | - | 3,724,137 |
| Capital gifts and grants | - | 1,507,619 | - | 1,507,619 |
| Endowment return designated for operations | 5,608,895 | 1,538,891 | - | 7,147,786 |
| Investment income | 633,016 | 3,539 | - | 636,555 |
| Other sources | 3,779,455 | 166,547 | - | 3,946,002 |
| Auxiliary enterprises | 21,064,588 | - | - | 21,064,588 |
| Net assets released from restrictions | 3,540,281 | (3,540,281) | - | - |
| Net assets released from restrictions, Capital | 876,740 | (876,740) | - | - |
| Total operating revenues | 94,264,940 | 397,964 | - | 94,662,904 |
| **Operating Expenses** | | | | |
| Educational program services: | | | | |
| Instructional | 35,016,014 | - | - | 35,016,014 |
| Academic support | 9,512,018 | - | - | 9,512,018 |
| Student services | 17,717,693 | - | - | 17,717,693 |
| Public service | 2,616,693 | - | - | 2,616,693 |
| Auxiliary enterprises | 15,230,371 | - | - | 15,230,371 |
| Supporting services, institutional support | 14,147,722 | - | - | 14,147,722 |
| Total operating expenses | 94,240,511 | - | - | 94,240,511 |
| Changes in net assets from operating activities | 24,429 | 397,964 | - | 422,393 |
| **Nonoperating Revenues, Expenses, and Other Changes** | | | | |
| Endowment and life income gifts | 16,138 | - | 2,062,013 | 2,078,151 |
| Endowment investment return, net of amount designated for operations | (6,887,387) | (1,377,711) | - | (8,265,098) |
| Change in value of beneficial interest in perpetual trusts | - | - | (291,984) | (291,984) |
| Investment return for trusts and gift annuities | 16,863 | (1,083) | (85,819) | (70,039) |
| Change in value of split-interest agreements | (111,820) | (37,530) | 69,691 | (79,659) |
| Total nonoperating revenues, expenses, and other changes | (6,966,206) | (1,416,324) | 1,753,901 | (6,628,629) |
| Changes in net assets | (6,941,777) | (1,018,360) | 1,753,901 | (6,206,236) |
| **Net Assets, Beginning** | 196,812,240 | 14,896,032 | 32,583,238 | 244,291,510 |
| **Net Assets, Ending** | $ 189,870,463 | $ 13,877,672 | $ 34,337,139 | $ 238,085,274 |

*See notes to financial statements*

# Messiah College

Statement of Cash Flows
Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets | $ 5,632,680 | $ (6,206,236) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and accretion | 11,036,552 | 10,817,366 |
| Net realized and unrealized (gains) losses on investments | (11,468,218) | 3,816,627 |
| Gain on sale of property and equipment | - | (27,145) |
| Contributions for long-term purposes | (1,567,309) | (2,062,013) |
| (Increase) decrease in operating assets: | | |
| Notes and accounts receivable | (255,229) | (74,156) |
| Inventories | (26,460) | 44,995 |
| Other assets | 2,190,677 | 203,727 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | (2,753,726) | (366,923) |
| Funds held in custody for others | (17,074) | (94,812) |
| Student deposits | 75,683 | (17,280) |
| Deferred revenue | 198,664 | 134,575 |
| Funds held in trust for others | (317,338) | (680,582) |
| Net cash provided by operating activities | 2,728,902 | 5,488,143 |
| **Cash Flows from Investing Activities** | | |
| Proceeds from sale of investments | 90,209,970 | 81,721,076 |
| Purchases of investments | (81,574,658) | (84,770,914) |
| Purchase of property and equipment | (20,973,497) | (18,136,852) |
| Decrease (increase) in construction funds held by trustee | 14,525,632 | (13,930,723) |
| Disbursements for loans to students | (510,826) | (558,959) |
| Student loan principal payments received | 510,414 | 491,160 |
| Proceeds from sale of property and equipment | 4,625 | 62,160 |
| Net cash provided by (used in) investing activities | 2,191,660 | (35,123,052) |
| **Cash Flows from Financing Activities** | | |
| Decrease in annuities payable | (2,418,599) | (1,069,195) |
| Principal payments on long-term debt | (1,905,000) | (3,350,000) |
| Contributions for long-term purposes | 1,533,541 | 2,160,437 |
| Increase in U.S. government grants refundable | 66,943 | 25,371 |
| Proceeds from issuance of long-term debt | - | 28,040,000 |
| Net premiums from issuance of long-term debt | - | 1,082,045 |
| Net cash (used in) provided by financing activities | (2,723,115) | 26,888,658 |
| Net increase (decrease) in cash and cash equivalents | 2,197,447 | (2,746,251) |
| **Cash and Cash Equivalents, Beginning** | 10,463,456 | 13,209,707 |
| **Cash and Cash Equivalents, Ending** | $ 12,660,903 | $ 10,463,456 |
| **Supplementary Disclosure of Cash Flow Information** | | |
| Cash paid for interest (excluding capitalized interest of $536,469 in 2017 and $405,358 in 2016) | $ 1,809,857 | $ 1,219,425 |
| **Supplementary Disclosure of Noncash Investing Activities** | | |
| Property and equipment in accounts payable | $ 2,389,006 | $ 3,070,000 |

## 1. Nature of Operations and Summary of Significant Accounting Policies

### Nature of Operations

Messiah College is a Christian college of the liberal and applied arts and sciences. Founded in 1909 by the Brethren in Christ Church, the College is located in Mechanicsburg, Pennsylvania. The College is accredited by the Middle States Commission on Higher Education and has a student body of approximately 3,300 undergraduate and graduate students.

### Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting.

These financial statements present financial information showing the financial position, the activities, and the cash flows of the College reflecting the presence or absence of donor-imposed restrictions. Accordingly, the amounts of net assets are classified according to the nature of restrictions, as follows:

*Permanently Restricted Net Assets* - Net assets which are subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

*Temporarily Restricted Net Assets* - Net assets which are subject to donor-imposed restrictions that will be met when expenditures are made for the designated purposes or with passage of time. The expiration of temporary restrictions on net assets is reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions and temporarily restricted endowment income whose restrictions are not met in the same period as received or earned are reported as increases in temporarily restricted net assets.

*Unrestricted Net Assets* - Net assets not subject to donor-imposed restrictions.

### Net Tuition and Fees

Tuition and fees are recorded at the established rates net of financial aid provided directly by the College, and certain federal grants. The College recognizes tuition revenue in the semester that it is earned. Any payments received in advance for the subsequent year are classified as deferred tuition, which is included with student deposits in the statement of financial position.

### Government Grants and Student Aid

The government grants and student aid amounts reported do not include funds credited to students under various federal and state grant programs. These grants are similar to agency funds as the College acts only as custodian and disbursing agent.

### Title IV Requirements

The College participates in Government Student Financial Assistance Programs (Title IV) administered by the U.S. Department of Education (ED) for the payment of student tuition. Substantial portions of the revenue and collection of accounts receivable as of June 30, 2017 and 2016, are dependent upon the College's continued participation in the Title IV programs.

### Cash and Cash Equivalents

Cash and cash equivalents represent highly liquid investments with an original maturity date not exceeding 90 days.

### Notes and Accounts Receivable

Student accounts receivable are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts. Student accounts receivable are written off when they are determined to be uncollectible based on management's assessment of individual accounts. Other items included are notes receivable from employees and faculty, grants receivable from federal and state agencies and receivables from unrelated individuals, companies and organizations.

### Student Loans

The student loans receivable primarily represents loans to students funded by advances to the College by the federal government under the Federal Perkins and Nursing Student Loan Program (the "Programs"). Such funds may be re-loaned by the College after collection, but in the event that the College no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds at June 30, 2017 and 2016 was $2,502,162 and $2,435,219, respectively. The College matches one-third of the amount contributed by the U.S. Government.

### Contributions

The College records certain promises to give as revenue when the promise is made. In addition, unconditional promises to give (pledges) are recorded as receivables and revenues and the College distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions for donor-restricted purposes (other than capital) are reported as unrestricted revenue when the restriction is satisfied within the same year that the contribution is received.

Contributions with donor-imposed restrictions (for purposes other than capital) that are not met in the same year as received are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when an expenditure is incurred that satisfies the donor-imposed restriction.

Contributions restricted for the acquisition of plant and equipment are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when the asset acquisitions are made. Contributions are reported as an increase in the appropriate net asset category in the year received.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their net present value. The discount is computed using a credit-adjusted interest rate. Conditional promises to give are not included as support until such time as the conditions are substantially met.

### Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis. Inventories consist of dining services, college press, postage and facilities supplies.

### Investments and Deposits with Trustee

Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statement of activities. The cost of investments received as gifts is fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments, and all income from investments, are reported as changes in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations, or by law.

Deposits with trustee under debt agreements at June 30, 2017 and 2016 includes cash and money market funds from unspent bond proceeds.

### Property and Equipment

Physical plant and equipment are stated at cost when purchased, and gifts of plant assets are reflected at fair market value when received. Land, buildings, equipment and furniture are stated at cost less accumulated depreciation which is computed on a straight-line basis over the respective estimated useful lives as follows:

| | |
|---|---|
| Building and improvements | 10 - 40 years |
| Leasehold improvements | 5 - 12 years |
| Equipment | 4 - 20 years |
| Furniture | 4 - 20 years |

### Impairment of Long-Lived Assets

Management of the College reviews long-lived assets (including property and equipment and other assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management considers the undiscounted cash flow expected to be generated by the use of the asset and its eventual disposition to determine when, and if, an impairment has occurred. An impairment loss is recognized to the extent that the carrying value of assets exceeds their fair value. Any write-downs due to impairment are charged to operations at the time impairment is identified. No such write-downs were required in 2017 and 2016.

### Annuity and Trust Funds

The College has entered into split-interest agreements with donors primarily consisting of charitable gift annuities and charitable trusts. Assets for which the College serves as trustee are included in assets held in trust. Contribution revenues are recognized at the date the annuities and trusts are established after recording liabilities for the present value of the estimated future annuity payments to be made to the donors and/or other beneficiaries. Such revenues are recorded as increases in temporarily restricted net assets unless the donor has permanently restricted the College's use of its interest or has given the College the right to use the assets without restriction. Changes in the value of the liabilities are recorded within "change in the value of split interest agreements" throughout the term of the agreements to reflect the current estimated present value of future cash outflows. Contributions arising from split interest agreements amounted to $40,319 and $34,119 for the years ended June 30, 2017 and 2016, respectively.

The College is also a beneficiary of certain perpetual trusts held and administered by others. Under the terms of the trust agreements, the College has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity, but never receives the assets held in the trusts. The present values of the estimated future cash receipts from the trusts are recognized as assets and contribution revenues at the dates the trusts are established.

### Allocation of Certain Expenses

The statements of activities present expenses by functional classification. Depreciation of plant assets, interest on long-term debt, and expenses incurred for the operation and maintenance of plant facilities are allocated to program and supporting activities based upon proportional occupancy of campus buildings.

### Fundraising Costs

The College expenses fundraising costs when incurred. Fundraising costs totaled $1,959,318 and $1,862,327 for the years ended June 30, 2017 and 2016, respectively, and are included in institutional support in the statement of activities.

### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 reclassifications have been made to prior year amounts to conform to current year presentation.

### Subsequent Events

The College evaluated subsequent events for recognition or disclosure through October 20, 2017, the date the financial statements were available to be issued.

### New Accounting Pronouncements

During May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The College may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively to each prior period presented or retroactively with the cumulative effect recognized as of the date of initial application. The College is currently assessing the effect that Topic 606 (as amended) will have on its results of operations, financial position and cash flows.

During February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The College is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The College is assessing the impact this standard will have on its financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for non-public entities for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-18 is to be applied retroactively with transition provisions. The College is currently evaluating the effect that ASU 2016-18 will have on its financial statements.

## 2. Cash and Cash Equivalents

The College maintains cash balances in high credit financial institutions in excess of the federally insured limit under the FDIC. The exposure of the College to uninsured balances as of June 30, 2017 and 2016 was approximately $11,440,000 and $10,064,000, respectively. Historically, the College has not experienced any losses and management believes it is not exposed to any significant credit risk.

## 3. Notes and Accounts Receivable, Net

Notes and accounts receivable consist of the following as of June 30:

| | 2017 | 2016 |
|---|---|---|
| Student balances | $ 4,328,393 | $ 3,843,118 |
| Employees and faculty | 131,527 | 114,033 |
| College related organizations | 16,209 | 13,584 |
| Federal and state agencies | 355,803 | 349,289 |
| Other unrelated individuals, companies, and organizations | 334,488 | 591,167 |
| Subtotal | 5,166,420 | 4,911,191 |
| Allowance for doubtful accounts | (3,150,000) | (3,150,000) |
| Notes and accounts receivable, net | $ 2,016,420 | $ 1,761,191 |

## 4. Promises to Give

Included in promises to give are the following unconditional promises to give as of June 30:

| | 2017 | 2016 |
|---|---|---|
| Capital campaign | $ 1,477,677 | $ 3,947,030 |
| Endowed scholarships | 149,572 | 115,212 |
| Other promises to give | 827,778 | 252,310 |
| Unconditional promises to give, before unamortized discount | 2,455,027 | 4,314,552 |
| Unamortized discount | (92,954) | (95,497) |
| Present value of pledges receivable | $ 2,362,073 | $ 4,219,055 |
| Amounts due in: | | |
| Less than one year | $ 1,355,830 | $ 3,109,578 |
| One to five years | 1,096,580 | 1,201,920 |
| More than five years | 2,617 | 3,054 |
| | $ 2,455,027 | $ 4,314,552 |

Discount rates ranged from 0.72% to 2.54% for the years ended June 30, 2017 and 2016.

All promises to give are reviewed by management and evaluated for collectability when received. Promises to give that are deemed uncollectible are not recognized. As such, the College considers the entire amount to be collectible.

## 5. Investments, Fair Value Measurements and Other Financial Instruments

Investments consist of the following as of June 30:

| | 2017 | | | |
|---|---|---|---|---|
| | **Endowment** | **Gift Annuities and Trusts** | **Other** | **Total** |
| Money market accounts | $ 28,081,967 | $ 203,738 | $ 8,744 | $ 28,294,449 |
| Equity funds and common stocks | 54,845,624 | 3,908,046 | 1,316,256 | 60,069,926 |
| Fixed income | 35,934,007 | 1,749,053 | 4,458,088 | 42,141,148 |
| Private equity and venture capital | 6,346,687 | - | - | 6,346,687 |
| Accrued net income receivable | 364,157 | - | 19,115 | 383,272 |
| Local real estate development company | 2,561,077 | - | - | 2,561,077 |
| Real assets - real estate | 4,900,000 | - | - | 4,900,000 |
| Real asset - based funds | 529,678 | - | - | 529,678 |
| Real assets - held in trust and other | - | 740,000 | 97,000 | 837,000 |
| Hedge funds | 619,191 | - | - | 619,191 |
| Total investments | 134,182,388 | $ 6,600,837 | $ 5,899,203 | $ 146,682,428 |
| Cash due from operating fund | 108,722 | | | |
| Other non-unitized assets | 97,000 | | | |
| Total | $ 134,388,110 | | | |

| | 2016 | | | |
|---|---|---|---|---|
| Money market accounts | $ 10,457,483 | $ 143,092 | $ 52,788 | $ 10,653,363 |
| Equity funds and common stocks | 66,166,620 | 5,773,746 | 1,279,133 | 73,219,499 |
| Fixed income | 21,653,871 | 3,787,670 | 5,257,831 | 30,699,372 |
| Private equity and venture capital | 11,481,248 | - | - | 11,481,248 |
| Accrued net income receivable | 3,192 | - | 333 | 3,525 |
| Local real estate development company | 1,854,184 | - | - | 1,854,184 |
| Real assets - real estate | 4,750,000 | - | - | 4,750,000 |
| Real asset - based funds | 659,745 | - | - | 659,745 |
| Real assets - held in trust and other | - | 740,000 | 1,040,000 | 1,780,000 |
| Hedge funds | 8,954,776 | - | - | 8,954,776 |
| Total investments | 125,981,119 | $ 10,444,508 | $ 7,630,085 | $ 144,055,712 |
| Cash due from operating fund | 68,393 | | | |
| Total | $ 126,049,512 | | | |

### Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the College for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following tables present the financial instruments measured at fair value as of June 30, 2017 and 2016 by caption on the statement of financial position by the valuation hierarchy defined above:

| | 2017 | | | |
|---|---|---|---|---|
| | **Total Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Reported at Fair Value** | | | | |
| Money market accounts | $ 28,294,449 | $ 28,294,449 | $ - | $ - |
| Equity funds and common stocks: | | | | |
| Domestic | 46,723,095 | 46,723,095 | - | - |
| International | 6,835,483 | 6,835,483 | - | - |
| Emerging markets | 4,962,255 | 4,962,255 | - | - |
| Other | 1,549,093 | 1,549,093 | - | - |
| Total equity funds and common stocks | 60,069,926 | 60,069,926 | - | - |
| Fixed income: | | | | |
| Intermediate term bond mutual funds | 33,932,693 | 33,932,693 | - | - |
| Global fixed income | 2,204,981 | 2,204,981 | - | - |
| Inflation-protected bond mutual funds | 135,158 | 135,158 | - | - |
| Municipal bond/funds | 1,544,055 | - | 1,544,055 | - |
| Fixed - high yield | 365,650 | 365,650 | - | - |
| Other | 23,889 | 23,889 | - | - |
| Bond fund | 3,934,722 | - | 3,934,722 | - |
| Total fixed income | 42,141,148 | 36,662,371 | 5,478,777 | - |
| Accrued net income receivable | 383,272 | 333,272 | 50,000 | - |
| Real assets - real estate(a) | 4,900,000 | - | - | 4,900,000 |
| Real assets - held in trust and other(a) | 837,000 | - | - | 837,000 |
| Subtotal | 136,625,795 | 125,360,018 | 5,528,777 | 5,737,000 |
| Alternative investments measured at net asset value: | | | | |
| Private equity and venture capital | 6,346,687 | | | |
| Real asset - based funds | 529,678 | | | |
| Hedge funds | 619,191 | | | |
| Total investments and assets held in trust(b) | 144,121,351 | | | |
| Deposits with trustee under debt agreements | 220 | 220 | - | - |
| Beneficial interest in perpetual trusts | 3,925,146 | - | - | 3,925,146 |
| | $ 148,046,717 | $ 125,360,238 | $ 5,528,777 | $ 9,662,146 |

| | 2016 | | | |
|---|---|---|---|---|
| | **Total Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Reported at Fair Value** | | | | |
| Money market accounts | $ 10,653,363 | $ 10,653,363 | $ - | $ - |
| Equity funds and common stocks: | | | | |
| Domestic | 47,130,567 | 47,130,567 | - | - |
| International | 15,585,891 | 15,585,891 | - | - |
| Emerging markets | 7,561,781 | 7,561,781 | - | - |
| Other | 2,941,260 | 2,941,260 | - | - |
| Total equity funds and common stocks | 73,219,499 | 73,219,499 | - | - |
| Fixed income: | | | | |
| Intermediate term bond mutual funds | 12,632,815 | 11,884,875 | 747,940 | - |
| Global fixed income | 2,391,728 | 1,637,719 | 754,009 | - |
| Inflation-protected bond mutual funds | 10,208,395 | 10,015,958 | 192,437 | - |
| Municipal bond/funds | 685,690 | - | 685,690 | - |
| Fixed - high yield | 577,492 | 308,671 | 268,821 | - |
| Other | 153,252 | 153,252 | - | - |
| Bond fund | 4,050,000 | - | 4,050,000 | - |
| Total fixed income | 30,699,372 | 24,000,475 | 6,698,897 | - |
| Accrued net income receivable | 3,525 | 3,525 | - | - |
| Real assets - real estate(a) | 4,750,000 | - | - | 4,750,000 |
| Real assets - held in trust and other(a) | 1,780,000 | - | - | 1,780,000 |
| Subtotal | 121,105,759 | 107,876,862 | 6,698,897 | 6,530,000 |
| Alternative investments measured at net asset value: | | | | |
| Private equity and venture capital | 11,481,248 | | | |
| Real asset - based funds | 659,745 | | | |
| Hedge funds | 8,954,776 | | | |
| Total investments and assets held in trust(b) | 142,201,528 | | | |
| Deposits with trustee under debt agreements | 14,525,852 | 14,525,652 | - | - |
| Beneficial interest in perpetual trusts | 3,703,469 | - | - | 3,703,469 |
| | $ 160,430,849 | $ 122,402,514 | $ 6,698,897 | $ 10,233,469 |

(a) Includes real estate owned; fair value is based on market value appraisals using a sales approach, which is a non-recurring fair value measurement.

(b) Investments also include member interests in Rider Musser Development Corporation, a local real estate development company, totaling $2,561,077 at June 30, 2017 and $1,854,184 at June 30, 2016. The College is the sole member of this corporation which has an independent board. Accordingly, the College has reported its investment in Rider Musser Development Corporation using the equity method. Activity for the year included contributions by the College to the real estate development company. Rider Musser Development Corporation is in the development stage with no significant operations at June 30, 2017. The College expects to transfer the real estate in the investment portfolio (a) to Rider Musser Development Corporation at a future date.

## Valuation Methodologies

Money market funds (including deposits with trustee under debt agreements), equity funds, common stock and fixed income securities:

Level 1 - Fair value of money market funds, equity funds, common stock, and fixed income securities was based on quoted market prices for the identical security.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument;.

Level 3 - These investments include debt instruments with significant unobservable inputs.

*Hedge funds, private equity and venture capital, and real asset-based funds* - Fair value of these alternative investments was based upon estimated net asset values provided by investment managers. These values are determined using the audited financial statements of the investment and evaluating any cash flows or outflows post-audit. Management reviews and evaluates the values and agrees with the methods and assumptions used.

*Beneficial interest in perpetual trusts* - The College's beneficial interest in perpetual trusts held by others is recorded at the fair value of the trusts' holdings as reported by the trustees as an estimate of the cash flows to be received from the trusts. The College's proportionate share of the net asset values of funds held in trust by others as of June 30, 2017 and 2016 were $3,925,146 and $3,703,469, respectively.

The fair values of several of the investment instruments classified in the above tables have been estimated using the net asset value of the College's ownership interest in partner's capital. Those are:

*Private equity and venture capital*: This category includes funds that invest primarily in technology, emerging growth and real estate companies. These investments can never be redeemed at the option of the investor. Instead, distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets of the various funds will be liquidated over the next 12 years. As of June 30, 2017, the College has committed $17,880,000 to these funds, of which $3,958,657 remains unfunded.

*Real asset-based funds:* This category includes funds that invest primarily in commercial real estate properties and partnerships in the United States. Distributions from each fund will be received as the underlying investments of the funds are liquidated. As of June 30, 2017, the College has committed $4,500,000 to the funds, of which $180,000 remains unfunded.

*Hedge funds:* This category includes a fund of funds which pursues multiple strategies to diversify risks and reduce volatility. There are no additional commitments required as the fund is in the process of winding down with full liquidation anticipated by the end of 2018. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

Of the total unfunded commitments, approximately $3,100,000 is likely to be called.

The activity recognized during the fiscal years ended June 30, 2017 and 2016, for Level 3 assets with recurring fair value measurements, is as follows:

| | Beneficial Interest in Perpetual Trusts |
|---|---|
| July 1, 2015 | $ 3,995,453 |
| Distributions | (154,211) |
| Unrealized losses | (137,773) |
| June 30, 2016 | 3,703,469 |
| Distributions | (201,159) |
| Unrealized gains | 422,836 |
| June 30, 2017 | $ 3,565,696 |

Unrealized and realized gains (losses) are included in unrestricted and temporarily restricted net assets in the statements of activities as components of endowment investment return, investment return of gift annuities, and change in value of split-interest agreements.

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

| | 2017 | | | |
|---|---|---|---|---|
| | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Dividends and interest, net of expense | $ 2,361,174 | $ 671,315 | $ 112,414 | $ 3,144,903 |
| Net realized and unrealized losses | 7,668,642 | 3,209,855 | 589,721 | 11,468,218 |
| Total return on investments | $ 10,029,816 | $ 3,881,170 | $ 702,135 | $ 14,613,121 |
| Operating investment income: | | | | |
| Endowment return designated for operations | $ 5,550,376 | $ 1,636,716 | $ - | $ 7,187,092 |
| Investment income | 1,122,416 | 22,988 | - | 1,145,404 |
| Non-operating investment income: | | | | |
| Endowment investment returns, net of amount designated for operations | 3,257,722 | 2,148,187 | - | 5,405,909 |
| Change in value of beneficial interest in perpetual trusts | - | - | 221,677 | 221,677 |
| Investment returns on trusts and gift annuities | 99,302 | 73,279 | 480,458 | 653,039 |
| Total return on investments | $ 10,029,816 | $ 3,881,170 | $ 702,135 | $ 14,613,121 |

| | 2016 | | | |
|---|---|---|---|---|
| | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Dividends and interest, net of expense | $ 1,756,291 | $ 1,018,397 | $ 199,159 | $ 2,973,847 |
| Net realized and unrealized losses | (2,384,904) | (854,761) | (576,962) | (3,816,627) |
| Total return on investments | $ (628,613) | $ 163,636 | $ (377,803) | $ (842,780) |
| Operating investment income: | | | | |
| Endowment return designated for operations | $ 5,608,895 | $ 1,538,891 | $ - | $ 7,147,786 |
| Investment income | 633,016 | 3,539 | - | 636,555 |
| Non-operating investment income: | | | | |
| Endowment investment returns, net of amount designated for operations | (6,887,387) | (1,377,711) | - | (8,265,098) |
| Change in value of beneficial interest in perpetual trusts | - | - | (291,984) | (291,984) |
| Investment returns on trusts and gift annuities | 16,863 | (1,083) | (85,819) | (70,039) |
| Total return on investments | $ (628,613) | $ 163,636 | $ (377,803) | $ (842,780) |

## 6. Property and Equipment, Net

Property and equipment consists of the following as of June 30:

| | 2017 | | | |
|---|---|---|---|---|
| | Useful Lives | Acquired Value | Less Accumulated Depreciation | Net Book Value |
| Land | | $ 2,823,740 | $ - | $ 2,823,740 |
| Improvements | 20 years | 17,853,300 | 12,343,449 | 5,509,851 |
| Buildings | 10 - 40 years | 218,238,514 | 105,590,716 | 112,647,798 |
| Leasehold improvements | 5 - 12 years | 2,739,513 | 38,752 | 2,700,761 |
| Equipment | 4 - 20 years | 74,895,246 | 63,441,249 | 11,453,997 |
| Construction in progress | | 22,441,176 | - | 22,441,176 |
| | | $ 338,991,489 | $ 181,414,166 | $ 157,577,323 |

| | 2016 | | | |
|---|---|---|---|---|
| Land | | $ 2,828,365 | $ - | $ 2,828,365 |
| Improvements | 20 years | 17,628,446 | 11,554,828 | 6,073,618 |
| Buildings | 10 - 40 years | 215,565,621 | 98,126,013 | 117,439,608 |
| Leasehold improvements | 5-12 years | - | - | - |
| Equipment | 4 - 20 years | 71,148,082 | 60,696,884 | 10,451,198 |
| Construction in progress | | 8,527,392 | - | 8,527,392 |
| | | $ 315,697,906 | $ 170,377,725 | $ 145,320,181 |

Depreciation expense totaled $11,085,248 and $10,821,569 for the years ended June 30, 2017 and 2016, respectively.

## 7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30:

| | 2017 | 2016 |
|---|---|---|
| Accounts payable | $ 3,895,463 | $ 4,216,304 |
| Accrued salaries and benefits | 4,281,306 | 4,368,742 |
| Other | 421,017 | 377,460 |
| Total | $ 8,597,786 | $ 8,962,506 |

## 8. Lines of Credit

The College has two unsecured lines of credit with a national and a regional bank in the amounts of $5,000,000 and $10,000,000 respectively, for the year ended June 30, 2017. There were no amounts outstanding under either line of credit as of June 30, 2017. Both lines of credit bear interest at 1.65% above one-month LIBOR with an interest period duration of one day (2.87239% at June 30, 2017).

## 9. Long-Term Debt

Long-term debt consists of the following as of June 30:

| | 2017 | 2016 |
|---|---|---|
| 2001 I-3 Messiah College Revenue Bonds | $ 9,500,000 | $ 10,000,000 |
| 2001 I-4 Messiah College Revenue Bonds | 13,600,000 | 13,600,000 |
| 2012 Messiah College Revenue Bonds | 9,425,000 | 10,830,000 |
| 2014 Messiah College Revenue Bonds | 4,500,000 | 4,500,000 |
| 2015 Messiah College Revenue Bonds | 11,385,000 | 11,385,000 |
| 2016 Messiah College Revenue Bonds | 16,655,000 | 16,655,000 |
| Total | 65,065,000 | 66,970,000 |
| Unamortized premium (discount) and issuance costs on bonds payable, net | (193,402) | (54,465) |
| | $ 64,871,598 | $ 66,915,535 |

### 2001 Messiah College Revenue Bonds

The 2001 Multi-Mode I-3 Revenue Bonds have a variable interest rate with principal maturing in varying amounts from November 1, 2017 through November 1, 2031. The College may elect to remarket the bonds for a new mode period and interest rate on the mandatory tender date of any existing mode period. On November 1, 2015, the bonds were remarketed with no letter of credit enhancement, and converted to a two-year term mode bearing interest at a rate of 1.20% through October 31, 2017.

The 2001 Multi-Mode I-4 Revenue Bonds have a variable interest rate with principal maturing in varying amounts from November 1, 2023 through November 1, 2031. The College may elect to remarket the bonds for a new mode period and interest rate on the mandatory tender date of any existing mode period. On May 1, 2015, the 2001 I-4 Bonds were remarketed with no letter of credit enhancement, and converted to a three-year rate of 1.50% through April 30, 2018.

Bond discounts and issuance costs relating to the 2001 Revenue Bonds are being amortized over the term of the bonds on a straight line-basis. The unamortized net costs amounted to $24,863 and $26,600 as of June 30, 2017 and 2016, respectively.

### 2012 Messiah College Revenue Bonds

The 2012 Revenue Bonds have interest rates ranging from 4.0% to 5.0% with principal maturing in various amounts from November 1, 2017 through November 1, 2022. The bonds are secured by a lien on the College's unrestricted revenues, and the loan agreement between the College and the issuer of the bonds contains a rate covenant.

Bond premiums and issuance costs relating to the 2012 Revenue Bonds are being amortized over the term of the bonds on a straight-line basis. The unamortized net premium amounted to $720,809 and $855,961 as of June 30, 2017 and 2016, respectively.

### 2014 Messiah College Multi-Mode Revenue Bonds

The 2014 Multi-Mode Revenue Bonds were initially issued with a coupon rate of 3.0% for a three-year period at an original issue premium. On May 1, 2017 the bonds were remarketed at a three-year term mode with an interest rate of 2.00% through April 30, 2020. The College, at its option, may continue under this arrangement in the term mode for successive three-year periods, or, convert to a different rate mode. Principal will mature in various amounts from May 1, 2033 through May 1, 2044. The bonds are secured by a lien on the College's unrestricted revenues, and the loan agreement between the College and the issuer of the bonds contains a rate covenant.

Bond premiums and issuance costs relating to the 2014 Revenue Bonds are being amortized over the term of the bonds on a straight-line basis. The unamortized net premium amounted to $120,562 and $125,055 as of June 30, 2017 and 2016, respectively.

### 2015 Messiah College Revenue Bonds

The 2015 Revenue Bonds have interest rates ranging from 3.375% to 4.0% with principal maturing in various amounts from November 1, 2029 through November 1, 2046. The bonds are secured by a lien on the College's unrestricted revenues, and the loan agreement between the College and the issuer of the bonds contains a rate covenant.

Bond discount and issuance costs relating to the 2015 Revenue Bonds are being amortized over the term of the bonds on a straight-line basis. The unamortized net discount amounted to $384,299 and $398,024 as of June 30, 2017 and 2016, respectively.

### 2016 Messiah College Revenue Bonds

The 2016 Revenue Bonds have interest rates ranging from 3.0% to 3.4% with principal maturing in various amounts from November 1, 2032, through November 1, 2046. The bonds are secured by a lien on the College's unrestricted revenues and the loan agreement between the College and the issuer of the bonds contains a rate covenant.

Bond discount and issuance costs relating to the 2016 Revenue Bonds are being amortized over the term of the bonds on a straight-line basis. The unamortized net discount amounted to $625,611 and $647,955 as of June 30, 2017 and 2016, respectively.

The approximate aggregate amount of principal maturities of debt outstanding as of June 30, 2017 for the five subsequent fiscal years follows:

| | |
|---|---|
| 2018 | $ 1,965,000 |
| 2019 | 2,050,000 |
| 2020 | 2,130,000 |
| 2021 | 2,220,000 |
| 2022 | 2,310,000 |
| Thereafter | 54,390,000 |
| Total | $ 65,065,000 |

Interest expense on long-term debt was $1,325,771 in 2017 and $649,576 in 2016, net of capitalized interest of $536,469 and $405,358, respectively.

## 10. Retirement Plan

The College provides retirement benefits to eligible employees through a defined contribution plan. College contributions are subject to a two-year cliff vesting period. The College made retirement contributions of $2,645,464 and $2,605,189 for the years ended June 30, 2017 and 2016, respectively.

## 11. Endowment and Net Assets Released From Restrictions

The College's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the College has developed a policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation of Pennsylvania law, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as either temporarily restricted or unrestricted net assets based on the existence of donor restrictions or by law. Board designated investment funds are balances functioning as an endowment that are established by the institution from either donor or institutional monies, and are usually to be retained and invested rather than expended. Since board designated investment funds are established by the institution rather than an external source, the principal may be expended, as directed by the Board of Trustees.

The College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the College and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the College

(7) The investment policies of the College

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the sum of the Endowment's spending rate, anticipated inflation, all fees and administrative costs, and any portfolio growth factor that the Committee on Finance recommends to the Board of Trustees, while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average rate of return of approximately 8.5 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Commonwealth of Pennsylvania law permits the College to allocate to income each year a portion of endowment net realized gains. Pennsylvania legislation was enacted which limited the amount that may be spent to a minimum of 2.0%, and a maximum of 7.0% of a three-year moving average of the market value of the endowed assets. Since endowment net realized and unrealized gains may eventually be expended by the College, donor endowment net realized and unrealized gains are recorded in the financial statements as temporarily restricted net assets until transferred to unrestricted net assets. For the years ended June 30, 2017 and 2016, the College's spending policy was 5.0% of the 12-quarter average fair market value of the donor endowed assets calculated as of the prior June 30. Based upon this formula, total distributed income on donor-restricted funds for the years ended June 30, 2017 and 2016 amounted to $1,636,716 and $1,538,891, respectively.

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2017 and 2016:

| | 2017 | | | |
|---|---|---|---|---|
| | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Endowment net assets - July 1, 2016 | $ 91,626,858 | $ 6,222,319 | $ 28,200,335 | $ 126,049,512 |
| Investment return: | | | | |
| Dividends and interest, net of expense | 1,721,518 | 651,277 | - | 2,372,795 |
| Net realized and unrealized gains | 7,086,550 | 3,133,657 | - | 10,220,207 |
| Total investment return | 8,808,068 | 3,784,934 | - | 12,593,002 |
| Contributions | - | - | 1,522,322 | 1,522,322 |
| Other changes: | | | | |
| Transfers | 148,027 | (153,385) | 1,561,423 | 1,556,065 |
| Reclassification of underwater endowment net assets | 245,420 | (245,420) | - | - |
| Endowment spending | (5,550,376) | (1,636,716) | - | (7,187,092) |
| Total other changes | (5,156,929) | (2,035,521) | 1,561,423 | (5,631,027) |
| Endowment net assets - June 30, 2017 | $ 95,277,997 | $ 7,971,732 | $ 31,284,080 | $ 134,533,809 |

| | 2016 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Endowment net assets - July 1, 2015 | $ 97,858,186 | $ 7,594,180 | $ 25,672,124 | $ 131,124,490 |
| Investment return: | | | | |
| Dividends and interest, net of expense | 1,636,267 | 612,732 | - | 2,248,999 |
| Net realized and unrealized losses | (2,870,052) | (514,814) | - | (3,384,866) |
| Total investment return | (1,233,785) | 97,918 | - | (1,135,867) |
| Contributions | - | - | 2,140,024 | 2,140,024 |
| Other changes: | | | | |
| Transfers | 845,230 | (164,766) | 388,187 | 1,068,651 |
| Reclassification of underwater endowment net assets | (233,878) | 233,878 | - | - |
| Endowment spending | (5,608,895) | (1,538,891) | - | (7,147,786) |
| Total other changes | (4,997,543) | (1,469,779) | 388,187 | (6,079,135) |
| Endowment net assets - June 30, 2016 | $ 91,626,858 | $ 6,222,319 | $ 28,200,335 | $ 126,049,512 |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration (i.e., underwater endowments). In accordance with relevant accounting guidance, deficiencies of this nature that are reported in unrestricted net assets were $60,545 and $305,965 as of June 30, 2017 and 2016, respectively.

## 12. Net Assets

Temporarily restricted net assets available for the following purposes as of June 30:

| | 2017 | 2016 |
|---|---|---|
| Unspent balances of restricted gifts: | | |
| The Boyer Center | $ 37,272 | $ 37,272 |
| School Enrichment | 67,523 | 43,967 |
| Collaboratory (endowment designation) | 136,449 | 131,700 |
| Gender studies (endowment designation) | 90,003 | 86,871 |
| Scholarships and other student assistance | 323,511 | 337,720 |
| Collaboratory (foundation-funded and other sources) | 297,941 | 220,757 |
| Athletic teams | 195,018 | 152,877 |
| Investment Club activities | 277,770 | 254,819 |
| Early Clergy Leadership and Youth Theology | 606,010 | 348,110 |
| Other | 381,219 | 340,584 |
| Net annuities | 359,513 | 338,212 |
| Capital projects | 2,528,316 | 5,581,035 |
| Market appreciation of donor endowment | 7,745,280 | 6,003,748 |
| | $ 13,045,825 | $ 13,877,672 |

Net assets are released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors.

Permanently restricted net assets are restricted as follows as of June 30:

| | 2017 | 2016 |
|---|---|---|
| Investments to be held in perpetuity, the income from which is expendable to support: | | |
| Scholarships and awards | $ 24,039,427 | $ 21,593,033 |
| Faculty chairs | 933,687 | 933,687 |
| Instruction | 42,330 | 42,090 |
| Faculty development | 498,493 | 498,493 |
| Campus ministries | 131,792 | 131,292 |
| General operations and other purposes | 5,492,653 | 5,001,740 |
| Total principal of donor endowment | 31,138,382 | 28,200,335 |
| Net annuities | 1,508,318 | 2,321,404 |
| Beneficial interest in perpetual trusts | 3,925,146 | 3,703,469 |
| Pledges and bequests | 145,698 | 111,931 |
| | $ 36,717,544 | $ 34,337,139 |

The income received from net annuities and perpetual trusts are primarily restricted for scholarships and instruction.

## 13. Expenses

Expenses, by natural classification, were as follows for the years ended June 30:

| | 2017 | 2016 |
|---|---|---|
| Compensation and benefits | $ 60,066,691 | $ 57,882,005 |
| Services and supplies | 16,161,697 | 14,849,689 |
| Depreciation and accretion | 11,084,164 | 11,081,621 |
| Purchases for resale | 3,622,332 | 3,749,528 |
| Utilities | 3,144,652 | 3,224,990 |
| Insurance, maintenance and supplies | 2,309,231 | 2,803,102 |
| Interest | 1,325,771 | 649,576 |
| Total expenses | $ 97,714,538 | $ 94,240,511 |

## 14. Contingencies and Commitments

The College is involved in various claims and litigation arising out of the normal conduct of its operations. In the opinion of management, the outcome of such claims and litigation will not have a material effect on the College's financial statements.

Amounts received and expended by the College under various federal and state programs (principally related to student financial aid) are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position or result of activities of the College.

The College leases real estate for educational, office, and residential purposes under the terms of non-cancelable agreements classified as operating leases. Future minimum lease payments for subsequent fiscal years are as follows:

| | |
|---|---|
| 2018 | $ 774,616 |
| 2019 | 789,617 |
| 2020 | 807,572 |
| 2021 | 823,231 |
| 2022 | 839,762 |
| Thereafter | 3,456,005 |
| Total | $ 7,490,803 |

Rent expense for the years ended June 30, 2017 and 2016 amounted to $830,619 and $305,218, respectively.

## 15. Income Taxes

The College qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for federal or state income taxes.

The College accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2017 and 2016.

The College's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

# APPENDIX C

# MARKET FEASIBILITY STUDY

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RPRG
REAL PROPERTY RESEARCH GROUP
ATLANTA ■ WASHINGTON/BALTIMORE

# Market Feasibility Analysis

# Oakwood Hills - Phase I

## Upper Allen Township, Cumberland County, PA

Prepared for:
**Rider Musser Development**

AN AFFILIATE OF NATIONAL HOUSING & REHABILITATION ASSOCIATION
National Council of Housing Market Analysts

Inspection Date: June 5, 2018
Effective Date: June 19, 2018

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# EXECUTIVE SUMMARY

Real Property Research Group, Inc. (RPRG) has been retained by Rider Musser Development to conduct a market feasibility analysis of the 137 unit first phase of a proposed garden apartment community located immediately north of the Messiah College campus in Upper Allen Township, Cumberland County, Pennsylvania. The parcel is located north of West Lisburn Road and east of US Route 15.

The subject site is part of a larger 100-acre mixed-use development called Oakwood Hills. When fully built out, Rider Musser contemplates a campus that would include all 314 units of the subject residential community as well as retail and office space, boutique hotel, institutional uses, freestanding restaurants, a bank, and gas/ convenience store. The subject residential project, situated on the eastern third of the campus, will feature one and two-bedroom garden apartments to be built in two phases. A potential third phase, containing 78 units, is under review and could be converted to commercial use. Oakwood Hills is contemplated as a high-end market rate community targeted to professionals, university staff, graduate students, and empty nesters/ retirees.

Most units will be elevator-served with interior hallways – a unique feature in the market. The apartment community will offer upscale amenities including a clubhouse, pool area, and walking trails, open spaces, and parkland interspersed within the entire campus. The units will feature upscale features commensurate with a premium rental development.

This analysis has been conducted and formatted in accordance with the guidelines of the National Council of Housing Market Analysts (NCHMA). The intended use of this report is to accompany an application to banks and private investors.

Based on our research, including a site on June 5, 2018, we find the following:

- **Site Analysis**: The subject Oakwood Hills site is well situated to take advantage of existing community services, neighborhood amenities and employment centers in the region. The site offers quick and easy access to the area's local and regional road network, facilitating the commute to employment in the Harrisburg region. An array of shopping, medical, and other support services are close by. Additionally, planned retail services within the proposed campus will further enhance the desirability of the site. The campus-like nature of the site and high standards for both site and building design will set this community apart from other higher-end developments.

- **Economic Analysis**: The economy is diversified and unemployment rates remain below national levels. The county's extensive road network and key government, educational, and medical facilities have provided strong underpinning for the economic base. As of 2017, Cumberland County's average unemployment rate was a low 3.8 percent, below the state and national rates of 4.9 percent and 4.4 percent respectively. As of 2017, the job base of 133,286 represented a net gain of approximately 13,300 jobs since 2010. Major county employers within a five-mile radius of the site include Guide, Concentra, the Naval Activity Distribution Center, UPS Freight, and Messiah College.

- **Demographic Analysis**: The market area and Cumberland County have maintained steady growth rates since 2000, though market area household growth rates have moderated since the 2000 to 2010 decade. The market area is a mature well-established upper middle-income community. The Oakwood Hills Market Area's household base grew by 1.7 percent annually between the 2000 and 2010 Censuses and is projected to increase by 1.2 percent annually (589 households) over the next five years. The market area is middle-aged, dominated by established adults age 35 to 61 years with a 36 percent share. Seniors are also a sizable component with a 24 percent share. The estimated 2018 median household income in the Oakwood Hills Market Area is $79,559. The primary market's median renter household earns a healthy $53,409 per year.

- **Competitive Housing Analysis**: The Oakwood Hills multi-family rental market is very strong with full occupancy vacancy rates (0.8 percent) and healthy absorption paces, indicating a healthy and tight marketplace. All five of the Upper Tier communities are fully leased, signifying a very strong market. Three of the five Upper Tier properties feature townhomes offering mostly two and three bedroom units, many with attached garages. The larger Upper Tier communities provide a full set of amenities. The newer communities (mostly Upper Tier) typically provide upscale features such as gourmet kitchens, hardwood floors, and in unit washer/ dryer units. Union Flats opened in early 2017 and has fully leased its supply of completed apartments at a monthly pace of 12 to 19 units for Phases I and II. Thirty-one percent of the Upper Tier inventory are one bedroom units (including dens); 58 percent are two bedroom units (including dens).

  The average Upper Tier one-bedroom effective rent is $1,061 for 782 square feet, or an average rent per square foot of $1.36. Upper Tier two-bedroom effective rents average $1,378 per month for a 1,177 square foot unit or $1.17 per square foot. In addition to the subject, two potential short-term pipeline communities totaling 368 units have been identified in the market area.

Phase I of the Oakwood Hills apartment community contains 137 units. The proposed unit distribution, square footages, and proposed rents are below:

| Model | | | | | Proposed Rents | |
|---|---|---|---|---|---|---|
| Type | Baths | No | % | Area (SF) | Average | Rent/ SF |
| 1 BR | 1 | 2 | 1.5% | 816 | $1,055 | $1.29 |
| 1 BR | 1 | 12 | 8.8% | 825 | $1,095 | $1.33 |
| 1 BR | 1 | 2 | 1.5% | 825 | $1,055 | $1.28 |
| 1 BR | 1 | 10 | 7.3% | 855 | $1,125 | $1.32 |
| 1 BR | 1 | 1 | 0.7% | 905 | $1,125 | $1.24 |
| 1 BR | 1.5 | 2 | 1.5% | 1,055 | $1,215 | $1.15 |
| **Total/ Average** | | **29** | **21.2%** | **853** | **$1,109** | **$1.30** |
| 2 BR | 2 | 46 | 33.6% | 1,055 | $1,315 | $1.25 |
| 2 BR | 2 | 12 | 8.8% | 1,080 | $1,345 | $1.25 |
| 2 BR | 2 | 12 | 8.8% | 1,085 | $1,345 | $1.24 |
| 2 BR | 2 | 12 | 8.8% | 1,100 | $1,395 | $1.27 |
| 2 BR | 2 | 12 | 8.8% | 1,115 | $1,395 | $1.25 |
| 2 BR | 2 | 2 | 1.5% | 1,120 | $1,325 | $1.18 |
| 2 BR | 2 | 2 | 1.5% | 1,126 | $1,325 | $1.18 |
| 2 BR | 2 | 2 | 1.5% | 1,135 | $1,325 | $1.17 |
| 2 BR | 2 | 2 | 1.5% | 1,140 | $1,325 | $1.16 |
| 2 BR | 2 | 2 | 1.5% | 1,190 | $1,395 | $1.17 |
| 2 BR | 2 | 4 | 2.9% | 1,195 | $1,395 | $1.17 |
| **Total/ Average** | | **108** | **78.8%** | **1,086** | **$1,345** | **$1.24** |
| **Grand Total/ Average** | | **137** | | **1,037** | **$1,295** | **$1.25** |

All utilities paid by tenant except water, sewer, and trash

| Phase | Building Nos. | Units |
|---|---|---|
| I | 1,2,3 | 137 |
| II | 4,5,6 | 177 |
| **Total** | | **314** |

*Source: Rider Musser Development Pro Forma*

Based on these findings, we have arrived at the following conclusions:

- **Net Demand for Rental Housing:** Accounting for household trends, necessary unit replacement, and a stabilized structural vacancy rate of 5.0 percent, RPRG projects an excess demand of 235 rental units in the subject's market area as of June 1, 2021. The result of the net demand analysis indicates a market place with a significant pent-up demand for rental housing that should reasonably absorb the subject and the two pipeline projects under consideration plus sufficient surplus to absorb a potential extra project. The potency of the demand is underscored by the very low vacancy rates in the market place, the strength of the economy, and the strong market acceptance of premium priced rental product. If delivery of the 177 units in Phase II of Oakwood Hills is accelerated, there is sufficient excess demand to successfully absorb these units as well.

- **Affordability and Penetration Rates:** RPRG judges that these capture and penetration rates are reasonable and readily achievable. Assuming a 33 percent rent burden and an artificial maximum income at 150 percent AMI for market rate units, the 137 units in Phase I would need to capture 2.5 percent of the income-qualified renter households at RPRG's derived rents. The renter capture rate of 2.5 percent is well below the 5.0 percent threshold level considered desirable and indicates the sizable pool of qualified renter households in the market area. In addition, this analysis assumes an artificial income cap on renters.

  At the same time, all of the competitive market area rental units would serve 21 percent of income-qualified renter households in the market area. The rate suggests that there are more than adequate numbers of income-qualified renters in this market to address all the competitive upper range rental communities operating in the market and allow 79 percent of renters to rent in scattered site rentals, be they condominiums, townhouses or single-family detached homes.

**Target Markets:** Target tenant segments include singles/ young professionals, couples, roommates, and older households in transition.

When considering the Oakwood Hills rental community in the context of the competitive environment, the project's relative position is as follows:

- **Community Size:** The subject Oakwood Hills site is well situated to take advantage of existing community services, neighborhood amenities and employment centers in the region. The site offers quick and easy access to the area's local and regional road network, facilitating the commute to employment in the Harrisburg region. An array of shopping, medical, and other support services are close by. U.S. Route 15 forms the western boundary of the site and provides direct access to Camp Hill and other western shore suburbs of Harrisburg as well Interstate 76 (The Pennsylvania Turnpike), three miles to the north. Additionally, planned retail services within the proposed campus will further enhance the desirability of the site. The campus-like nature of the site and high standards for both site and building design will set this community apart from other higher-end developments.
- **Community Size:** At full build out of 314 units, the proposed Oakwood Hills Apartments will be one of the larger communities in the market area. As such, the scale of the

community would allow an extensive amenity package competitive with other upscale communities; all amenities will be completed upon opening of Phase 1.

- **Structure Type:** Approximately 86 percent of units at Phase I of Oakwood Hills will be three-story elevator served structures that will be unique in the market area and serve as an appealing marketing tool. The remaining garden apartments will be in a two-story structure that also minimize stair usage.
- **Unit Distribution:** The proposed unit mix of 21 percent one bedrooms and 79 percent has a smaller proportion of one bedroom units compared to the 28 percent share overall in the market area. However, the two highest rent communities in the Upper Tier – Meadows at Bumble Hollow and Meridian at West Shore - are fully leased and do not offer any one bedroom models. In addition, the high proportion of units served by elevator and interior hallways (unique in the market area) will invariably attract affluent older households who prefer the luxury of an extra bedroom.
- **Unit Size:** The developer proposed unit sizes for both models are competitively sized compared to other garden communities in the market area.
  - **One Bedroom Models**: The developer has proposed one bedroom floor plans ranging from 816 to 1,055 square feet; 86 percent of the units are in the 825 to 855 square feet range. The subject units are larger than the Upper Tier average at 782 square feet that ranges from 763 to 817 square feet and are larger than the Lower Tier average at 746 square feet.
  - **Two Bedroom Models**: The developer has proposed two-bedroom floor plans ranging from 1,055 to 1,195 square feet; 95 percent of the units are in the 1,055 to 1,115 square foot range. The Upper Tier average for two bedroom units is somewhat larger at 1,177 square feet, but skews larger by the large number of townhome models. The exclusive garden units at Graham Hill and Union Flats range in size from 1,072 to 1,161 square feet that are more comparable to the subject models. The average size of the two bedroom models in the Lower Tier, with a greater proportion of garden units, is much smaller at 991 square feet.
- **Unit Features:** The units will feature upscale features such as 9-foot high ceilings, granite countertops, full size in-unit washer-dryers, upgraded wood kitchen cabinets, stainless steel energy efficient appliances (including microwave), garbage disposal, spacious walk-in closets in master bedrooms, large walk-in showers, patios/ balconies, pendant lighting, and simulated wood flooring in living areas and carpeting in bedrooms. These features are desirable and appropriate for a project commanding top of the market rents.
- **Parking:** All properties provide free surface parking. Four of the Upper Tier properties offer integral garages for all or most of their units; most of the garage units are found in townhome models. Three Upper Tier communities also offer detached garages renting from $95 to $115 per month. The only parking option offered in the Lower Tier group is surface.

  Current plans only call for surface parking at the subject. Given the premium rent position, it might be prudent to add a limited number of detached garages for those more affluent tenants desiring protection for their cars.
- **Community Amenities:** Oakwood Hills will offer upscale amenities including a clubhouse, salt water pool area, walking trails, open spaces, and parkland interspersed throughout the entire campus. The clubhouse will contain a resident lounge, fitness center, cybercafé, business center, and billiards/ game room. A concierge will provide such services as dry cleaning, ticketing, and package delivery. Other outdoor amenities include a deck area, fire place, grilling/ picnic areas, and dog park. These proposed amenities provide some of the

most extensive array of amenities in the market place and will be equal to the market, if not offering a competitive advantage.

- **Rents: T**he proposed rents generally fall within the middle to upper range of the Upper Tier pricing continuum that is appropriate, reflecting the subject's premium design and prestigious park-like setting adjacent to Messiah College. Additionally, most units will have access to elevators and interior hallways that are not offered elsewhere in the market.
    - **One Bedroom Models**: The proposed one bedroom rents ranging from $1,055 to $1,125 are higher than the Upper Tier range of $1,037 to $1,113; however, the subject floor plans are larger resulting in per square foot pricing below that of the Upper Tier. The highest priced one bedroom model at $1,215 exceeds the highest Upper Tier rent by $100; however, the floor plan is 200 square feet larger and is priced $40 lower than the 1,072 square foot two bedroom model at Union Flats that rent for $1,254 (there are only two apartments at this price point). Given the relatively small number of one bedroom models at 29 units, we feel that the units are appropriately priced within the context of the market place.
    - **Two Bedroom Models**: The proposed two bedroom rents range from $1,315 to $1,395 are competitively priced positioned within the range of the four Upper Tier communities that offer gardens and a mix of gardens and townhomes ($1,254 to $1,395). .

**Concluding Comments**: The proposed Oakwood Hills location offers several key assets that provide a strong foundation for a rental community:

- A strategic, convenient location anchoring the northern boundary of the Messiah College campus.
- Continued steady expansion of the household base.
- An affluent household base and a large proportion of senior households who might consider downsizing given the appropriate premium rental option.
- Low capture and penetration rates and demand equation indicating positive demand for rental product.
- Full occupancy rates with healthy lease-up of new product.

Furthermore, the design of the community featuring mostly elevator served apartments in a parklike setting will position the property as one of the prestigious residential locations in the Mechanicsburg region.

Based on the experience of the most recently built communities (Union Flats and to a lesser extent Stone Gate Village), the strength of the rental market, and the uniqueness of the product, we **would expect that the Phase 1 would be leased at a rate of 13 to 14 units per months.** Based on this pace, Phase 1 would achieve 95 percent occupancy in 9 to 10 months.

# I. INTRODUCTION

## A. Overview of Subject

Rider Musser Development is planning to develop the 137 unit first phase of a garden apartment community located immediately north of the Messiah College campus in Upper Allen Township, Cumberland County, Pennsylvania. The subject site is part of a larger 100-acre mixed-use development called Oakwood Hills. The parcel is located north of West Lisburn Road and east of US Route 15. The subject residential project, situated on the eastern third of the campus, will feature one and two-bedroom garden apartments to be built in two phases. Oakwood Hills is contemplated as a high-end market rate community targeted to professionals, university staff, graduate students, and empty nesters/ retirees.

## B. Purpose

The purpose of this market study is to perform a market feasibility analysis through an examination of the economic context, a demographic analysis of the defined market area, a competitive housing analysis, a derivation of demand, and affordability/penetration rate analyses.

## C. Format of Report

The report format is Comprehensive. The market study conforms to the National Council of Housing Market Analysts' (NCHMA) recommended model content and market study index.

## D. Applicable Requirements

This market study conforms to the requirements of the following:

- National Council of Housing Market Analyst's (NCHMA) Model Content Standards and Market Study Checklist.

## E. Client, Intended User, and Intended Use

The Client is Rider Musser Development The report will be submitted to banks and potential investors. Along with the Client, the Intended users are banks and potential investors.

## F. Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the market study, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below:

- Please refer to Appendix 2 for a detailed list of NCHMA requirements and the corresponding pages of requirements within the report.
- Primary information gathered through field and phone interviews and email correspondence was used throughout the various sections of this. The interviewees included rental community property managers and leasing agents. As part of our research, RPRG spoke with representing the planning and permitting functions in all township and boroughs within the market area – Silver Spring, Hampden, Lower Allen, Upper Allen and Monroe Townships and Mechanicsburg, Shiremanstown, and Camp Hill Boroughs in Cumberland County, and Monaghan and Carroll Townships, and Dillsburg Borough in York

County. We also spoke to the Tri-County Regional Planning Commission, the York County Planning Commission, and local developers and management agents. We also reviewed the Pennsylvania Housing Finance Agency website for tax credit allocations for affordable housing communities. The survey of rental communities was conducted in June 2018.

- Jerry Levin, Senior Analyst at Real Property Research Group, Inc. conducted a visit to the subject site and market area on June 5, 2018.
- All pertinent information obtained was incorporated in the appropriate section(s) of this report.

## G. Report Limitations

The conclusions reached in a market assessment are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors, including the performance of management, the impact of changes in general and local economic conditions, and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions contained in Appendix I of this report.

## H. Other Pertinent Remarks

None.

# II. PROJECT DESCRIPTION

## A. Project Overview

### 1. Subject

Oakwood Hills Apartments is a proposed Class A market rate rental multi-family development located immediately north of the Messiah College campus in Upper Allen Township, Cumberland County, Pennsylvania. The subject site is part of a larger 100-acre mixed-use development called Oakwood Hills. The developer, Rider Musser Development, has proposed 314 upscale apartments located on the eastern third (39 acres) of the subject campus to be built in two phases. Phase I, the subject of this analysis, contains 137 units. A potential third phase, containing 78 units, is under review and could be converted to commercial use. Oakwood Hills will be a high-end market rate community targeted to professionals, university staff, graduate students, and empty nesters/ retirees.

### 2. Oakwood Hills Apartments Overview

When fully completed, Rider Musser contemplates a campus that would include 314 units as well as retail and office space, institutional uses, boutique hotel, freestanding restaurants, a bank, and gas/ convenience store (Map 1).

**Map 1 Master Plan – Oakwood Hills Campus**

Source: Rider Musser Development

Oakwood Hills Apartments will offer upscale amenities including a clubhouse, salt water pool area, walking trails, open spaces, and parkland interspersed throughout the entire campus. The clubhouse will contain a resident lounge, fitness center, cybercafé, business center, and billiards/ game room. A concierge will provide such services as dry cleaning, ticketing, and package delivery. Other outdoor amenities include a deck area, fire place, grilling/ picnic areas, and dog park.

The units will include upscale features such as 9-foot high ceilings, granite countertops, full size in-unit washer-dryers, upgraded wood kitchen cabinets, stainless steel energy efficient appliances (including microwave), garbage disposal, spacious walk-in closets in master bedrooms, large walk-in showers, patios/ balconies, pendant lighting, and simulated wood flooring in living areas and carpeting in bedrooms. All but 19 of the units will be elevator-served with interior hallways – a unique feature in the market. Tenants will be responsible for all utilities except water, sewer, and trash.

### 3. Building Types and Placement

Phase I will feature one and two bedroom apartments in two and three story multifamily buildings. Eight-six percent of the units (118 units) will be in two three-story elevator served paired garden structures (see site plan in Figure 1). The remaining 14 percent of units (19) will be in a two story walk-up freestanding garden structure.

The developer has proposed phasing the overall residential portion in two segments. The first phase (1A in red in Figure 1), comprised of 137 units and the clubhouse, is located closest to the main entry. The second phase (1B in blue in Figure 1) will include 177 units. The third phase labeled as 1C in green in Figure 1 might be converted to commercial use. Most of these structures will be located east of the planned spine road that intersects with W. Lisburn Road. Heading north, the spine road currently dead-ends at the entry to Orchard Hall, the home of the president of Messiah College. The spine road become Grantham Road south of W. Lisburn Road, the main entrance to Messiah College. The development stretches to the northern portion of the Oakwood Hills campus (Figure 1).

**Figure 1 Oakwood Hills Preliminary Site Plan**

Source: Rider Musser Development Corporation

Two paired residential structures and a single two story garden structure will be located west of the spine road directly north of Orchard Hall. The leasing office, clubhouse, and outdoor pool area are located about 1,000 feet northeast of the main entrance off W. Lisburn Road.

## B. Detail Project Configuration

### 1. Proposed Unit Configuration

Table 1 summarizes the developer's proposed unit mix for Phase I that will consist of two paired garden three-story structures and one free standing two story garden structure totaling 137 units. We anticipate that Phase I will be the only portion of Oakwood Hills that will be fully completed during the next three years. One bedroom units, sized from 816 to 1,055 square feet comprise 21 percent of units (29 units) and two bedroom units, sized from 1,055 to 1,195 square feet, comprise 79 percent of units (108 units).

**Table 1 Oakwood Hills Unit Configuration – Phase I**

| Model | | | | | Proposed Rents | |
|---|---|---|---|---|---|---|
| Type | Baths | No | % | Area (SF) | Average | Rent/ SF |
| 1 BR | 1 | 2 | 1.5% | 816 | $1,055 | $1.29 |
| 1 BR | 1 | 12 | 8.8% | 825 | $1,095 | $1.33 |
| 1 BR | 1 | 2 | 1.5% | 825 | $1,055 | $1.28 |
| 1 BR | 1 | 10 | 7.3% | 855 | $1,125 | $1.32 |
| 1 BR | 1 | 1 | 0.7% | 905 | $1,125 | $1.24 |
| 1 BR | 1.5 | 2 | 1.5% | 1,055 | $1,215 | $1.15 |
| **Total/ Average** | | **29** | **21.2%** | **853** | **$1,109** | **$1.30** |
| 2 BR | 2 | 46 | 33.6% | 1,055 | $1,315 | $1.25 |
| 2 BR | 2 | 12 | 8.8% | 1,080 | $1,345 | $1.25 |
| 2 BR | 2 | 12 | 8.8% | 1,085 | $1,345 | $1.24 |
| 2 BR | 2 | 12 | 8.8% | 1,100 | $1,395 | $1.27 |
| 2 BR | 2 | 12 | 8.8% | 1,115 | $1,395 | $1.25 |
| 2 BR | 2 | 2 | 1.5% | 1,120 | $1,325 | $1.18 |
| 2 BR | 2 | 2 | 1.5% | 1,126 | $1,325 | $1.18 |
| 2 BR | 2 | 2 | 1.5% | 1,135 | $1,325 | $1.17 |
| 2 BR | 2 | 2 | 1.5% | 1,140 | $1,325 | $1.16 |
| 2 BR | 2 | 2 | 1.5% | 1,190 | $1,395 | $1.17 |
| 2 BR | 2 | 4 | 2.9% | 1,195 | $1,395 | $1.17 |
| **Total/ Average** | | **108** | **78.8%** | **1,086** | **$1,345** | **$1.24** |
| **Grand Total/ Average** | | **137** | | **1,037** | **$1,295** | **$1.25** |

All utilities paid by tenant except water, sewer, and trash

| Phase | Building Nos. | Units |
|---|---|---|
| I | 1,2,3 | 137 |
| II | 4,5,6 | 177 |
| **Total** | | **314** |

*Source: Rider Musser Development Pro Forma*

The salient information of the project is presented in Table 2 .

**Table 2 Oakwood Hills Project Information**

| Oakwood Hills<br>W. Lisburn Road, Upper Allen Township, PA 17055 | | | |
|---|---|---|---|
| **Project Information** | | **Additional Information** | |
| **Number of Residential Buildings** | 3 | **Construction Start Date** | Fall 2018 |
| **Building Type** | 3-story paired gardens with elevators; 2-story walk-up gardens | **Initial Occupancies** | Mid 2019 - Phase I |
| **Number of Stories** | Two and three story | **Construction Finish Date** | Fall 2019 - Phase I |
| **Construction Type** | New Const. | **Parking Type** | Surface |
| **Design Characteristics (exterior)** | Brick, stone, hardi-plank | **Parking Cost** | Free |
| Community Amenities | Oakwood Hills will offer a clubhouse, salt water pool area, walking trails, open spaces, and parkland interspersed throughout the entire campus. The clubhouse will contain a resident lounge, fitness center, cyber café, business center, and billiards/ game room. A concierge will provide such services as dry cleaning, ticketing, and package delivery. Other outdoor amenities include a deck area, fire place, grilling/ picnic areas, and dog park. | Kitchen Amenities | |
| | | **Dishwasher** | Yes |
| | | **Disposal** | Yes |
| | | **Microwave** | Yes |
| | | **Range** | Yes |
| | | **Refrigerator** | Yes |
| Unit Features | The units will feature upscale features such as 9-foot high ceilings, granite countertops, full size in-unit washer-dryers, upgraded wood kitchen cabinets, stainless steel energy efficient appliances (including microwave), garbage disposal, spacious walk-in closets in master bedrooms, large walk-in showers, patios/ balconies, pendant lighting, and simulated wood flooring in living areas and carpeting in bedrooms | Utilities Included | |
| | | **Water/Sewer** | Owner |
| | | **Trash** | Owner |
| | | **Heat** | Tenant |
| | | **Heat Source** | Elec |
| | | **Hot/Water** | Tenant |
| | | **Electricity** | Tenant |
| | | **Other:** | |

Source: Rider Musser Development

**Key observations** regarding the community are:

- When completed in 2019, the project will be one of the premier apartment communities available for rent in the Mechanicsburg area.
- The subject will be part of a much larger mixed-use development that will contain commercial and open space uses.
- Oakwood Hills will be the first community in the market area to features elevators (over 90 percent of units will be elevator served) and interior corridors.
- Tenants will be responsible for all utilities except for water, sewer, and trash.

## 2. Proposed Timing of Development

According to Rider Musser Development, construction of the first phase could start in fall 2018 with completion of the clubhouse and first buildings in mid-2019 and full completion in fall 2019. Subsequent phases would be started contingent on lease-up of the prior phase.

# III. SITE AND NEIGHBORHOOD DESCRIPTION

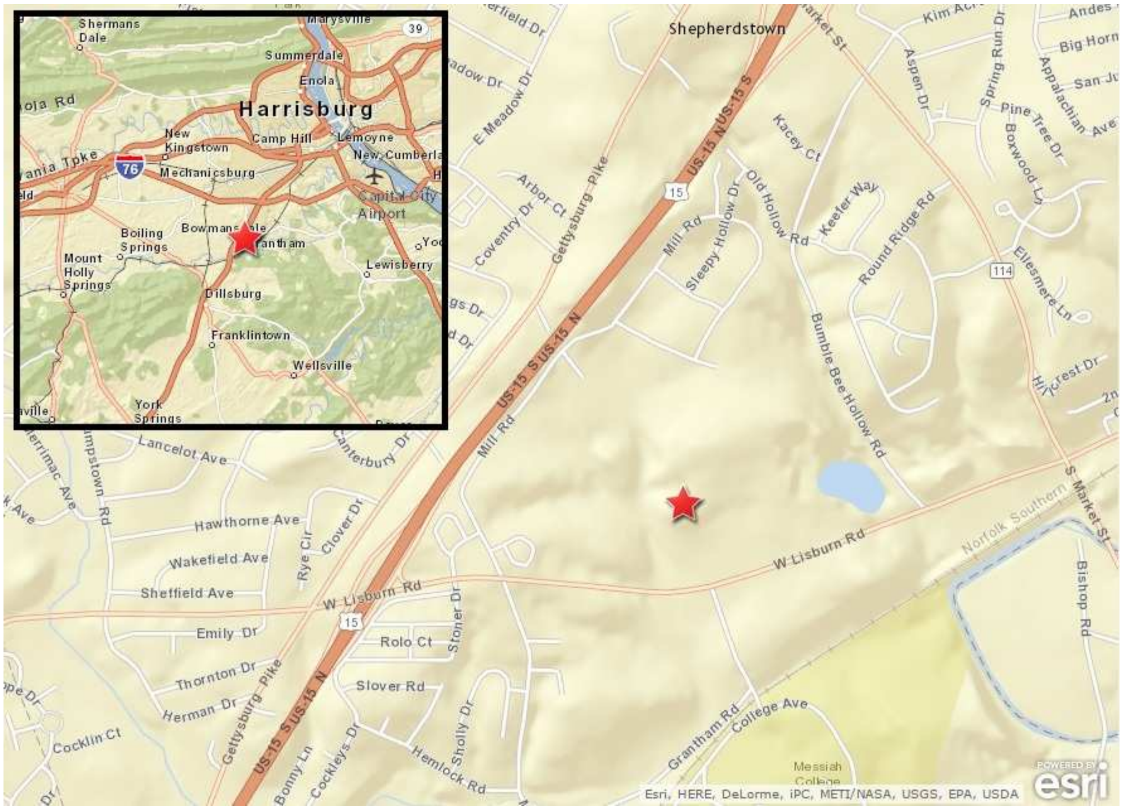
## A. Site Analysis

### 1. Site Location

The subject is located immediately north of the main Messiah College campus in Upper Allen Township, Cumberland County, Pennsylvania (Map 2). The apartment site is part of a larger 100-acre mixed use development known as Oakwood Hills. This mixed-use development is located north of West Lisburn Road and east of US Route 15 and consists of three acquired parcels that stretches from West Lisburn Road to Mill Road (paralleling US Route 15 on the northwest and the Bumblebee Hollow for-sale and rental community on the north and east). The parcels surround the 14-acre Orchard Hall, the residence of the President of Messiah College, which fronts on West Lisburn Road. The portion of the Oakwood Hills campus devoted to the proposed townhome development encompasses the eastern half of the property.

The Oakwood Hills campus is situated in the southern portion of Upper Allen Township, the governing jurisdiction for the college and site. Upper Allen Township is located in the eastern portion of Cumberland County, west of the western shore Harrisburg suburbs of Lemoyne, Lower Allen, and Camp Hill and east of the boroughs of Carlisle and Boiling Springs. Upper Allen Township is bordered by the borough of Mechanicsburg to the north, Lower Allen Township to the east, Monroe Township to the west, and Monaghan Township in York to the south.

**Map 2 Location Map**



### 2. Existing and Proposed Uses

The three tracts that comprise the Oakwood Hills campus are largely undeveloped; portions of the tracts are currently being farmed. Initial sitework for the proposed roundabout at the entrance to the community has begun at the northeast intersection of W. Lisburn Road and the entry road to the President's House (Figure 2).

Incorporated on May 14, 2014, Rider Musser Development, LLC's mission is to develop the three tracts of land once owned by Messiah College. The purpose of this for-profit corporation is to create a new residential neighborhood and business park that will generate tax revenue and jobs and enhance the community for local residents and students and staff at Messiah College.

When completed, Rider Musser contemplates a campus that would include the 314 units proposed at the subject residential community as well as retail and office space, boutique hotel, institutional uses, freestanding restaurants, a bank, and gas/ convenience store.

Figure 3 presents an aerial picture that identifies the subject site in relation to the Messiah campus south of the property, US Route 15, and West Lisburn Road. The subject apartment component covers roughly 54 acres of the 100-acre site (eastern portion).

### 3. Size, Shape, and Topography

The 39-acre site is an irregularly shaped parcel, taking up the eastern third of the five-sided 100-acre Oakwood Hills campus. A mixture of flat land and gentle sloping terrain characterizes the topography.

**Figure 2 Photographs of Current Conditions at the Subject Site**

Looking east at site from President's Home

Looking north at site from President's Home

Looking north at site from W. Lisburn Road

Heading northeast along Mill Road – Site is on right; US Route 15 is on left

President's Home

Sitework east of entry to President's Home

**Figure 3 Aerial View of Site**

## 4. Description of Land Uses Surrounding Subject Site

Land uses surrounding the site are compatible with potential residential development. Messiah College – a higher education institutional use - is directly south of the site (Figure 4). Medium density residential uses are located east and southwest of the parcels. Commercial uses – both office and retail - are located at the intersection of U. S. Route 15 and West Lisburn Road and one mile north of the site at the intersection of U. S. Route 15 and S. Market Street. Residential uses predominate immediately west of U. S Route 15 with agricultural uses occurring further inland. Residential tracts interspersed with active farms lie further north, east, and west of the site.

The land uses immediately bordering the site, starting from the north and proceeding from a clockwise direction, are as follows:

**Northwest:** Mill Road; US Route 15; residential subdivisions.

**Northeast:** Bumblebee Hollows residential neighborhood including for–sale single-family homes and rental townhomes

**South:** W. Lisburn Road; Messiah College

**Southwest:** Residential subdivisions

## Figure 4 Views Surrounding Subject Site

Entry to Messiah College south of site

Looking east along W. Lisburn Road

Looking northwest along Mill Road

View of Colonial View TH community at intersection of W. Lisburn Road and Mill Road

Bumblebee Hollows For Sale and Rental community north of site.

## B. Neighborhood Analysis

### 1. General Description of Neighborhood

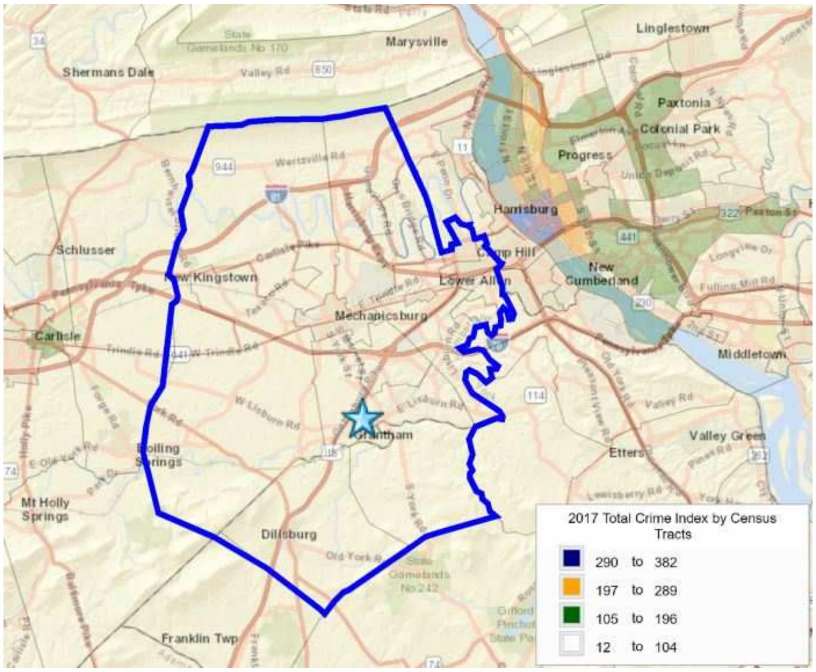
The Messiah College area is less densely developed than the closer in suburbs of Harrisburg (such as Camp Hill) and is characterized by a mixture of residential subdivisions, institutional uses (Messiah College), commercial centers clustered around major intersection, and active farmlands.

### 2. Public Safety

The analysis tool for crime is CrimeRisk data provided by Applied Geographic Solutions (AGS). CrimeRisk is a block-group level index that measures the relative risk of crime compared to a national average. AGS analyzes known socio-economic indicators for local jurisdictions that report crime statistics to the FBI under the Uniform Crime Reports (UCR) program. Based on detailed modeling of these relationships, CrimeRisk provides a detailed view of the risk of total crime as well as specific crime types at the block group level. In accordance with the reporting procedures used in the UCR reports, aggregate indexes have been prepared for personal and property crimes separately as well as a total index. However, these are unweighted indexes, in that a murder is weighted no more heavily than purse snatching in this computation. The analysis provides a useful measure of the relative overall crime risk in an area but should be used in conjunction with other measures.

Figure 5 displays the 2017 CrimeRisk Index for the block groups in the general vicinity of the subject. The relative risk of crime is displayed in gradations from beige (least risk) to deep blue (most risk). The entire market area is shaded in the beige (lowest gradations) indicating that the subject's immediate vicinity and entire region is an area of low crime. Most importantly, discussions with the area property managers indicate that tenants perceive this area to be a safe place to live and crime (or perception of crime) should not have a negative impact the property.

**Figure 5 CrimeRisk Ratings by Cumberland County Block Groups**



## C. Site Visibility and Accessibility

### 1. Visibility

The site is fortunate to be bounded by two major arterials – US Route 15 on the northwest and W. Lisburn Road on the south. While the site has a wide frontage along U. S Route 15 providing strategic visibility, the sloped terrain and large size of the parcels should provide the community a buffer from this road.

### 2. Accessibility

The site has excellent local and regional road access. U. S. Route 15, a major regional artery, forms the northwestern boundary of the site and provides direct access to the Pennsylvania Turnpike (Interstate 76), three miles to the north. U.S. Route 15, also known as Gettysburg Pike, runs on a northeast/ southwest axis through southeast Pennsylvania and within the market area. To the northeast, U. S. Route 15 connects to Interstate 76 (3.2 miles from the site) and then connects to the Capital Beltway (PA Route 581) another four miles to the northeast.

PA Route 581, a seven-mile stretch of interstate quality road, comprises the southwest section of the Harrisburg Capital Beltway between I-83 in New Cumberland Borough and I-81. Route 581 provides access to the Camp Hill shopping centers on the West Shore and the state capital in Harrisburg on the east bank of the Susquehanna River.

Interstate 76 traverses the breadth of the state linking the eastern urban areas of Philadelphia and the state capital Harrisburg and its metropolitan area with Pittsburgh in the west. Travelling southwest on U. S. Route 15 connects the site to Dillsburg in York County, Gettysburg in Adams County, and Frederick in Maryland.

West Lisburn Road is also a key local connector road that provides access to Interstate 83 (located 11 miles to the east), Carlisle and Interstate 81 about 11 miles to the west. Interstate 83 is a north-south highway that travels south to York and the Baltimore Beltway in Maryland. In addition, U. S. Route 15 provides access to the nearby local shopping centers that offer everyday needs such as groceries, drugstores, gas, and fast food outlets.

### 3. Availability of Public Transit

The Capital Area Transit Authority Public provides transportation services for Cumberland, Dauphin, and the City of Harrisburg including 30 fixed route bus lines through the region. All of the lines can be accessed at transit transfer stations situated at key destination nodes. The closest line to the site is Route 120, the Dillsburg Commuter Line that runs between Downtown Harrisburg and Dillsburg in York County. The bus stops at a park and ride located at the Winding Hill Road exit off of U. S. Route 15, just over two miles north of the site.

### 4. Vehicular Access

Primary access to the Oakwood Hills Apartment community will be via a spine road that intersects with W. Lisburn Road immediately east of Orchard Hill (the President’s house) and winds northward through the community. The northern terminus of the spine road provides a secondary means of entry/ egress to the community at its intersection with Rider Lane Extension. Rider Lane connects to Mill Road that then intersects with W. Lisburn Road about 500 feet east of the northern on-ramps US Route 15. The leasing office will be located in the lobby of the clubhouse that will face W. Lisburn Road about 1,000 feet northeast of the primary entrance.

### 5. Accessibility Improvements under Construction and Planned

The developer intends to construct a roundabout at the intersection of the subject's spine road with W. Lisburn Road (heading east and west) and Grantham Road (heading south). RPRG reviewed project information on the Pennsylvania Department of Transportation (PennDot) to assess whether any capital improvement projects will affect road, transit, or pedestrian access to the subject site are currently underway or likely to commence in the next few years. We reviewed the approved 2017 to 2020 Transit Improvement Program prepared by the Pennsylvania Department of Transportation for Cumberland County. No projects were identified.

### 6. Availability of Inter Regional Transit

Amtrak provides passenger rail service to and from Harrisburg on both its Keystone and Pennsylvanian lines. Fourteen regularly scheduled trains depart from the Harrisburg Transportation Center in downtown Harrisburg (11 miles northeast of the site) with service to Philadelphia and New York City daily. Harrisburg International Airport, located 20 miles southeast of the site along the eastern shore of the Susquehanna River, offers 13 non-stop flights daily to such major cities as Toronto, Detroit, Chicago, Boston, Charlotte, Cleveland, Cincinnati, DC (Dulles), Philadelphia, and Orlando provided by five carriers – Air Canada, American Eagle, Allegient, Delta, and United.

### 7. Pedestrian Access

The subject parcel is located on a suburban street grid that currently does not include sidewalks along major arterials. The current site plan for the proposed apartments also does not feature sidewalks.

## D. Residential Support Network

### 1. Key Facilities and Services Near the Subject Site

The appeal of any given community is often based in part to its proximity to those facilities and services required on a daily basis. Key facilities and services and their distances from the subject site are listed in Table 3. The location of those facilities is plotted on Map 3.

### 2. Essential Services

#### *Health Care*

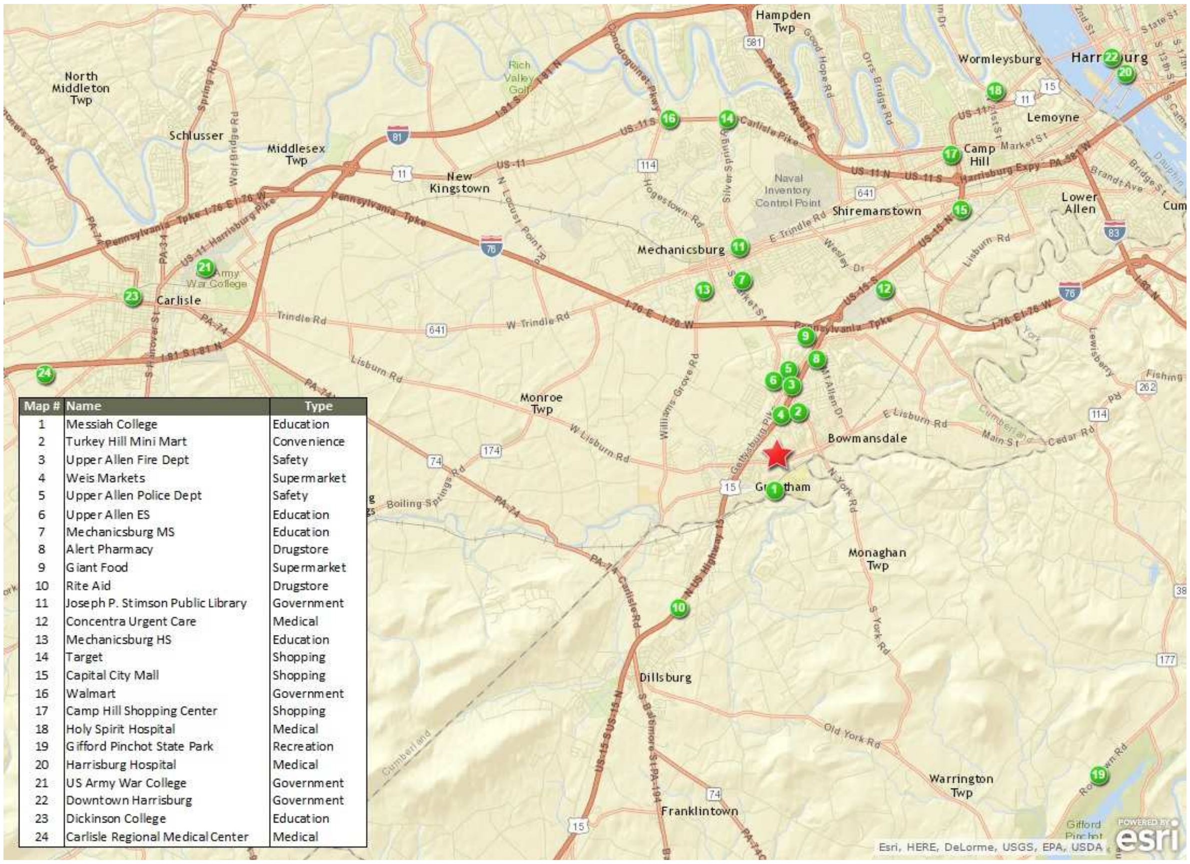
The subject site is well served by the types of medical and health facilities that households require on an occasional, frequent, or emergency basis. Four major medical centers are located within seven to 20 miles of the site. Holy Spirit Hospital is the closest medical facility, 7.5 miles northeast of the site. This 332-bed private, nonprofit community hospital offers a comprehensive range of inpatient and outpatient services including the region's newest heart center (The Ortenzio Heart Center), Central Pennsylvania's newest ER facilities (the John R. Dietz Emergency Center), an outpatient surgery center, and a Level III Neonatal Intensive Care Unit. Additionally, numerous private offices of physicians, dentists, and other health care professionals as well as diagnostic and outpatient surgery centers are located in the office campuses adjacent to the site. Other area hospitals include Harrisburg Hospital, Carlisle Regional Medical Center, and the Hershey Medical Center.

## Table 3 Neighborhood Amenities

| Establishment | Type | Address | Jurisdiction | Distance |
|---|---|---|---|---|
| US Post Office | Post Office | 1 S. College Avenue | Grantham | 0.4 SW |
| Messiah College | Education | One College Ave | Mechanicsburg | 0.8 mi S |
| Turkey Hill Mini Mart | Convenience | 2130 S. Market St | Mechanicsburg | 0.9 mi NE |
| Upper Allen Fire Dept | Safety | 104 Gettysburg Pike | Mechanicsburg | 1.3 N |
| Weis Markets | Supermarket | 2150 Bumble Bee Hollow Rd | Mechanicsburg | 1.5 mi NE |
| Upper Allen Police Dept | Safety | 100 Gettysburg Pike | Mechanicsburg | 1.7 mi NE |
| Upper Allen ES | Education | 1790 S. Market St | Mechanicsburg | 1.9 mi NW |
| Mechanicsburg MS | Education | 100 E. Elmwood Ave | Mechanicsburg | 1.9 mi NW |
| Alert Pharmacy | Drugstore | 100 Mt. Allen Dr | Mechanicsburg | 2.3 NE |
| Giant Food | Supermarket | 255 Cumberland Pkwy | Mechanicsburg | 2.5 mi NE |
| Penn Turnpike - Interstate 76 | Transportation | I--83/ I-76 | Mechanicsburg | 2.8 mi NE |
| Rite Aid | Drugstore | 818 Rte 15 | Dillsburg | 3.4 SW |
| Joseph P. Stimson Public Library | Government | 16 N. Walnut St | Mechanicsburg | 3.7 mi mi N |
| Concentra Urgent Care | Medical | 4910 Ritter Rd | Mechanicsburg | 3.7 NE |
| Mechanicsburg HS | Education | 500 S. Broad St | Mechanicsburg | 4.0 mi NW |
| Target | Shopping | 6416 Carlisle Pike | Mechanicsburg | 5.8 mi N |
| Capital City Mall ( JC Penney, Macys) | Shopping | 3506 Capital Mall Dr | Camp Hill | 6.0 mi NE |
| Walmart | Government | 6520 Carlisle Pike | Mechanicsburg | 7.0 mi N |
| Camp Hill Shopping Center (Giant, Boscov's, LA Fitness, Staples, Pier I, Barnes & Noble) | Shopping | 3301 Trindle Road | Camp Hill | 7.2 mi NE |
| Holy Spirit Hospital | Medical | 503 N. 21st St | Camp Hill | 7.5 mi NE |
| Gifford Pinchot State Park | Recreation | 2200 Rosstown Rd | Lewisberry | 8.5 mi SE |
| Harrisburg Hospital | Medical | 111 S. Front Street | Harrisburg | 9.2 mi NE |
| US Army War College | Government | Carlisle | Carlisle | 9.6 mi W |
| Downtown Harrisburg | Government | Harrisburg | Harrisburg | 10.0 mi NE |
| Dickinson College | Education | Carlisle | Carlisle | 10.7 mi W |
| Carlisle Regional Medical Center | Medical | 361 Alexander Spring Rd | Carlisle | 11.7 mi W |
| Hershey Medical Center | Medical | Hershey | Hershey | 18.6 mi NE |
| Hershey Park | Recreation | Hershey | Hershey | 20.0 mi NE |
| Harrisburg International Airport | Transportation | Middletown | Fairview Twnshp | 20.0 mi E |

Source: Field and Internet Research, RPRG, Inc.

## Map 3 Community Amenities



| Map # | Name | Type |
|---|---|---|
| 1 | Messiah College | Education |
| 2 | Turkey Hill Mini Mart | Convenience |
| 3 | Upper Allen Fire Dept | Safety |
| 4 | Weis Markets | Supermarket |
| 5 | Upper Allen Police Dept | Safety |
| 6 | Upper Allen ES | Education |
| 7 | Mechanicsburg MS | Education |
| 8 | Alert Pharmacy | Drugstore |
| 9 | Giant Food | Supermarket |
| 10 | Rite Aid | Drugstore |
| 11 | Joseph P. Stimson Public Library | Government |
| 12 | Concentra Urgent Care | Medical |
| 13 | Mechanicsburg HS | Education |
| 14 | Target | Shopping |
| 15 | Capital City Mall | Shopping |
| 16 | Walmart | Government |
| 17 | Camp Hill Shopping Center | Shopping |
| 18 | Holy Spirit Hospital | Medical |
| 19 | Gifford Pinchot State Park | Recreation |
| 20 | Harrisburg Hospital | Medical |
| 21 | US Army War College | Government |
| 22 | Downtown Harrisburg | Government |
| 23 | Dickinson College | Education |
| 24 | Carlisle Regional Medical Center | Medical |

### *Education*

The subject site lies within the Mechanicsburg Area School District that contains five elementary schools, one middle school, and one high school. According to current districting, school age residents living at the site would attend Upper Allen Elementary School, Mechanicsburg Middle School, and Mechanicsburg Area Senior High School. The Upper Allen Elementary School and Mechanicsburg Middle School are 1.9 miles northwest of the site and Mechanicsburg Area Senior High School is 4.0 miles northwest of the site.

Utilizing testing data provided by the Pennsylvania State Department of Education, RPRG evaluated the zoned schools for future residents at the subject parcels. These tests are basic proficiency tests covering reading and math for grades four, five, seven, eight and eleven. The latest reporting period covers results from the 2016-2017 school years. The results of these exams can be used to compare the performance of students in various schools, and by extension the performance of the schools themselves. To construct this comparison, RPRG compiled and analyzed data for the 2016-2017 school years on the percentage of students in the designated grade testing at the state-defined 'proficient' level or higher in reading and mathematics. All Cumberland County public schools were included in the comparisons.

The southeastern Cumberland County School District public schools that serve the subject site perform well above average when compared with other schools in Cumberland County and the state. Upper Allen Elementary School is ranked 11th out of 27 public elementary schools in the county with a composite score of 66.2 percent, higher than the county average of 62.3 and significantly above the state average of 51.7 percent (Table 4). Mechanicsburg Middle School is ranked 5th out of 10 middle schools in the county and scored 56.7 percent on the 7th and 8th grade assessment tests, above the county average of 54.6 percent and the state average of 45.7 percent. For older students, the site is served by Mechanicsburg Area Senior High School that is ranked 4th of eight county high schools. The high school scored 79.3 percent on the academic assessment tests, above the county average of 77.6 percent and the state average of 69.2 percent.

**Table 4 Pennsylvania School Assessment – Cumberland County Elementary Schools 2016-2017**

**Elementary Schools**

| PSSA - 2017 | | Grade 5 | | |
|---|---|---|---|---|
| Rank | Elementary Schools | English | Math | Composite |
| 1 | OAK FLAT EL SCH | 77.0% | 80.0% | **78.5%** |
| 2 | GREEN RIDGE EL SCH | 82.5% | 70.9% | **76.7%** |
| 3 | EISENHOWER EL SCH | 82.8% | 69.7% | **76.3%** |
| 4 | MOORELAND EL SCH | 80.3% | 71.2% | **75.8%** |
| 5 | SHAULL EL SCH | 84.5% | 65.4% | **75.0%** |
| 6 | HAMPDEN EL SCH | 86.2% | 59.3% | **72.8%** |
| 7 | CRESTVIEW EL SCH | 82.1% | 60.0% | **71.1%** |
| 8 | G B LUHRS UNIV EL SCH | 68.2% | 72.8% | **70.5%** |
| 9 | NEWVILLE EL SCH | 71.2% | 67.3% | **69.3%** |
| 10 | SILVER SPRING EL SCH | 79.6% | 58.0% | **68.8%** |
| 11 | UPPER ALLEN EL SCH | 70.4% | 62.0% | 66.2% |
| 12 | MONROE EL SCH | 72.9% | 59.3% | **66.1%** |
| 13 | BELLAIRE EL SCH | 71.8% | 57.7% | **64.8%** |
| 14 | SPORTING HILL EL SCH | 72.1% | 52.9% | **62.5%** |
| 15 | NORTHSIDE EL SCH | 70.5% | 52.3% | **61.4%** |
| 16 | IRON FORGE EDUC CTR | 68.6% | 51.5% | **60.1%** |
| 17 | ELMWOOD ELEM SCHOOL | 67.2% | 51.4% | **59.3%** |
| 18 | NORTH DICKINSON EL S | 57.5% | 61.0% | **59.3%** |
| 19 | SHIPPENSBURG INTERMEDIATE SCHOOL | 65.6% | 50.0% | **57.8%** |
| 20 | EAST PENNSBORO AREA MS | 64.2% | 50.3% | **57.3%** |
| 21 | MOUNT ROCK ELEM | 63.6% | 49.1% | **56.4%** |
| 22 | MIDDLESEX EL SCH | 69.0% | 41.0% | **55.0%** |
| 23 | BROAD STREET EL SCH | 57.9% | 36.8% | **47.4%** |
| 24 | LETORT EL SCH | 51.1% | 35.6% | **43.4%** |
| 25 | MT HOLLY SPRINGS EL | 45.4% | 27.2% | **36.3%** |
| 26 | HAMILTON EL SCH | 42.9% | 23.8% | **33.4%** |
| 27 | WEST CREEK HILLS EL SCH | - | - | - |
| | **Cumberland County Average** | **69.4%** | **55.3%** | **62.3%** |
| | **State Average** | **59.6%** | **43.8%** | **51.7%** |

**Middle Schools**

| PSSA - 2017 | | Grade 8 | | |
|---|---|---|---|---|
| Rank | Middle Schools | English | Math | Composite |
| 1 | GOOD HOPE MS | 79.0% | 51.6% | **65.3%** |
| 2 | EAGLE VIEW MS | 75.3% | 45.2% | **60.3%** |
| 3 | LAMBERTON MS | 68.8% | 50.3% | **59.6%** |
| 4 | CAMP HILL MS | 72.0% | 41.6% | **56.8%** |
| 5 | MECHANICSBURG MIDDLE SCHOOL | 72.6% | 40.8% | 56.7% |
| 6 | WILSON MS | 66.1% | 45.3% | **55.7%** |
| 7 | EAST PENNSBORO AREA MS | 68.6% | 37.7% | **53.2%** |
| 8 | YELLOW BREECHES MID SCH | 63.7% | 38.3% | **51.0%** |
| 9 | SHIPPENSBURG AREA MS | 58.5% | 37.0% | **47.8%** |
| 10 | BIG SPRING MS | 51.5% | 28.9% | **40.2%** |
| | **Cumberland County Average** | **67.6%** | **41.7%** | **54.6%** |
| | **State Average** | **58.9%** | **32.5%** | **45.7%** |

**High Schools**

| Keystone Exam - 2017 | | Grade 11 | | |
|---|---|---|---|---|
| Rank | High Schools | English | Algebra I | Composite |
| 1 | CAMP HILL SHS | 93.6% | 83.6% | **88.6%** |
| 2 | CUMBERLAND VALLEY HS | 84.5% | 78.7% | **81.6%** |
| 3 | BOILING SPRINGS HS | 83.6% | 76.0% | **79.8%** |
| 4 | MECHANICSBURG AREA SHS | 82.8% | 75.7% | 79.3% |
| 5 | EAST PENNSBORO AREA SHS | 78.7% | 77.7% | **78.2%** |
| 6 | CARLISLE AREA HS | 79.1% | 71.5% | **75.3%** |
| 7 | SHIPPENSBURG AREA SH | 74.0% | 71.4% | **72.7%** |
| 8 | BIG SPRING HS | 68.7% | 61.8% | **65.3%** |
| | **Cumberland County Average** | **80.6%** | **74.6%** | **77.6%** |
| | **State Average** | **72.7%** | **65.6%** | **69.2%** |

Source: Pennsylvania Department of Education

In addition to Messiah College, located directly south of the site, the Harrisburg area is home to numerous higher education facilities, all of which are easily accessible from the Oakwood Hills site. Penn State Harrisburg is a satellite campus of Pennsylvania State University with an enrollment of approximately 3,400 students. Harrisburg Area Community College serves 15,000 part and full-time students throughout its eight-county service area. Other local institutions include Temple University (Harrisburg Campus), Harrisburg University of Science and Technology, and Widener University School of Law. Dickinson College and Dickinson Law School are located in Carlisle.

## 3. Commercial Goods and Services

### *Convenience Goods*

The term “convenience goods” refers to inexpensive, nondurable items that households purchase on a frequent basis and for which they generally do not comparison shop. Examples of convenience goods are groceries, health and personal care products, household cleaning products, newspapers, and gasoline.

Most typical neighborhood services are convenient within a 1 to 3-mile radius of the site. The closest community shopping center, located about 1.5 miles from the site, contains a Weis Supermarket, CVS Pharmacy, Turkey Hill Mini Mart, and a bank. Another community-based center, containing a Giant Food and Rite Aid, is located 2.5 miles from the site. The US Post Office, police department, and fire station are located within a two-mile radius. The closest public library is less than four miles to the north. Additionally, the Oakwood Hills campus (when fully developed) will potentially offer up to ½ dozen restaurants and eateries plus a bank and service station with convenience store.

### *Shoppers Goods*

The term "shoppers goods" refers to larger ticket merchandise that households purchase on an infrequent basis and for which they usually comparison shop. The category is sometimes called "comparison goods." Examples of "shoppers goods" are apparel and accessories, furniture and home furnishings, appliances, jewelry, and sporting goods.

Shopping centers that cater to comparison goods and "Big Box" stores are located in Mechanicsburg and Camp Hill. A Target and a Wal-Mart super center are situated 6 to 7 miles to the north in Mechanicsburg. The newer Camp Hill Shopping Center, located in the affluent Camp Hill community, is 7.2 miles to the northeast. Camp Hill Shopping Center is a combination neighborhood/ regional shopping center and contains Giant Supermarket, LA Fitness, Boscov's Department Store, Staples, Pier 1, Barnes & Noble's, and numerous restaurants and banks. The closest true regional center containing comparison shopping goods, Capital City Mall, is also in Camp Hill six miles to the northeast. Key tenants include J. C. Penney, Super Wal-Mart, and Macys.

## 4. Recreational and Other Amenities

Upper Allen Township is home to a dozen public parks that offer a wide variety of outdoor activities including walking, jogging, biking, picnic areas, playgrounds, tennis courts, basketball courts, playing fields, and fishing ponds.

Not only home to the state government offices and related agencies, Downtown Harrisburg (10 miles northeast of the site) contains two major performing arts venues - Whitaker Center for Science and the Arts and the Forum Auditorium. Along with the growth of the arts community in Harrisburg, a variety of restaurants, bars and nightclubs along downtown Harrisburg's Restaurant Row provide further nighttime entertainment options. City Park Island offers a variety of recreational activities, including minor-league baseball, miniature golf, boating, swimming as well as multipurpose fields for softball, football and soccer.

Hershey, located 20 miles to the east, is home to several of the largest employers in the region, including the Hershey Medical Center, the Hershey Company and the various Hershey related tourist facilities, such as Hershey Park, an amusement park with over 60 rides and attractions. The borough of Carlisle, home of the US Army War College and Dickinson College, is located 10 miles to the west.

# IV. ECONOMIC CONTEXT

## A. Introduction

This section of the report examines economic trends and conditions in Cumberland County, the jurisdiction in which the subject is located. One of Cumberland County's key strategic advantages is its highway network that has made the county a major logistics hub in the region. Interstates 83, 81, and 76, and U. S. Route 15 traverses Cumberland County providing direct access to the major metropolitan areas in the mid-Atlantic - Baltimore, New York City, Philadelphia, and Washington DC. Carlisle, located in the heart of the county, is the county seat and the home of the United States Army War College. Cumberland County is adjacent to Dauphin County, home of Harrisburg – the state capital of Pennsylvania. The economic nodes of the eastern portion of the county are centered around Mechanicsburg (the intersection of Interstate 76 and U. S. Route 15) about four miles to the northeast; the Naval Inventory Control Point located about nine miles to the north; and Camp Hill (the intersection of U.S. Routes 15 and 11/581) about seven miles to the northeast.

## B. Labor Force, Resident Employment, and Unemployment

### 1. Trends in County Labor Force and Unemployment Rate

Between 2007 and 2008, Cumberland County's labor force increased by 2,600 workers to 125,832 in 2008. The labor force declined modestly after 2008, falling to a low point of 124,435 workers in 2011. Since 2012 the labor force has rebounded, increasing to 129,985 workers in 2017, 5,500 workers (4.5 percent) greater than 2011 (Table 5).

Since 2007, Cumberland County's unemployment rate has remained below that of Pennsylvania and that of the nation as a whole. From a low of 3.3 percent in 2007, the county's unemployment rate increased each year peaking at 6.8 percent in 2011. Starting in 2012, the unemployment fell each year except a slight upswing in 2016 to 4.1 but then declined to 3.8 percent in 2017, comparable to rates prior to the recession. The county rate remained below the state rate of 4.9 percent and the national rate of 4.4 percent.

## C. Commutation Patterns

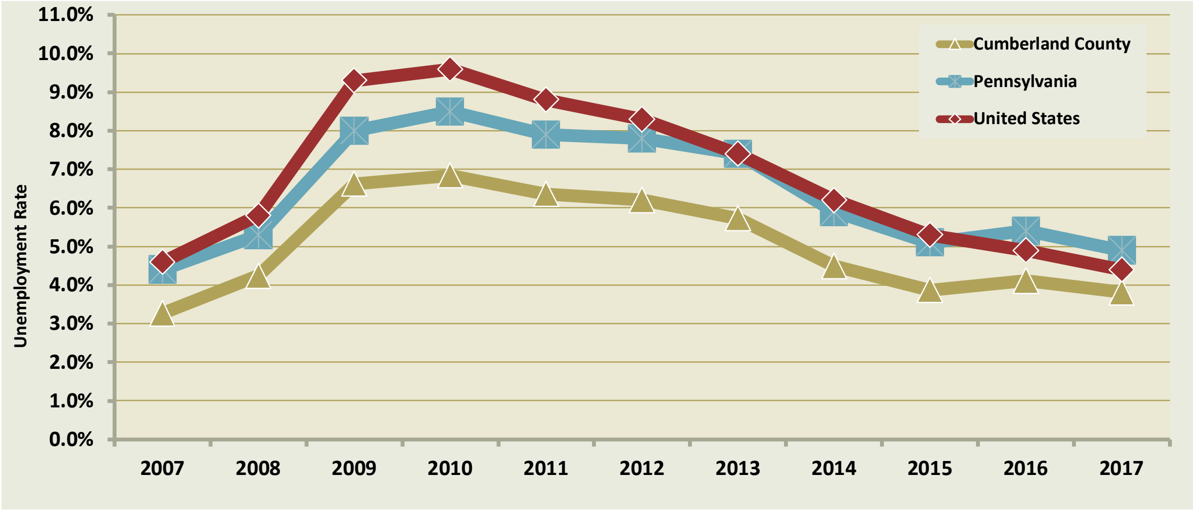
According to 2012-2016 American Community Survey (ACS) data, approximately 31 percent of workers in the primary market area spent less than 15 minutes commuting to their place of employment (Table 6). Another 36 percent of all workers in the PMA spent 15-24 minutes commuting to work; 19 percent of workers commuted 25-34 minutes; and 10.5 percent spent 35 minutes or more traveling to their place of employment. Approximately 60.3 percent of workers residing in the primary market area worked in the county in which they live. Thirty-eight percent worked of commuters worked in a different Pennsylvania County, while less than two percent worked outside the state.

## Table 5 Labor Force and Unemployment Rates Cumberland County

**Annual Unemployment Rates - Not Seasonally Adjusted**

| Annual Unemployment | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Labor Force | 123,188 | 125,832 | 124,899 | 124,442 | 124,435 | 125,790 | 125,736 | 126,011 | 127,912 | 129,793 | 129,985 |
| Employment | 119,168 | 120,498 | 116,621 | 115,934 | 116,521 | 117,985 | 118,536 | 120,346 | 122,963 | 124,457 | 125,031 |
| Unemployment | 4,020 | 5,334 | 8,278 | 8,508 | 7,914 | 7,805 | 7,200 | 5,665 | 4,949 | 5,336 | 4,954 |
| **Unemployment Rate** | | | | | | | | | | | |
| Cumberland County | 3.3% | 4.2% | 6.6% | 6.8% | 6.4% | 6.2% | 5.7% | 4.5% | 3.9% | 4.1% | 3.8% |
| Pennsylvania | 4.4% | 5.3% | 8.0% | 8.5% | 7.9% | 7.8% | 7.4% | 5.9% | 5.1% | 5.4% | 4.9% |
| United States | 4.6% | 5.8% | 9.3% | 9.6% | 8.8% | 8.3% | 7.4% | 6.2% | 5.3% | 4.9% | 4.4% |

Source: U.S. Department of Labor, Bureau of Labor Statistics



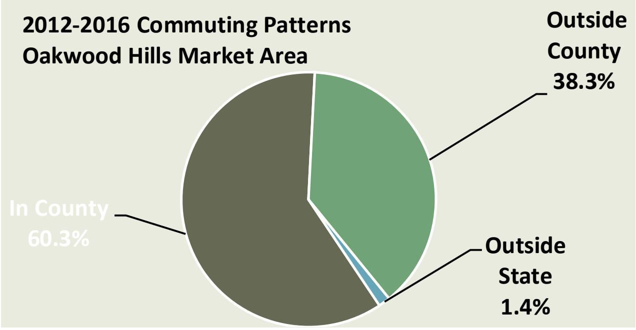
## Table 6 Market Area Commuting Patterns

| Travel Time to Work | | |
|---|---|---|
| **Workers 16 years+** | **#** | **%** |
| Did not work at home: | 54,389 | 95.9% |
| Less than 5 minutes | 1,731 | 3.1% |
| 5 to 9 minutes | 6,568 | 11.6% |
| 10 to 14 minutes | 9,190 | 16.2% |
| 15 to 19 minutes | 10,255 | 18.1% |
| 20 to 24 minutes | 9,993 | 17.6% |
| 25 to 29 minutes | 4,452 | 7.9% |
| 30 to 34 minutes | 6,249 | 11.0% |
| 35 to 39 minutes | 1,007 | 1.8% |
| 40 to 44 minutes | 1,378 | 2.4% |
| 45 to 59 minutes | 1,824 | 3.2% |
| 60 to 89 minutes | 1,002 | 1.8% |
| 90 or more minutes | 740 | 1.3% |
| Worked at home | 2,306 | 4.1% |
| **Total** | **56,695** | |

Source: American Community Survey 2012-2016

| Place of Work | | |
|---|---|---|
| **Workers 16 years and over** | **#** | **%** |
| Worked in state of residence: | 55,887 | 98.6% |
| Worked in county of residence | 34,162 | 60.3% |
| Worked outside county of residence | 21,725 | 38.3% |
| Worked outside state of residence | 808 | 1.4% |
| **Total** | **56,695** | **100%** |

Source: American Community Survey 2012-2016

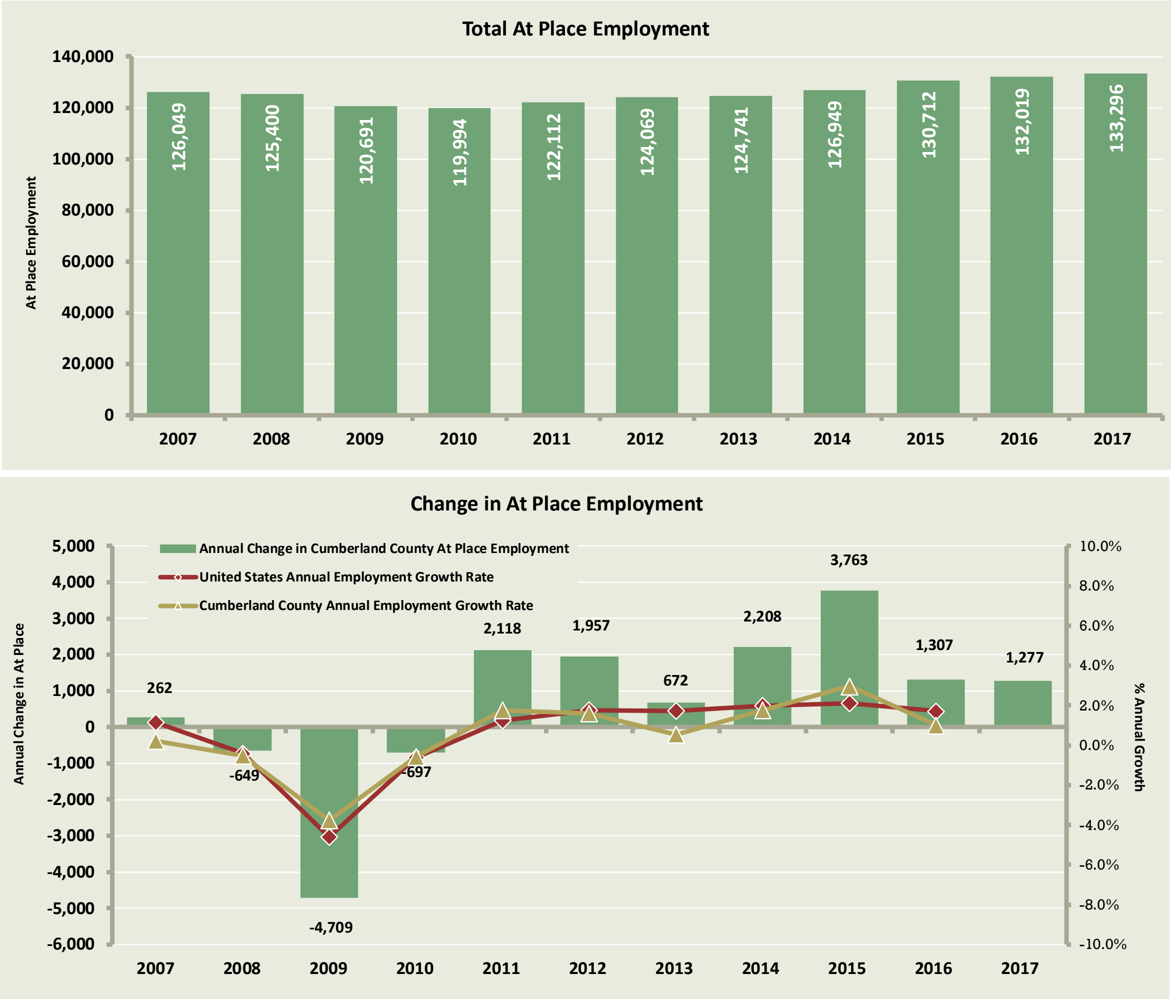


## D. At-Place Employment

### 1. Trends in Total At-Place Employment – Cumberland County

At-place employment in Cumberland County, Pennsylvania started a moderate four year decline beginning in 2007 through 2010, losing 6,000 jobs (a 5 percent loss) when the employment base measured 119,994 (Figure 6). The county's job base started growing in 2011 at a steady pace through 2017, reaching 133,296 jobs – a gain of 13,300 jobs (11.1 percent) since 2010.

**Figure 6 At-Place Employment, Cumberland County**



Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

### 2. At-Place Employment by Industry Sector

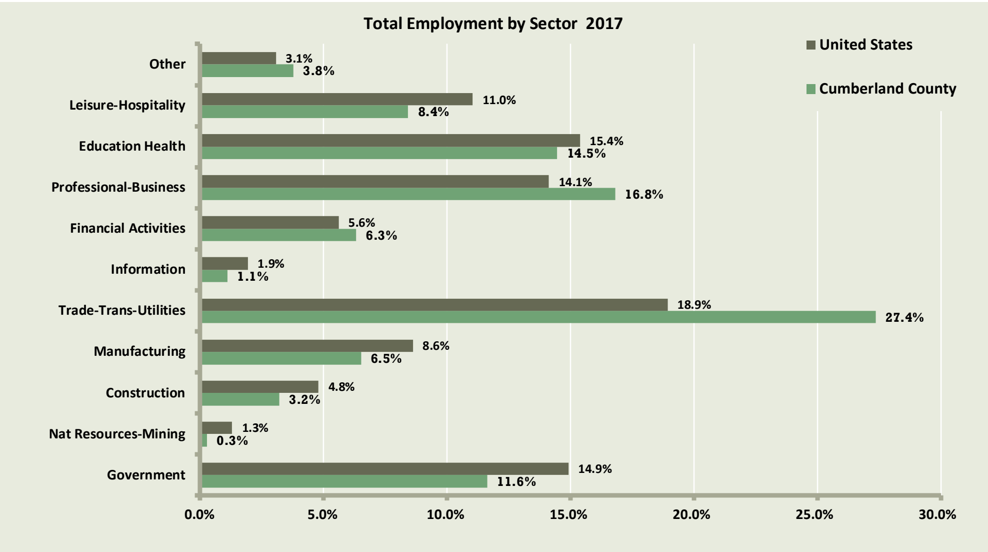
By virtue of the county's geographic location and Interstate network, the Trade-Transportation-Utilities sector is the largest sector in the county as of 2017, accounting for 27 percent of employment, higher than the national average of 19 percent **(**Figure 7). Professional Business, Education-Health, and Government sectors are also important sectors, with shares ranging from 11.6 to 16.8 percent. The Professional – Business sector exceeded the national share while the Education-Health and Government sectors were lower than their respective national shares. Lesser employment sectors include Financial Activities with a 6.3 percent share and Leisure-

Hospitality with an 8.4 percent share. The Manufacturing sector is small, with a 6.5 percent share (smaller than the national share of 8.6 percent).

**Figure 7 Total Employment by Sector 2017 Cumberland County**

**Employment by Industry Sector 2017**

| Sector | Jobs |
|---|---|
| **Government** | 15,516 |
| Federal | 4,469 |
| State | 3,813 |
| Local | 7,234 |
| **Private Sector** | 117,780 |
| Goods-Producing | 13,389 |
| Natl. Res.-Mining | 398 |
| Construction | 4,300 |
| Manufacturing | 8,691 |
| Service Providing | 104,391 |
| Trade-Trans-Utilities | 36,466 |
| Information | 1,494 |
| Financial Activities | 8,433 |
| Professional-Business | 22,414 |
| Education-Health | 19,289 |
| Leisure-Hospitality | 11,246 |
| Other | 5,049 |
| Unclassified | 0 |
| **Total Employment** | 133,296 |



Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Figure 8 details annualized employment change by industry sector within Cumberland County and the United States over the past six years. Of the four largest sectors in the county, three sectors experienced net job growth. The Professional-Business sector was the industry leader (of significant sectors) with a 19.9 percent gain in jobs that was greater than the national rate (17.5 percent). The Education-Health sector grew by 12.7 percent (lower than the national rate) and Trade-Transportation-Utilities grew by 16.7 percent (greater than the national rate). The Government sector lost ground, falling by 2.7 percent between 2011 and 2017 (the national share grew by 1.2 percent). Manufacturing was also a bright spot in the economic picture – this sector grew by 8.0 percent, greater than the national share at 6.0 percent. Three smaller sectors also experienced growth including Construction (3.5 percent), Leisure-Hospitality (9.9 percent) and Other (12.5 percent). Two sectors also lost ground during this period; Information (-37.6 percent) and Financial Activities (-11.0 percent).

## E. Major Private Employers

The Cumberland Area Economic Development Corporation provided a list of the largest employers in Cumberland County located within a five-mile radius of the subject. The 20 largest companies are listed in Table 7. Given the dominant position of the Trade-Transportation-Utilities sector, five of the companies listed are within this sector including UPS Freight, the fifth largest employer with 830 workers). A similar concentration of companies is in the Education-Health sector, represented by six companies including four companies in the Health Care field. Messiah College, located immediately south of the subject, is the sixth largest employer and employs 800 full and part time workers. Several of the health care firms are centers are nursing homes and assisted living centers catering to seniors. Other sectors with representation include two manufacturing firms and three government organizations. Even though the Information Sector is one of the smallest sectors in Cumberland County, the larger employer within a five-mile radius is Guide, a newspaper publishing firm with 1,300 employees.

**Figure 8 Employment Change by Sector 2011 to 2017 Cumberland County**

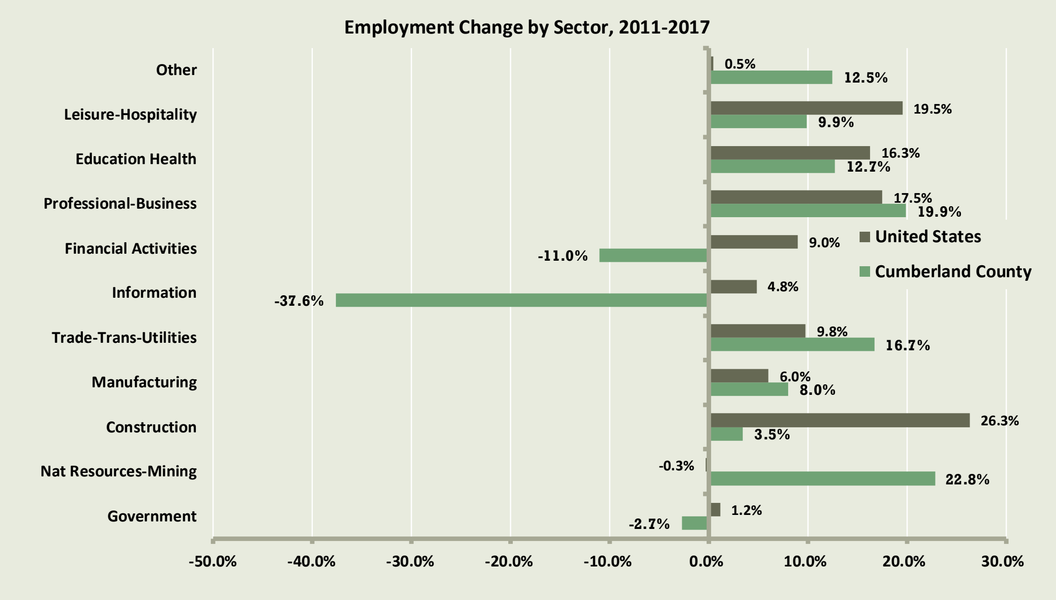


**Table 7 Largest Employers – Mechanicsburg Area**

| Rank | Name | Sector | Locality | Employment |
|---|---|---|---|---|
| 1 | Guide | Information | Mechanicsburg | 1300 |
| 2 | SCI Camp Hill | Government | Camp Hill | 975 |
| 3 | Concentra Inc | Other | Mechanicsburg | 900 |
| 4 | NAVY Supply Info Systems | Government | Mechanicsburg | 850 |
| 5 | UPS Freight | Transportation | Mechanicsburg | 830 |
| 6 | Messiah College | Higher Education | Mechanicsburg | 800 |
| 7,8 | Select Medical Corp | Health Care | Mechanicsburg | 600 |
| 9 | Messiah Village | Health Care | Mechanicsburg | 600 |
| 10 | Foot Locker Corporate Svc Ctr | Business | Camp Hill | 600 |
| 11 | Fry Communications | Manufacturing | Mechanicsburg | 500 |
| 12 | Giant Food | Retail Trade | Camp Hill | 500 |
| 13 | Carlisle Carrier Corp | Transportation | Mechanicsburg | 400 |
| 14 | Hempt Brothers Inc | Manufacturing | Camp Hill | 400 |
| 15 | Department Of Corrections | Government | Camp Hill | 387 |
| 16 | Bethany Village | Health Care | Mechanicsburg | 387 |
| 17 | Cumberland Valley High School | Elementary | Mechanicsburg | 300 |
| 18 | Harrisburg Auto Auction | Retail Trade | Mechanicsburg | 295 |
| 19 | Walmart Supercenter | Retail Trade | Mechanicsburg | 290 |
| 20 | Delta Dental Of Pennsylvania | Health Care | Mechanicsburg | 275 |

Source: Cumberland Area Economic Development Corporation; Pennsylvania Department of Labor and Industry;2015; RPRG

## F. Wages

The average annual wage in 2017 for Cumberland County was $49,135 (Table 8). Cumberland County's average annual wage was about $4,900 or 9 percent lower than the average annual wage of $54,000 throughout the State of Pennsylvania. The average wage in the county was approximately $5,200 or 10 percent lower than the average national wage ($55,375). The average annual wage in Cumberland County increased each year of the last eight years.

## Table 8 Average Annual Wage, 2010 to 2017

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Cumberland County | $42,725 | $43,576 | $44,450 | $45,690 | $47,083 | $47,404 | $47,453 | $49,135 |
| Pennsylvania | $45,733 | $47,035 | $48,397 | $49,077 | $50,567 | $52,187 | $52,462 | $54,000 |
| United States | $46,751 | $48,043 | $49,289 | $49,804 | $51,361 | $52,942 | $53,621 | $55,375 |

Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Figure 9 compares the average annual wage by sector for Cumberland County and the United States as of 2017. The average annual wage in the county is higher than the average wage nationally in one of the eleven sectors (Education-Health). The two highest-paying sectors in Cumberland County are Financial Activities where the average worker earns $67,973 (versus $92,960 in the sector nationally) and Professional-Business where the average worker earns $65,936 (versus $72,519 in the sector nationally). Government is the county's third highest paying sector with an average wage of $61,628, lower than the national average of $62,899.

## Figure 9 Wages by Industry Sector, Cumberland County, PA – 2017

Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

# V. HOUSING MARKET AREA

## A. Introduction

The primary market area for the proposed Oakwood Hills rental community is defined as the geographic area from which future residents of the community would primarily be drawn and in which competitive rental housing alternatives are located. In defining the primary market area, RPRG sought to accommodate the joint interests of conservatively estimating housing demand and reflecting the realities of the local rental housing marketplace.

## B. Delineation of Market Area

The Oakwood Hills Market Area encompasses sections of a bi-county region in Cumberland and York Counties. In Cumberland County, the market area consists of the five townships and three boroughs that lie between the western suburbs of Harrisburg and the Carlisle urbanized area – Silver Spring, Hampden, Lower Allen (portion), Upper Allen (the location of the site), and Monroe Townships and Mechanicsburg, Camp Hill (portion), and Shiremanstown Boroughs. The market area covers the two northernmost townships in York County closest to the site –Carroll and Monaghan - and the borough of Dillsburg.

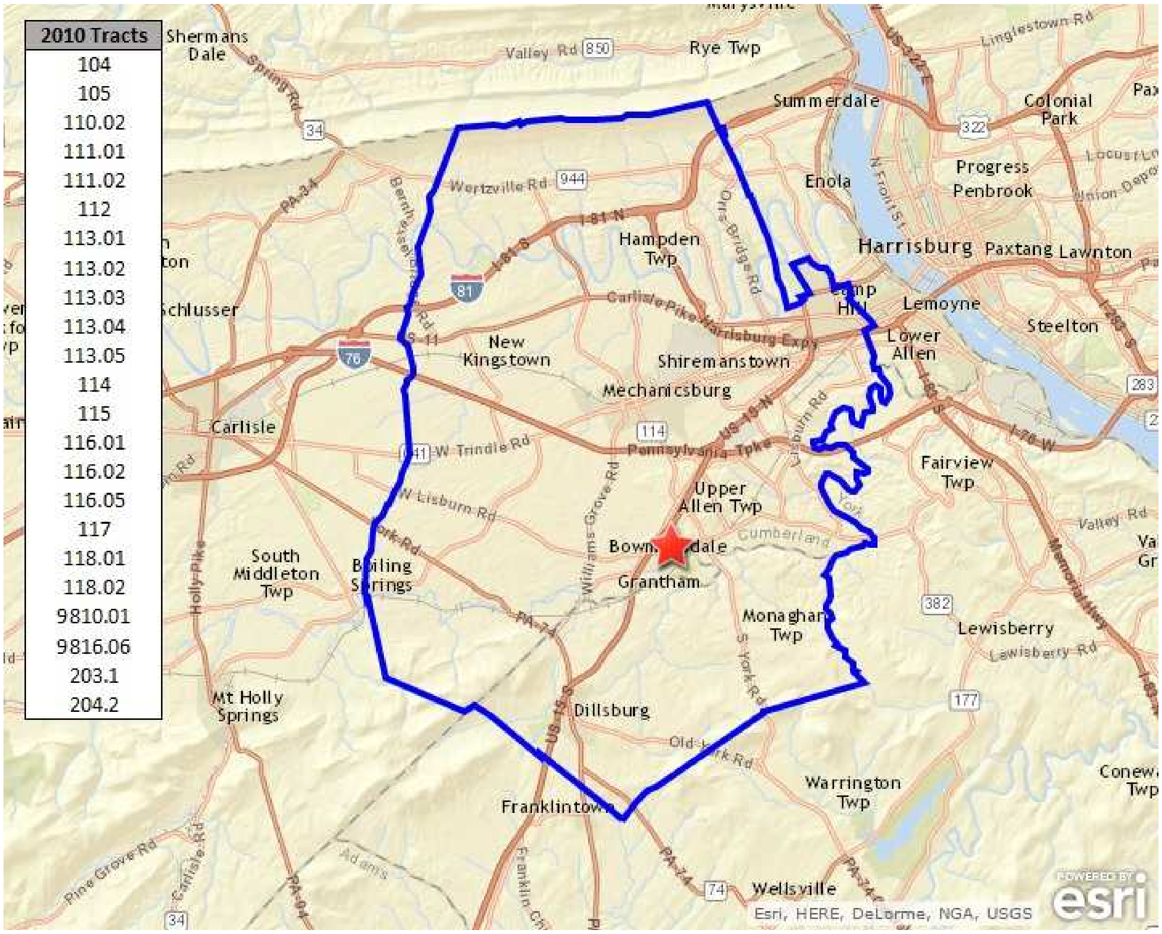
The area highlighted will be referred to as Oakwood Hills Market Area, the primary market area, or simply the market area, in the remainder of this report. The primary market area defined by RPRG for purpose of this analysis is depicted in Map 4.

The following are the (rough) market area boundaries:

- **North:** Cumberland County/ Perry County boundary line.
- **East:** Western limits of East Pennsboro; eastern limits of Camp Hill Borough; Cumberland County/ York County boundary line, and eastern limits of Monaghan Township
- **South**: Southern limits of the two York County townships
- **West:** Western boundary line of Silver Spring and Monroe Townships

As appropriate for this analysis, we compare and contrast the Oakwood Hills market area is with Cumberland County. York County was not included in the Secondary Market Area since only 10.2 percent of the 2010 market area households (4,400) were located in York County. Cumberland County will also be referred to as the county or simply the Secondary Market Area or SMA.

## Map 4 Oakwood Hills Market Area



# VI. DEMOGRAPHIC ANALYSIS

## A. Introduction and Methodology

RPRG analyzed recent trends in population and households in the Oakwood Hills Market Area and Cumberland County using US Census data and data from the Environmental Systems Research Institute (Esri), a national data vendor that prepares small area estimates and projections of population and households. In addition, we looked at data from the Tri-County Regional Planning Commission that encompasses Cumberland, Perry, and Dauphin Counties. Tri-County RPC updated their decennial projections for 2020, 2030, and 2040 in December 2014. Not only are these projections out-of-date, they are prepared in ten-year increments and thus do not provide the more detailed granularity of the Esri forecasts. As a result, we have elected to use the Esri forecasts in our demographic analyses for this report for the primary and secondary market areas.

## B. Trends in Population and Households

The market area and Cumberland County have maintained steady growth rates since 2000, though market area household growth rates have moderated since the 2000 to 2010 decade. The market area is a mature well-established upper middle-income community.

### 1. Recent Past Trends

Based on Census data, the population of the Oakwood Hills Market Area grew at a moderate pace of 1.2 percent annually between 2000 and 2010, from 95,811 persons in 2000 to 108,462 residents in 2010 (Table 9). The primary market area's household base grew at a faster rate of 1.7 percent annually over the past decade (654 households) and stood at 43,184 in 2010. Compared to the primary market area, Cumberland County as a whole experienced slower population and household growth of 1.0 to 1.2 percent between 2000 and 2010.

### 2. Projected Trends

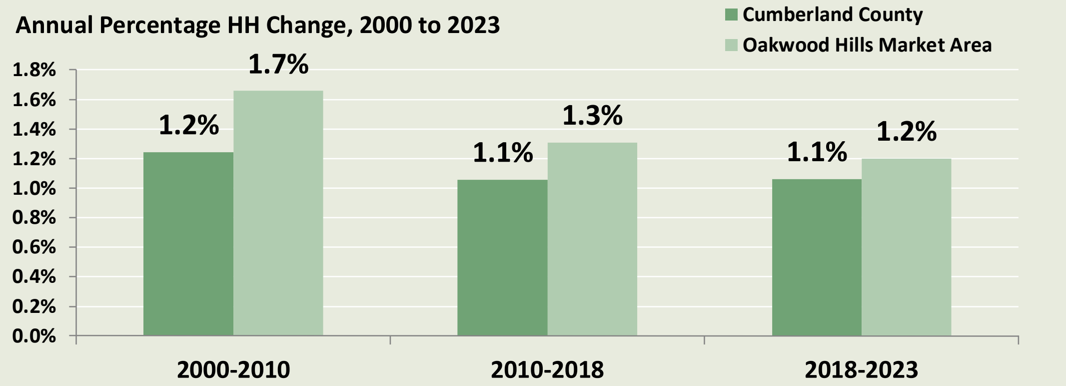
Esri estimates that the Oakwood Hills Market Area's population base increased by 1,512 people and 590 households annually between 2010 and 2018 (annual rate of 1.3 percent), a slower pace for households compared to the previous decade. Esri further projects that the market area's population will increase by 7,474 people (an annual increase of 1,425 persons or 1.2 percent) between 2018 and 2023, bringing the total population to 128,030 persons in 2023. The number of households will also increase at a rate of 1.2 percent or 589 new households per annum, resulting in a projected total of approximately 50,852 households in 2023.

Across Cumberland County, projected population and household growth rates are similar to those of Oakwood Hills Market Area. RPRG projects that the Cumberland County population and household bases will increase by 1.1 percent annually between 2018 and 2023.

## Table 9 Population and Household Projections

| | Cumberland County | | | | | Oakwood Hills Market Area | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Total Change | | Annual Change | | | Total Change | | Annual Change | |
| **Population** | **Count** | **#** | **%** | **#** | **%** | **Count** | **#** | **%** | **#** | **%** |
| **2000** | **213,674** | | | | | **95,811** | | | | |
| **2010** | **235,406** | 21,732 | 10.2% | 2,173 | 1.0% | **108,462** | 12,651 | 13.2% | 1,265 | 1.2% |
| **2018** | **256,653** | 21,247 | 9.0% | 2,656 | 1.1% | **120,556** | 12,094 | 11.2% | 1,512 | 1.3% |
| **2023** | **270,736** | 14,083 | 5.5% | 2,817 | 1.1% | **128,030** | 7,474 | 6.2% | 1,495 | 1.2% |
| | | Total Change | | Annual Change | | | Total Change | | Annual Change | |
| **Households** | **Count** | **#** | **%** | **#** | **%** | **Count** | **#** | **%** | **#** | **%** |
| **2000** | **83,015** | | | | | **36,642** | | | | |
| **2010** | **93,943** | 10,928 | 13.2% | 1,093 | 1.2% | **43,184** | 6,542 | 17.9% | 654 | 1.7% |
| **2018** | **102,191** | 8,248 | 8.8% | 1,031 | 1.1% | **47,908** | 4,724 | 10.9% | 590 | 1.3% |
| **2023** | **107,738** | 5,547 | 5.4% | 1,109 | 1.1% | **50,852** | 2,944 | 6.1% | 589 | 1.2% |

Source: 2000 Census; 2010 Census; Esri; and Real Property Research Group, Inc.



### 3. Building Permit Trends

Since 2000, the level of building permit activity has resembled a roller coaster. Between 2000 and 2007, permit activity in Cumberland trended upward started at 1,008 permits in 2000 and growing to 1,446 permits in 2007, a gain of 438 permits over seven years (43 percent) (Table 10). Over the next five years, a pronounced deceleration of permit activity was recorded dropping from 1,446 permits in 2007 to 652 permits in 2011- the low point of the recession years (less than half the peak year total). Permit activity then rebounded and increased to 1,161 permits in 2013 but then plateaued at the mid-800 to -900 level from 2014 to 2017. As of 2017, permit activity totaled 952, an increase of 73 permits since 2014. Multi-family permits in Cumberland County (structures with greater than five units) accounted for 13 percent of all permit activity since 2000 and 20 percent of all permit activity since 2012.

## C. Demographic Characteristics

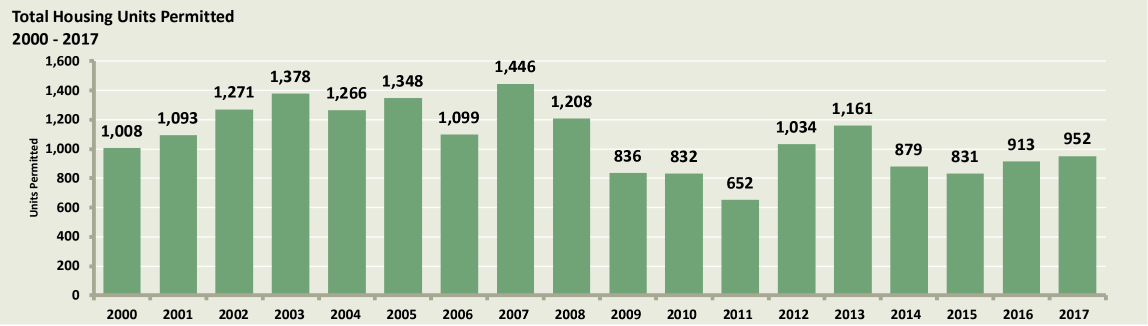
### 1. Age Distribution and Household Characteristics

A middle-aged population dominates the market area and county with a median age of 42 in the market area, one year older than the median age in the county (41 years) (Table 11). Established adults between the ages of 35 and 61 years account for 36.0 percent of the market area's population, slightly greater than the 34.8 percent share in the SMA. Seniors also represent a sizable component with 23 to 24 percent shares in both areas. Only 18 percent of the Oakwood Hills Market Area's population are young adults (ages 20 to 34 years), smaller than the 19 percent share in Cumberland County. Children/ youth under 20 years account for roughly 22 to 23 percent of the population in both areas.

## Table 10 Building Permits by Structure Type

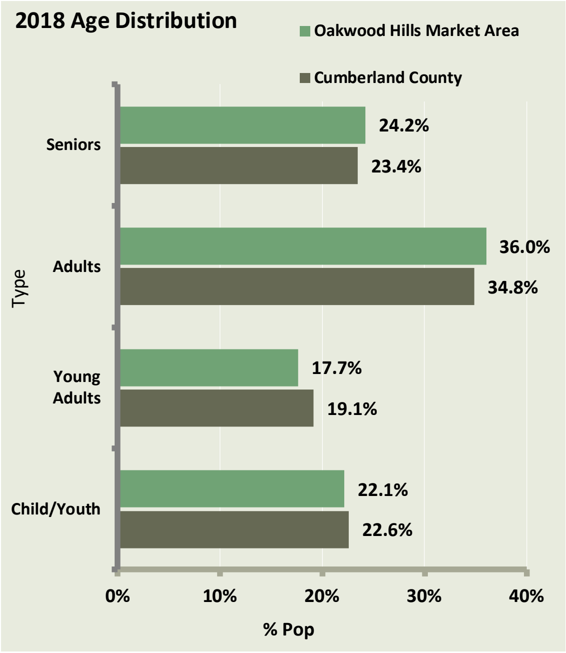
| Cumberland County | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2000-2017 | Annual Average |
| Single Family | 926 | 1,009 | 1,230 | 1,177 | 1,204 | 1,183 | 1,032 | 1,287 | 906 | 640 | 620 | 503 | 680 | 875 | 776 | 689 | 676 | 818 | 16,231 | 902 |
| Two Family | 4 | 4 | 10 | 32 | 28 | 18 | 6 | 10 | 16 | 10 | 10 | 4 | 8 | 2 | 2 | 0 | 2 | 6 | 172 | 10 |
| 3 - 4 Family | 7 | 6 | 9 | 33 | 29 | 11 | 18 | 9 | 14 | 0 | 7 | 12 | 4 | 12 | 0 | 11 | 12 | 20 | 214 | 12 |
| 5+ Family | 71 | 74 | 22 | 136 | 5 | 136 | 43 | 140 | 272 | 186 | 195 | 133 | 342 | 272 | 101 | 131 | 223 | 108 | 2,590 | 144 |
| **Total** | **1,008** | **1,093** | **1,271** | **1,378** | **1,266** | **1,348** | **1,099** | **1,446** | **1,208** | **836** | **832** | **652** | **1,034** | **1,161** | **879** | **831** | **913** | **952** | **19,207** | **1,067** |

Source: U.S. Census Bureau, C-40 Building Permit Reports.



## Table 11 2018 Age Distribution

| 2018 Age Distribution | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|
| | # | % | # | % |
| **Children/Youth** | **57,922** | **22.6%** | **26,687** | **22.1%** |
| Under 5 years | 12,645 | 4.9% | 5,834 | 4.8% |
| 5-9 years | 13,611 | 5.3% | 6,463 | 5.4% |
| 10-14 years | 14,578 | 5.7% | 6,994 | 5.8% |
| 15-19 years | 17,089 | 6.7% | 7,397 | 6.1% |
| **Young Adults** | **49,128** | **19.1%** | **21,284** | **17.7%** |
| 20-24 years | 18,774 | 7.3% | 7,466 | 6.2% |
| 25-34 years | 30,354 | 11.8% | 13,818 | 11.5% |
| **Adults** | **89,429** | **34.8%** | **43,399** | **36.0%** |
| 35-44 years | 30,898 | 12.0% | 14,888 | 12.3% |
| 45-54 years | 33,657 | 13.1% | 16,488 | 13.7% |
| 55-61 years | 24,874 | 9.7% | 12,023 | 10.0% |
| **Seniors** | **60,173** | **23.4%** | **29,186** | **24.2%** |
| 62-64 years | 10,660 | 4.2% | 5,153 | 4.3% |
| 65-74 years | 27,673 | 10.8% | 13,282 | 11.0% |
| 75-84 years | 14,632 | 5.7% | 7,143 | 5.9% |
| 85 and older | 7,208 | 2.8% | 3,607 | 3.0% |
| **TOTAL** | **256,653** | **100%** | **120,556** | **100%** |
| **Median Age** | **41** | | **42** | |



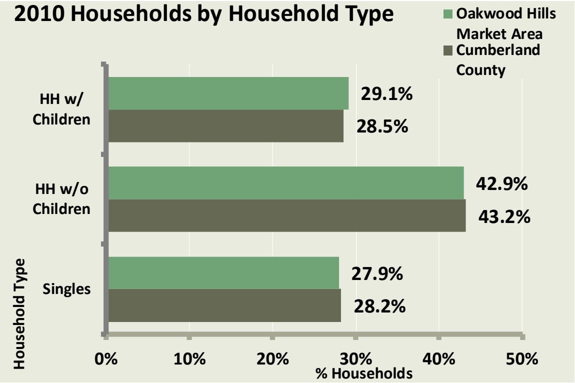
Source: Esri; RPRG, Inc.

Married couples are dominant in both the market area and county, but with a larger presence in the market area at 55.5 percent compared to 52.6 percent in Cumberland County. A greater portion of households in both areas do not contain children (43 percent) compared to households with children at approximately 29 percent (Table 12). Twenty-eight percent of the market area's and county's households are persons living alone, typically young and the elderly persons. It is likely that a substantial proportion of single person households are seniors, given the higher concentration of older households in the market area. Approximately 5 percent of market area households and 6.5 percent of county households are non-family households without children (this includes non-married couples and roommate situations).

## Table 12 2010 Households by Household Type

| 2010 Households by Household Type | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|
| | # | % | # | % |
| Married w/Children | 19,278 | 20.5% | 9,534 | 22.1% |
| Other w/ Children | 7,537 | 8.0% | 3,037 | 7.0% |
| **Households w/ Children** | **26,815** | **28.5%** | **12,571** | **29.1%** |
| Married w/o Children | 30,186 | 32.1% | 14,432 | 33.4% |
| Other Family w/o Children | 4,345 | 4.6% | 1,858 | 4.3% |
| Non-Family w/o Children | 6,064 | 6.5% | 2,254 | 5.2% |
| **Households w/o Children** | **40,595** | **43.2%** | **18,544** | **42.9%** |
| **Singles** | **26,533** | **28.2%** | **12,069** | **27.9%** |
| **Total** | **93,943** | **100%** | **43,184** | **100%** |

Source: 2010 Census; RPRG, Inc.



### 2. Renter Household Characteristics

The market area has a smaller proportion of renters compared to the county as a whole. Only 24.7 percent of its households rented in 2010 compared to 28.0 percent countywide. Since 2000, the market area rentership rate has gradually risen from 22.9 percent in 2000 to 26.4 percent in 2018 and is projected to remain stable through 2023. However, 42 percent of net household growth over the last eight years were renters (Table 13). The county's share of renter households also has risen gradually; in 2023 the rentership proportion is projected at 31 percent.

The young professional age cohort from 25 to 34 years comprise the largest proportion of renter households in both the market area (22.2 percent) and the county (23.4 percent). A significant proportion of renters are in the age bracket between 35 to 64 years (40 to 41 percent), indicating a sizable permanent renter population in both the market area and county (Table 14). Older renters (65 years and older) are also a significant presence being more prevalent in the market area (30 percent) compared to the county (24 percent).

In part reflecting the high proportion of older renters, one-person households account for 49 percent of all renter households in the Oakwood Hills Market Area, more than the Cumberland County proportion of 45 percent (Table 15). Two-person households comprise 26.5 percent of the market's renter households, and 12 percent of renter households in the market area are three-person households. Thirteen percent of renter households in the market area are larger households of four persons or more.

## Table 13 2010 to 2023 Households by Occupancy Status

| Cumberland County | 2000 | | 2010 | | Change 2000-2010 | | 2018 | | Change 2010-2018 | | 2023 | | Change 2018-2023 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Housing Units** | # | % | # | % | # | % | # | % | # | % | # | % | # | % |
| Owner Occupied | 60,645 | 73.1% | 67,606 | 72.0% | 6,961 | 63.7% | 71,639 | 70.1% | 4,033 | 48.9% | 75,466 | 70.0% | 3,827 | 69.0% |
| Renter Occupied | 22,370 | 26.9% | 26,337 | 28.0% | 3,967 | 36.3% | 30,552 | 29.9% | 4,215 | 51.1% | 32,273 | 30.0% | 1,720 | 31.0% |
| **Total Occupied** | **83,015** | **100%** | **93,943** | **100%** | **10,928** | **100%** | **102,191** | **100%** | **8,248** | **100%** | **107,738** | **100%** | **5,547** | **100%** |
| Total Vacant | 3,936 | | 6,045 | | | | 6,037 | | | | 6,258 | | | |
| **TOTAL UNITS** | **86,951** | | **99,988** | | | | **108,228** | | | | **113,997** | | | |

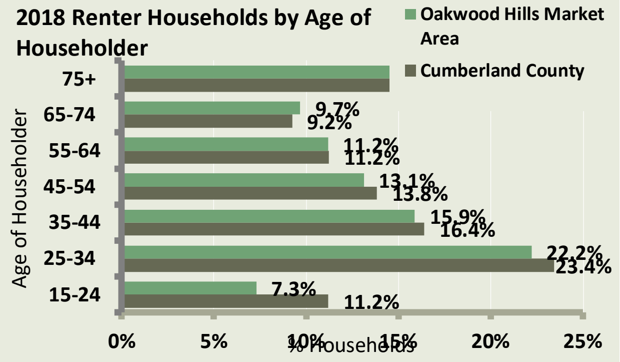
| Oakwood Hills Market Area | 2000 | | 2010 | | Change 2000-2010 | | 2018 | | Change 2010-2018 | | 2023 | | Change 2018-2023 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Housing Units** | # | % | # | % | # | % | # | % | # | % | # | % | # | % |
| Owner Occupied | 28,242 | 77.1% | 32,518 | 75.3% | 4,276 | 65.4% | 35,246 | 73.6% | 2,728 | 57.8% | 37,406 | 73.6% | 2,160 | 73.4% |
| Renter Occupied | 8,400 | 22.9% | 10,666 | 24.7% | 2,266 | 34.6% | 12,662 | 26.4% | 1,996 | 42.2% | 13,446 | 26.4% | 784 | 26.6% |
| **Total Occupied** | **36,642** | **100%** | **43,184** | **100%** | **6,542** | **100%** | **47,908** | **100%** | **4,724** | **100%** | **50,852** | **100%** | **2,944** | **100%** |
| Total Vacant | 1,375 | | 2,420 | | | | 2,314 | | | | 2,397 | | | |
| **TOTAL UNITS** | **38,017** | | **45,604** | | | | **50,222** | | | | **53,249** | | | |

Source: U.S. Census of Population and Housing, 2000, 2010; Esri, RPRG, Inc.

## Table 14 2018 Renter Households by Age of Householder

| Renter Households | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|
| **Age of HHldr** | # | % | # | % |
| 15-24 years | 3,421 | 11.2% | 925 | 7.3% |
| 25-34 years | 7,153 | 23.4% | 2,811 | 22.2% |
| 35-44 years | 5,011 | 16.4% | 2,011 | 15.9% |
| 45-54 years | 4,226 | 13.8% | 1,663 | 13.1% |
| 55-64 years | 3,432 | 11.2% | 1,415 | 11.2% |
| 65-74 years | 2,820 | 9.2% | 1,225 | 9.7% |
| 75+ years | 4,489 | 14.7% | 2,612 | 20.6% |
| **Total** | **30,552** | **100%** | **12,662** | **100%** |

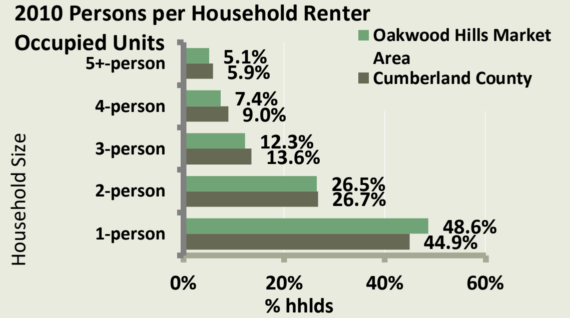
Source: Esri, Real Property Research Group, Inc.



## Table 15 2010 Renter Households by Persons per Household

| Renter Occupied | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|
| | # | % | # | % |
| 1-person hhld | 11,828 | 44.9% | 5,189 | 48.6% |
| 2-person hhld | 7,028 | 26.7% | 2,829 | 26.5% |
| 3-person hhld | 3,570 | 13.6% | 1,310 | 12.3% |
| 4-person hhld | 2,361 | 9.0% | 789 | 7.4% |
| 5+-person hhld | 1,550 | 5.9% | 549 | 5.1% |
| **TOTAL** | **26,337** | **100%** | **10,666** | **100%** |

Source: 2010 Census



### 3. Income Characteristics

According to income distributions provided by Esri, the market area is an upper middle-income area, more affluent than Cumberland County overall. The 2018 median household income in the Oakwood Hills Market Area is $79,559, 15 percent greater than Cumberland County's median income of $69,269 (Table 16). Thirty-four percent of market area households earn between

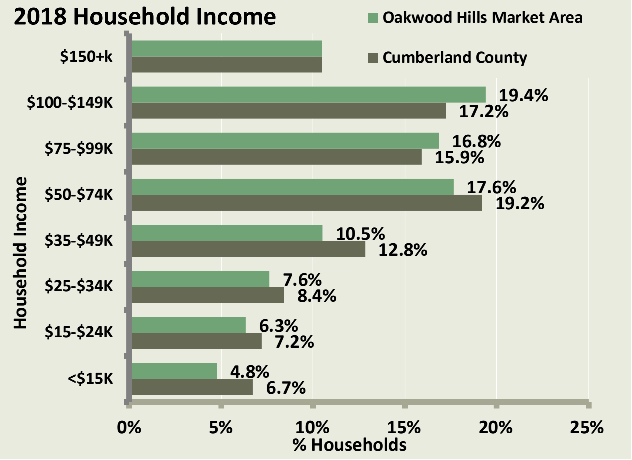
$50,000 and $100,000, the approximate target income range for the subject. Another 36 percent of households in the market area earn $100,000 or greater.

As is typical in most jurisdictions, renter household incomes in the Oakwood Hills Market Area are markedly lower than owner household incomes. Based on the U.S. Census Bureau's American Community Survey data, Esri data, the breakdown of tenure and household estimates, RPRG estimates that the median income of renter households in Oakwood Hills Market Area as of 2018 is a still substantial $53,409 (Table 17). Approximately 35 percent of these households earn between the approximate target income range of $50,000 and $100,000. Eighteen percent of market area renter households earn $100,000 or more. The median income for owner households in the market area is $90,102.

## Table 16 2018 Household Income

| Estimated 2018 Household Income | | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|---|
| | | # | % | # | % |
| less than | $15,000 | 6,886 | 6.7% | 2,290 | 4.8% |
| $15,000 | $24,999 | 7,355 | 7.2% | 3,037 | 6.3% |
| $25,000 | $34,999 | 8,614 | 8.4% | 3,657 | 7.6% |
| $35,000 | $49,999 | 13,122 | 12.8% | 5,043 | 10.5% |
| $50,000 | $74,999 | 19,613 | 19.2% | 8,456 | 17.6% |
| $75,000 | $99,999 | 16,257 | 15.9% | 8,067 | 16.8% |
| $100,000 | $149,999 | 17,615 | 17.2% | 9,293 | 19.4% |
| $150,000 | Over | 12,728 | 12.5% | 8,066 | 16.8% |
| **Total** | | **102,191** | **100%** | **47,908** | **100%** |
| | | | | | |
| **Median Income** | | **$69,269** | | **$79,559** | |

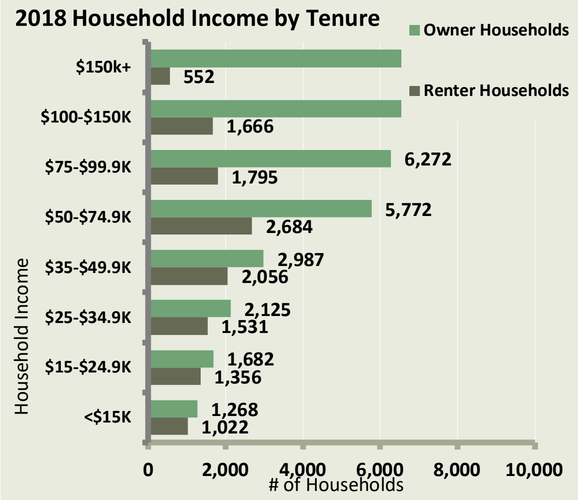
Source: Esri; Real Property Research Group, Inc.



## Table 17 2018 Household Income by Tenure

| Estimated 2018 HH Income | | Renter Households | | Owner Households | |
|---|---|---|---|---|---|
| Oakwood Hills Market Area | | # | % | # | % |
| less than | $15,000 | 1,022 | 8.1% | 1,268 | 3.6% |
| $15,000 | $24,999 | 1,356 | 10.7% | 1,682 | 4.8% |
| $25,000 | $34,999 | 1,531 | 12.1% | 2,125 | 6.0% |
| $35,000 | $49,999 | 2,056 | 16.2% | 2,987 | 8.5% |
| $50,000 | $74,999 | 2,684 | 21.2% | 5,772 | 16.4% |
| $75,000 | $99,999 | 1,795 | 14.2% | 6,272 | 17.8% |
| $100,000 | $149,999 | 1,666 | 13.2% | 7,627 | 21.6% |
| $150,000 | over | 552 | 4.4% | 7,513 | 21.3% |
| **Total** | | **12,662** | **100%** | **35,246** | **100%** |
| | | | | | |
| **Median Income** | | **$53,409** | | **$90,102** | |

Source: American Community Survey 2012-2016 Estimates, RPRG, Inc.



# VII. COMPETITIVE HOUSING ANALYSIS

## A. Introduction and Sources of Information

This section presents data and analyses pertaining to the supply of rental housing in Oakwood Hills Market Area. We pursued several avenues of research to identify multifamily projects that are in the planning stages or under construction in the market area. As part of our housing market research, RPRG spoke with representing the planning and permitting functions in all township and boroughs within the market area, and local developers and management agents. We also reviewed the Pennsylvania Housing Finance Agency website. The survey of rental communities was conducted in June 2018.

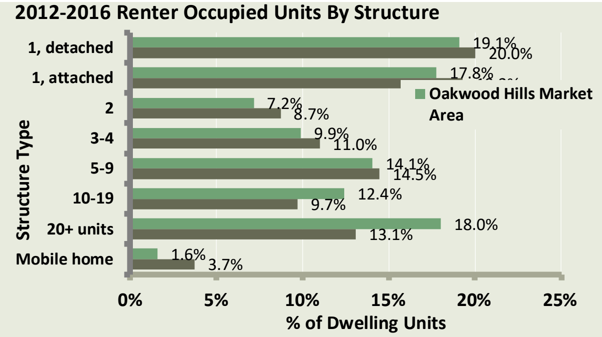
## B. Overview of Market Area Housing Stock

### 1. Existing Housing Stock

Based on the 2012-2016 ACS survey, the rental stock in the Oakwood Hills Market Area and Cumberland County are distributed among all types of rental structures. Thirty-seven percent of rentals are in single family residences (19 percent detached and 18 percent attached) compared to thirty-nine percent of county rentals (Table 18). Small buildings of two to four units make up roughly 17 percent of the rental stock in the market area and 20 percent in the county. Mid-sized structures (5 to 19 units) comprise 26.5 percent of the rental stock in the market area and 24.2 percent in the county. In comparison, larger multi-family structures (i.e., buildings with 20 or more units) comprise 18 percent of rental units in the market area, greater than the 13 percent share in Cumberland County.

**Table 18 Dwelling Units by Structure and Tenure**

| Renter Occupied | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|
| | # | % | # | % |
| 1, detached | 5,677 | 20.0% | 2,194 | 19.1% |
| 1, attached | 5,466 | 19.3% | 2,042 | 17.8% |
| 2 | 2,476 | 8.7% | 825 | 7.2% |
| 3-4 | 3,118 | 11.0% | 1,138 | 9.9% |
| 5-9 | 4,102 | 14.5% | 1,616 | 14.1% |
| 10-19 | 2,757 | 9.7% | 1,429 | 12.4% |
| 20+ units | 3,709 | 13.1% | 2,070 | 18.0% |
| Mobile home | 1,063 | 3.7% | 184 | 1.6% |
| **TOTAL** | **28,368** | **100%** | **11,498** | **100%** |



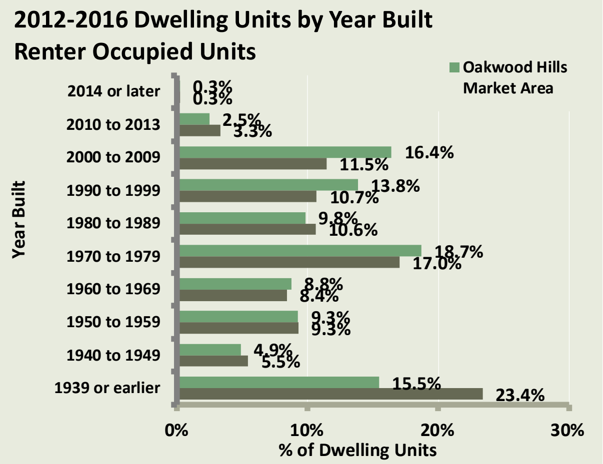
Source: American Community Survey 2012-2016

The rental housing stock in both areas is old; the median year built in the Oakwood Hills Market Area at 1976 is four years younger than in Cumberland County as a whole (1972). Nineteen percent of the market area rental stock has been built since 2000 compared to 15 percent in the county. The 1970's were the most active decade for the construction of rental housing in the market area (19 percent of all rental units), with a significant portion of the inventory also placed in service in the 1990's (16 percent) (Table 19). In Cumberland County as a whole, the 1970's were the dominant years of rental construction when 17 percent of units were built. A larger proportion of renter occupied homes were built prior to 1940 in the county (23 percent) compared to the market area (15.5 percent).

## Table 19 Rental Units by Year Built

| Renter Occupied | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|
| | # | % | # | % |
| 2014 or later | 72 | 0.3% | 31 | 0.3% |
| 2010 to 2013 | 946 | 3.3% | 288 | 2.5% |
| 2000 to 2009 | 3,251 | 11.5% | 1,891 | 16.4% |
| 1990 to 1999 | 3,039 | 10.7% | 1,594 | 13.8% |
| 1980 to 1989 | 3,013 | 10.6% | 1,134 | 9.8% |
| 1970 to 1979 | 4,836 | 17.0% | 2,153 | 18.7% |
| 1960 to 1969 | 2,391 | 8.4% | 1,009 | 8.8% |
| 1950 to 1959 | 2,646 | 9.3% | 1,068 | 9.3% |
| 1940 to 1949 | 1,551 | 5.5% | 564 | 4.9% |
| 1939 or earlier | 6,638 | 23.4% | 1,781 | 15.5% |
| **TOTAL** | **28,383** | **100%** | **11,513** | **100%** |
| **MEDIAN YEAR BUILT** | **1972** | | **1976** | |

Source: American Community Survey 2012-2016

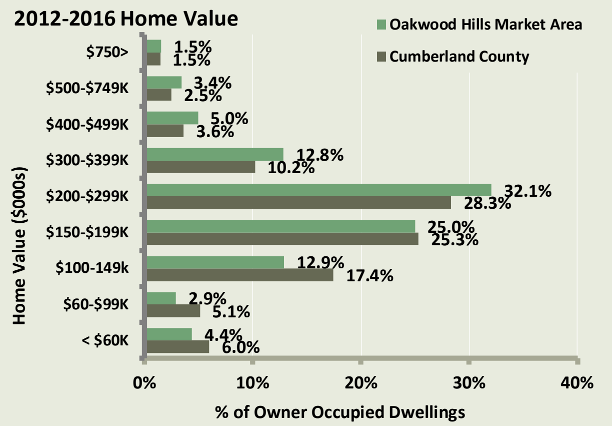


According to the 2012-2016 American Community Survey (ACS), the median value among owner-occupied housing units in the Oakwood Hills Market Area was $214,931, 12 percent greater than the $192,371 median house value in all of Cumberland County (Table 20). The ACS estimates of home value are based upon the US Census Bureau's interpolation of the data obtained directly from the survey respondents (homeowners). This data is traditionally a less accurate and reliable indicator of home prices in an area than actual sales data but offers insight of relative housing values among two or more areas.

## Table 20 Value of Owner Occupied Housing Stock

| 2012-2016 Home Value | | Cumberland County | | Oakwood Hills Market Area | |
|---|---|---|---|---|---|
| | | # | % | # | % |
| less than | $60,000 | 4,082 | 6.0% | 1,471 | 4.4% |
| $60,000 | $99,999 | 3,494 | 5.1% | 970 | 2.9% |
| $100,000 | $149,999 | 11,875 | 17.4% | 4,315 | 12.9% |
| $150,000 | $199,999 | 17,238 | 25.3% | 8,350 | 25.0% |
| $200,000 | $299,999 | 19,301 | 28.3% | 10,715 | 32.1% |
| $300,000 | $399,999 | 6,958 | 10.2% | 4,284 | 12.8% |
| $400,000 | $499,999 | 2,467 | 3.6% | 1,656 | 5.0% |
| $500,000 | $749,999 | 1,702 | 2.5% | 1,137 | 3.4% |
| $750,000 | over | 1,001 | 1.5% | 514 | 1.5% |
| **Total** | | **68,118** | **100%** | **33,412** | **100%** |
| | | | | | |
| **Median Value** | | **$192,371** | | **$214,931** | |

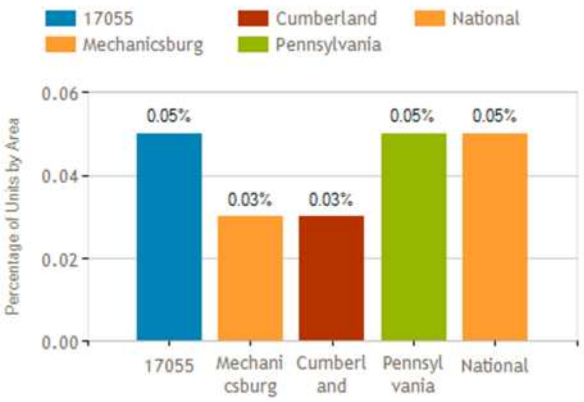
Source: American Community Survey 2012-2016



### 2. For Sale Market - State of Foreclosures in the Market

According to RealtyTrac, an online marketer of foreclosed properties, one in every 2,197 properties in zip code 17055 (the location of the subject) received a foreclosure filing notice in May 2018 - a 0.05 percentage rate (Figure 10). This rate was greater than the 0.03 percent rates in Mechanicsburg borough and Cumberland County and equal to the 0.05 percent rate in the state of Pennsylvania and the United States.

**Figure 10 Foreclosure Activity June 2016**



Source: RealtyTrac

### 3. For Sale Market - Cost to Rent Versus to Own

To gauge the cost to own a home in the Oakwood Hills Market Area, RPRG has conducted an affordability analysis, using the median home value of $214,931. Assuming a down payment of 10% ($2), a 30-year mortgage term, a 5.0 percent interest rate and a local property tax rate of $1.78 per $100 of assessed value, the average monthly mortgage payment would be $1,411 (Table 21). Using an underwriting standard of 28 percent, which is typical for households looking to purchase a home in the area, a potential buyer would need to earn at least $60,497 to afford this monthly payment.

The average mortgage payment of $1,411 is above the range of the rents proposed for the project - $1,055 to $1,395. Additionally, the target tenants- primarily professionals and households in transition - are not in the stage of their lives where they would consider purchasing a home. As a result, we believe that the subject will appeal primarily to renters by choice; the existing state of the for-sale housing market will not have a negative impact on the proposed subject.

**Table 21 For Sale Affordability**

| Base Price | $214,931 |
|---|---|
| % Down Payment | 10% |
| $ Down Payment | $21,493 |
| Term | 30 |
| Interest Rate | 5.00% |
| Local Property Tax Rate | $1.78 |
| Condominium Fee | 25 |
| **Payment** | **$1,411** |
| **Income Range** | **$60,467** |

## C. Survey of General Occupancy Rental Communities

### 1. Introduction to the Rental Housing Survey

To gauge the status of the rental market within which the proposed Oakwood Hills community would operate, 19 market rate rent communities were surveyed in the Oakwood Hills market area during June 2018. No properties are in lease-up and none of the surveyed market rate general occupancy communities in the market area is HUD-insured. Age-restricted and deep subsidy communities were excluded from the analysis.

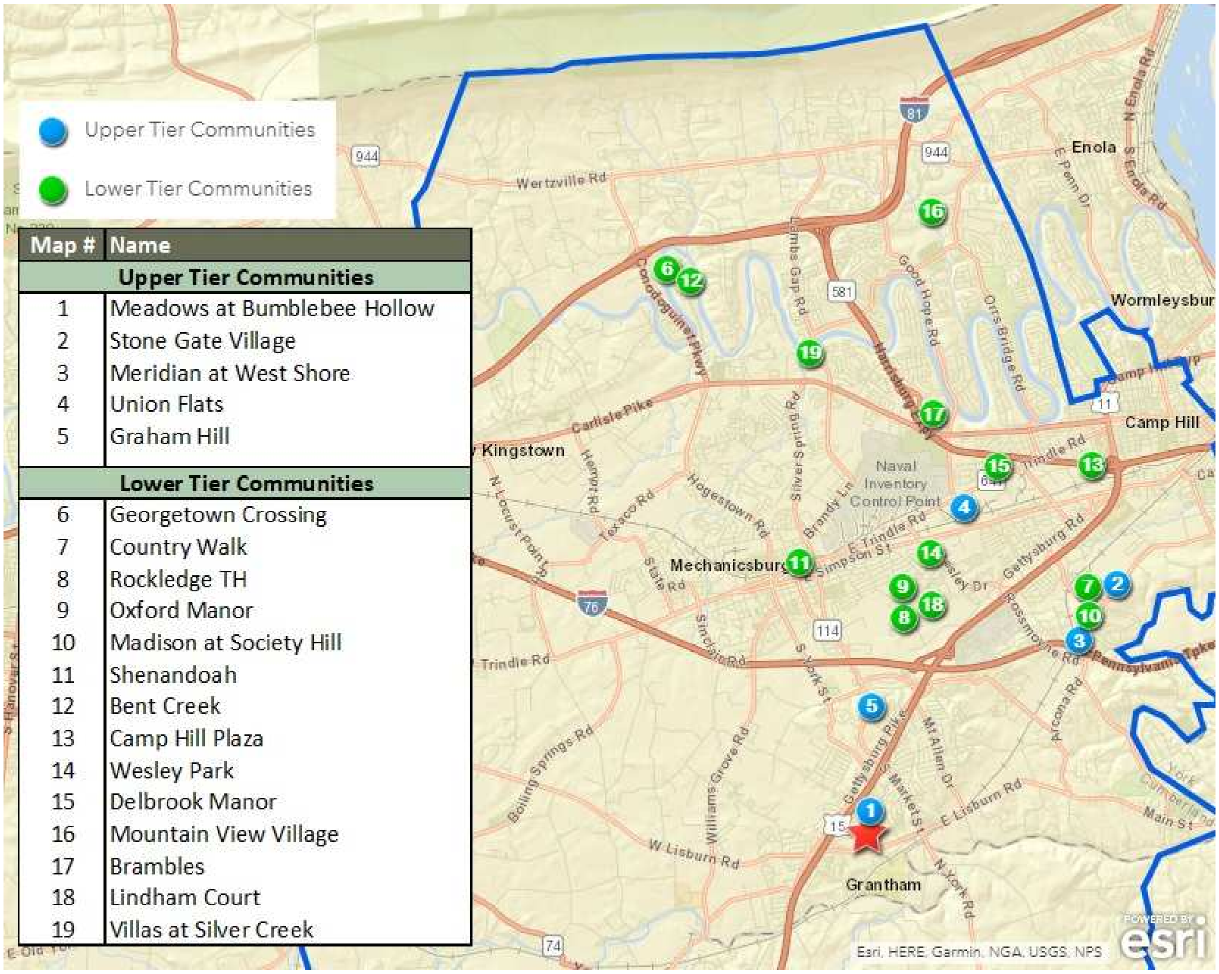
The 19 properties are divided into two tiers based on relative age and rent levels – five Upper Tier communities and 14 Lower Tier communities. All Upper Tier communities were constructed since 2003. The threshold rent dividing the Upper Tier from the Lower Tier is $1,250 for the two-bedroom units and $1,030 for one-bedroom units. Our analysis will primarily focus on data compiled from the Upper Tier as the subject is positioned as a premium rental community in the market area.

Profile sheets with detailed information on each surveyed community, including photographs, are attached in the appendix to this report.

## 2. Location

Map 5 presents the locations of the surveyed rental communities in relation to the subject. Two of the five Upper Tier communities are located south of Interstate 76 including the two communities closest to the subject – Meadows at Bumblebee Hollow and Graham Hill. Meadows at Bumblebee Hollow is located along the northeastern periphery of the subject and commands the highest two and three bedroom rents. The bulk of the communities (10 properties) are located north of Interstate 76 and south of Carlisle Pike in the Mechanicsburg area. Georgetown Crossing, Bent Creek, Brambles, Villas at Silver Creek, Union Flats and Mountain View Village are located in the northern portion of the market area, south of Interstate 81 and north of Carlisle Pike. Camp Hill Plaza is the easternmost property in the close-in Harrisburg suburb of Camp Hill.

### Map 5 Competitive Rental Communities, Oakwood Hills Market Area



● Upper Tier Communities
● Lower Tier Communities

| Map # | Name |
|---|---|
| | **Upper Tier Communities** |
| 1 | Meadows at Bumblebee Hollow |
| 2 | Stone Gate Village |
| 3 | Meridian at West Shore |
| 4 | Union Flats |
| 5 | Graham Hill |
| | **Lower Tier Communities** |
| 6 | Georgetown Crossing |
| 7 | Country Walk |
| 8 | Rockledge TH |
| 9 | Oxford Manor |
| 10 | Madison at Society Hill |
| 11 | Shenandoah |
| 12 | Bent Creek |
| 13 | Camp Hill Plaza |
| 14 | Wesley Park |
| 15 | Delbrook Manor |
| 16 | Mountain View Village |
| 17 | Brambles |
| 18 | Lindham Court |
| 19 | Villas at Silver Creek |

### 3. Age of Communities

The average age of the five Upper Tier communities is six years (Table 22). Four of the Upper Tier properties were constructed since 2012. The two newest communities, Stone Gate and Union Flats, opened in early 2017. Conversely, the 14 Lower Tier properties have an average age of 30 years old with dates placed in service ranging from 1964 to 2008; three communities opened since 2000 – Rockledge, Bent Creek, and Villas at Silver Creek.

### Table 22 Multifamily Rental Communities Summary

| Map # | Community | Year Built | Structure Type | Total Units | Vacant Units | Vacancy Rate | Avg 1BR Rent (1) | Avg 2BR Rent (1) | Incentive |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Upper Tier Communities | | | | | |
| 1 | Meadows at Bumblebee Hollow | 2012 | TH | 103 | 0 | 0.0% | | $1,601 | None |
| 2 | Stone Gate Village | 2017 | Gar/TH | 89 | 0 | 0.0% | | $1,375 | None |
| 3 | Meridian at West Shore | 2012 | Gar/TH | 284 | 0 | 0.0% | $1,113 | $1,361 | None |
| 4 | Union Flats | 2017 | Gar | 216 | 0 | 0.0% | $1,107 | $1,337 | PH.I:1/2 mo free 13/mo lease; PH.II: 1 mo free 13/mo lease |
| 5 | Graham Hill | 2003 | Gar | 153 | 0 | 0.0% | $1,077 | $1,320 | None |
| | **Sub-Total/Average** | 2012 | | **845** | **0** | **0.0%** | **$1,099** | **$1,399** | |
| | | | | Lower Tier Communities | | | | | |
| 6 | Georgetown Crossing | 1999 | TH | 328 | 0 | 0.0% | | $1,225 | Waived application fee |
| 7 | Country Walk | 1986 | Gar | 96 | 1 | 1.0% | | $1,220 | None |
| 8 | Rockledge TH | 2002 | TH | 82 | 0 | 0.0% | | $1,198 | None |
| 9 | Oxford Manor | 1974 | Gar/TH | 201 | 6 | 3.0% | $1,010 | $1,160 | None |
| 10 | Madison at Society Hill | 1990 | Gar | 108 | 8 | 7.4% | $995 | $1,115 | Daily Pricing |
| 11 | Shenandoah | 1991 | Gar/TH | 60 | 1 | 1.7% | $821 | $1,061 | None |
| 12 | Bent Creek | 2003 | Gar | 64 | 0 | 0.0% | $944 | $1,033 | None |
| 13 | Camp Hill Plaza | 1964 | Gar | 300 | 11 | 3.7% | $900 | $1,023 | None |
| 14 | Wesley Park | 1968 | TH | 160 | 0 | 0.0% | $897 | $1,023 | None |
| 15 | Delbrook Manor | 1968 | Gar | 376 | 0 | 0.0% | $830 | $950 | None |
| 16 | Mountain View Village | 1989 | Gar | 176 | 0 | 0.0% | $805 | $950 | None |
| 17 | Brambles | 1998 | Gar | 380 | 0 | 0.0% | $740 | $910 | None |
| 18 | Lindham Court | 1988 | Gar | 96 | 0 | 0.0% | $795 | $900 | None |
| 19 | Villas at Silver Creek | 2008 | TH | 41 | 0 | 0.0% | | | None |
| | **Sub-Total/Average** | 1988 | | **2,468** | **27** | **1.1%** | **$874** | **$1,059** | |
| | **Total/Average** | **1994** | | **3,313** | **27** | **0.8%** | **$926** | **$1,153** | |

**(1) Rent is contract rent, and not adjusted for utilities or incentives**

*Source: Field Survey, RPRG, Inc. June 2018.*

### 4. Structure Type

Two of the five Upper Tier communities are garden communities and two of the communities offers a mix of townhomes and gardens. All but one of the models at Meadow at Bumblebee Hollow are townhomes. Eight of the 14 Lower Tier group are exclusively garden apartments; two communities offer a mixture of gardens and townhomes, and four communities offer only townhomes. Four of the Upper Tier communities offer all or some of the units with attached garages; only one of the Lower Tier communities feature attached garages.

### 5. Size of Communities

The market offers a wide range in the size of properties. The average size of all properties surveyed is 174 units ranging in size from 41 units at Villas at Silver Creek up to 380 units at Brambles. Seven properties have less than 100 units; five properties have 100 to 199 units; three properties have 200 to 299 units; and four properties have from 300 to 400 units. The Upper and Lower Tier groups have similar average sizes.

### 6. Vacancy Rates

The overall vacancy rate for the market area is very low 0.8 percent; in fact, the five Upper Tier communities are 100 percent occupied. The Lower Tier group has a 1.1 percent vacancy rate; nine of the Lower Tier properties have zero vacancies. The three communities with the highest vacancy rates ranging from 3 to 7.4 percent were built in 1964, 1974, and 1990. The oldest community, Camp Hill Plaza (built in 1964), accounts for 41 percent of all vacancies (11 vacant units).

### 7. Rent Concessions

There are virtually no rent concessions in the market area. Union Flats is the only community offer leasing specials ranging from one-half month to one month free. One community is waiving application fees; only one community utilizes the Yieldstar program to set daily rents.

### 8. Absorption History

The two most recently stabilized communities, Union Flats and Stone Gate Village, were fully leased within a year of opening.

- Phase 1 of Union Flats (120 units) started leasing in November 2016; opened in January 2017 and stabilized in August 2017 – a monthly lease up pace of 12 units. Phase II of Union Flats (96 units) opened in January 2018 and was fully leased in May 2018 – a monthly lease-up pace of 19 units.
- The first units at the 89 unit Stone Gate Village opened in early January 2017 and was fully leased in November 2017 – a monthly lease-up pace of eight units. However, lease-up at Stone Gate Village had been hampered by lack of move in ready inventory and off site leasing.

## D. Analysis of Rental Pricing and Product

### 1. Payment of Utility Costs

The most common practice within the Oakwood Hills Market Area is for rental communities to pass all utility costs, except for trash, to tenants – eight out of 19 communities operate under this arrangement. Seven communities include water, sewer, and trash in the rent (Table 23). Four communities includes no utilities in the rent.

### 2. Unit Features

The Upper Tier group uniformly offers a full range of upgraded kitchen appliances including dishwasher and microwaves plus in unit washer-dryers (as do seven of the Lower Tier properties). Many of the newer communities also provide such upscale features as gourmet kitchens (granite countertops, pendant lighting, upgraded cabinets, and stainless steel appliances), hardwood floors, high ceilings, and large walk-in closets and soaking tubs in the master bedroom suites. Several models at Bumblebee Hollow provide large exterior sheds attached to the rear of the units and finished basements.

### 3. Parking

All properties provide free surface parking. Four of five Upper Tier communities offer attached garages for some models. The Villas at Silver Creek provides integral garages for all models. Georgetown Crossing, Meadows at Bumblebee Hollows, Stone Gate Village, and Graham Hill offer tenants the option of selected models with integral garages. Three Upper Tier communities also offer detached garages renting from $95 to $115 per month. The only parking option offered in the Lower Tier group is surface except for attached garages at Georgetown Crossing and Villas at Silver Creek.

### Table 23 Utility Arrangement and Unit Features

| | | Utilities Included in Rent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Community | Heat Type | Heat | Hot Water | Cooking | Electric | Water | Trash | Dish-washer | Micro-wave | Parking* | In-Unit Laundry | Storage |
| **Upper Tier Communities** | | | | | | | | | | | | |
| Meadows at Bumblebee Hollow | Gas | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | Std | Surf; Att Gar | Std - Full | |
| Stone Gate Village | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | Std | Surf; Att Gar | Std - Full | |
| Meridian at West Shore | Elec | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | Std | Surf; Det Gar $95; Att Gar | Std - Full | |
| Union Flats | Elec | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | Std | Surf; Det Gar $100 | Std - Full | |
| Graham Hill | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | Std | Surf; Det Gar $115; Att Gar | Std - Full | Std - In Unit |
| **Lower Tier Communities** | | | | | | | | | | | | |
| Georgetown Crossing | Elec | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | Std | Surf; Att Gar | Std - Full | Std - In Unit |
| Country Walk | Gas | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | Std | Surface | Std - Full | Std - In Unit |
| Rockledge TH | Elec | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | Std | Std | Surface | Std - Full | Std - In Unit |
| Oxford Manor | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | Std | N/A | Surface | Std - Full | Std - In Unit |
| Madison at Society Hill | Elec | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | Std | Std | Surface | Std - Full | N/A |
| Shenandoah | Elec | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | N/A | Surface | Std - Full | |
| Bent Creek | Elec | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | Std | Surface | Std - Stacked | Std - In Unit |
| Camp Hill Plaza | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | Std | N/A | Surface | N/A | |
| Wesley Park | Elec | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | N/A | Surface | Std - Full | Std - In Unit |
| Delbrook Manor | Elec | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | N/A | Surface | Std - Full | |
| Mountain View Village | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | Std | Surface | Std - Full | Std - In Unit |
| Brambles | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | N/A | Surface | Std - Full | |
| Lindham Court | Gas | ☐ | ☐ | ☐ | ☐ | ☐ | ☒ | Std | N/A | Surface | Std - Full | In Building/Fee |
| Villas at Silver Creek | Gas | ☐ | ☐ | ☐ | ☐ | ☒ | ☒ | Std | Std | Attached Gar | Std - Full | |

*Source: Field Survey, RPRG, Inc. June 2018.*

*Note: Att Gar with no fee indicates garage is integral to selected models

### 4. Community Amenities

Four of the larger Upper Tier communities in the Oakwood Hills Market Area provide a full range full range of upscale amenities including a clubhouse, residential lounge/ cyber cafe, fitness center, and outdoor pool and sundeck (Table 24). Other selected amenities include grilling/ BBQ areas, dog park, tennis courts, basketball court, business center, and volleyball courts. Only three communities in the Lower Tier-, Georgetown Crossing, Wesley Park, and Bent Creek - offer a similar full set of amenities. Shenandoah Apartments is the sole community that offers elevators.

## Table 24 Multifamily Rental Communities Amenities

| Community | Clubhouse | Fitness Room | Pool | Hot Tub | Sauna | Playground | Tennis Court | Business Center | Gated Entry |
|---|---|---|---|---|---|---|---|---|---|
| **Upper Tier Communities** | | | | | | | | | |
| Meadows at Bumblebee Hollow | ☒ | ☒ | ☒ | ☐ | ☐ | ☒ | ☐ | ☒ | ☐ |
| Stone Gate Village | ☐ | ☒ | ☒ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Meridian at West Shore | ☒ | ☒ | ☒ | ☐ | ☐ | ☐ | ☐ | ☒ | ☐ |
| Union Flats | ☒ | ☒ | ☒ | ☐ | ☐ | ☐ | ☐ | ☒ | ☐ |
| Graham Hill | ☒ | ☒ | ☒ | ☐ | ☐ | ☒ | ☐ | ☐ | ☐ |
| **Lower Tier Communities** | | | | | | | | | |
| Georgetown Crossing | ☒ | ☒ | ☒ | ☐ | ☐ | ☒ | ☒ | ☐ | ☐ |
| Country Walk | ☐ | ☐ | ☒ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Rockledge TH | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Oxford Manor | ☐ | ☐ | ☒ | ☐ | ☐ | ☒ | ☐ | ☒ | ☐ |
| Madison at Society Hill | ☐ | ☐ | ☒ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Shenandoah | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Bent Creek | ☒ | ☒ | ☒ | ☐ | ☐ | ☒ | ☐ | ☐ | ☐ |
| Camp Hill Plaza | ☐ | ☒ | ☒ | ☐ | ☐ | ☒ | ☐ | ☐ | ☐ |
| Wesley Park | ☒ | ☒ | ☒ | ☐ | ☐ | ☒ | ☒ | ☐ | ☐ |
| Delbrook Manor | ☐ | ☐ | ☒ | ☐ | ☐ | ☒ | ☐ | ☐ | ☐ |
| Mountain View Village | ☐ | ☒ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Brambles | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Lindham Court | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| Villas at Silver Creek | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

*Source: Field Survey, RPRG, Inc. June 2018.*

### 5. Distribution of Units by Bedroom Type

The unit distributions of the Upper and Lower Tier groups are similar with a moderately greater representation of one bedroom models and a lesser representation of three bedroom models in the Upper Tier (Table 25). Overall, two bedroom units (plus dens) are the dominant unit type comprising 60 percent of all units followed by one bedroom units (plus dens) that comprise 27 percent of units. Three bedroom units are a distant third with 13 percent of units. There are no studios offered in the market area. Two of the five Upper Tier communities do not offer one bedrooms; many of the Upper Tier models are townhomes that contain two or three bedrooms.

## Table 25 Multifamily Rental Communities, Salient Characteristics

| | Total | One Bedroom Units | | | | Two Bedroom Units | | | | Two Bedroom Den Units | | | | Three Bedroom Units | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Community | Units | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF |
| **SUBJECT SITE-As Proposed** | **137** | **2** | **$1,055** | **816** | **$1.29** | **46** | **$1,315** | **1,055** | **$1.25** | | | | | | | | |
| | | **14** | **$1,095** | **825** | **$1.33** | **24** | **$1,345** | **1,085** | **$1.24** | | | | | | | | |
| | | **11** | **$1,125** | **855** | **$1.32** | **8** | **$1,325** | **1,135** | **$1.17** | | | | | | | | |
| | | **2** | **$1,215** | **1,055** | **$1.15** | **24** | **$1,395** | **1,115** | **$1.25** | | | | | | | | |
| | | **29** | | | | **6** | **$1,395** | **1,195** | **$1.17** | | | | | | | | |
| | | | | | | **108** | | | | | | | | | | | |
| **Upper Tier Communities** | | | | | | | | | | | | | | | | | |
| Meadows at Bumblebee Hollow | 103 | | | | | | $1,601 | 1,294 | $1.24 | | | | | | $1,733 | 1,797 | $0.96 |
| Stone Gate Village | 89 | | | | | 37 | $1,395 | 1,244 | $1.12 | | | | | 52 | $1,553 | 1,500 | $1.04 |
| Meridian at West Shore | 284 | 80 | $1,113 | 817 | $1.36 | 180 | $1,338 | 1,116 | $1.20 | 24 | $1,537 | 1,318 | $1.17 | | | | |
| Graham Hill | 153 | 18 | $1,033 | 765 | $1.35 | 54 | $1,300 | 1,161 | $1.12 | 24 | $1,430 | 1,270 | $1.13 | 29 | $1,329 | 1,190 | $1.12 |
| Union Flats | 216 | 108 | $1,037 | 763 | $1.36 | 108 | $1,254 | 1,072 | $1.17 | | | | | | | | |
| **Sub-Total/Average** | **845** | | **$1,061** | **782** | **$1.36** | | **$1,378** | **1177** | **$1.17** | | **$1,484** | **1294** | **$1.15** | | **$1,538** | **1496** | **$1.03** |
| **Unit Distribution** | **742** | **206** | | | | **379** | | | | **48** | | | | **81** | | | |
| **% of Total** | **87.8%** | **27.8%** | | | | **51.1%** | | | | **6.5%** | | | | **10.9%** | | | |
| **Lower Tier Communities** | | | | | | | | | | | | | | | | | |
| Georgetown Crossing | 328 | | | | | 98 | $1,245 | 1,106 | $1.13 | | | | | 230 | $1,375 | 1,313 | $1.05 |
| Rockledge TH | 82 | | | | | 82 | $1,228 | 1,069 | $1.15 | | | | | | | | |
| Country Walk | 96 | | | | | 96 | $1,220 | 1,200 | $1.02 | | | | | | | | |
| Oxford Manor | 201 | 36 | $1,035 | 582 | $1.78 | 148 | $1,190 | 783 | $1.52 | | | | | 17 | $1,435 | 1,206 | $1.19 |
| Madison at Society Hill | 108 | 8 | $1,020 | 980 | $1.04 | 100 | $1,145 | 1,100 | $1.04 | | | | | | | | |
| Shenandoah | 60 | 20 | $821 | 774 | $1.06 | 34 | $1,061 | 958 | $1.11 | | | | | 6 | $1,500 | 1,500 | $1.00 |
| Villas at Silver Creek | 41 | | | | | | | | | | | | | 41 | $1,428 | 1,719 | $0.83 |
| Bent Creek | 64 | 22 | $955 | 873 | $1.09 | 30 | $1,053 | 1,070 | $0.98 | | | | | | | | |
| Camp Hill Plaza | 300 | 160 | $925 | 785 | $1.18 | 100 | $1,053 | 999 | $1.05 | 22 | $1,055 | 1,028 | $1.03 | 18 | $1,230 | 1,367 | $0.90 |
| Wesley Park | 160 | 35 | $897 | 810 | $1.11 | 90 | $1,023 | 935 | $1.09 | | | | | 35 | $1,115 | 1,055 | $1.06 |
| Mountain View Village | 176 | 60 | $820 | 656 | $1.25 | 116 | $970 | 924 | $1.05 | | | | | | | | |
| Delbrook Manor | 376 | 130 | $830 | 745 | $1.11 | 246 | $950 | 890 | $1.07 | | | | | | | | |
| Brambles | 380 | 125 | $755 | 560 | $1.35 | 255 | $930 | 1,000 | $0.93 | | | | | | | | |
| Lindham Court | 96 | 32 | $810 | 700 | $1.16 | 64 | $920 | 850 | $1.08 | | | | | | | | |
| **Sub-Total/Average** | **2,468** | | **$887** | **746** | **$1.19** | | **$1,076** | **991** | **$1.09** | | **$1,055** | **1028** | **$1.03** | | **$1,347** | **1360** | **$0.99** |
| **Unit Distribution** | **2,468** | **628** | | | | **1,459** | | | | **22** | | | | **347** | | | |
| **% of Total** | **100.0%** | **25.4%** | | | | **59.1%** | | | | **0.9%** | | | | **14.1%** | | | |
| **Total/Average** | **3,313** | | **$927** | **755** | **$1.23** | | **$1,160** | **1043** | **$1.11** | | **$1,341** | **1205** | **$1.11** | | **$1,411** | **1405** | **$1.00** |
| **Unit Distribution** | **3,210** | **834** | | | | **1,838** | | | | **70** | | | | **428** | | | |
| **% of Total** | **96.9%** | **26.0%** | | | | **57.3%** | | | | **2.2%** | | | | **13.3%** | | | |

**(1) Rent is adjusted to include only Water/Sewer and Trash and incentives** Note: Two communities - Graham Hill and Bent Creek - offer one bedroom dens - 40 units; 1.2 %;

*Source: Field Survey, RPRG, Inc. June 2018.*

### 6. Effective Rents

Unit rents presented in Table 25 are net or effective rents, as opposed to street or advertised rents. To arrive at effective rents, we apply downward adjustments to street rents in order to control for current rental incentives and to equalize the impact of utility expenses across complexes. Specifically, the net rents represent the same utility structure; no utilities except water, sewer, and trash are included.

- The average Upper Tier one bedroom has a net effective rent of $1,061 for 782 square feet ($1.36 per square foot). One bedroom rents range from $1,033 to $1,113; floor plans range from 763 to 817 square feet. Upper Tier one-bedroom units command 20 percent rent premiums relative to the Lower Tier rents averaging $887. The market leader for one bedroom units is Meridian at West Shore.

- The average Upper Tier two-bedroom effective rent is $1,378 for 1,177 square feet, or an average rent per square foot of $1.17. Two-bedroom rents range from $1,254 to $1,601. Unit sizes range from 1,072 to 1,294 square feet. Upper Tier two-bedroom units command rent premiums of 28 percent relative to the Lower Tier rents averaging $1,076. The market leader for two- bedroom units is Meadows at Bumblebee Hollow.
- The small representation of two bedroom/den units offer midsized units between two and three bedroom units, with an average rent of $1,484 for 1,294 square feet or $1.15 per square foot.
- Upper Tier three-bedroom effective rents average $1,538 per month for a 1,496 square foot unit or $1.03 per square foot. Rents range from $1,329 to $1,733. Unit sizes range from 1,190 square feet to 1,797 square feet. Upper Tier three bedroom units command rent premiums of 15 percent relative to the Lower Tier rents averaging $1,347. The market leader for three-bedroom units is also Meadows at Bumblebee Hollow.

## E. Proposed and Under Construction Rental Communities

Through our discussions with local planning officials, we have identified two potential short term pipeline projects in the Oakwood Hills Market Area (Table 26). The locations of these communities are indicated on Map 6 .

The proposed 260-unit Hampden Green apartment community located in Enola, Hampden Township north of the subject has approved plans and is ready to start construction in summer 2018. Another project, Legacy Park, is a proposed eight-phase development in the southern part of Mechanicsburg Borough (north of the subject) containing for-sale, rental, and commercial components. Phase I of the development will contain 108 apartments and is slated to start construction in fall 2018 or early 2019. Both communities are expected to complete construction in 2020 and will add 368 units to the rental inventory.

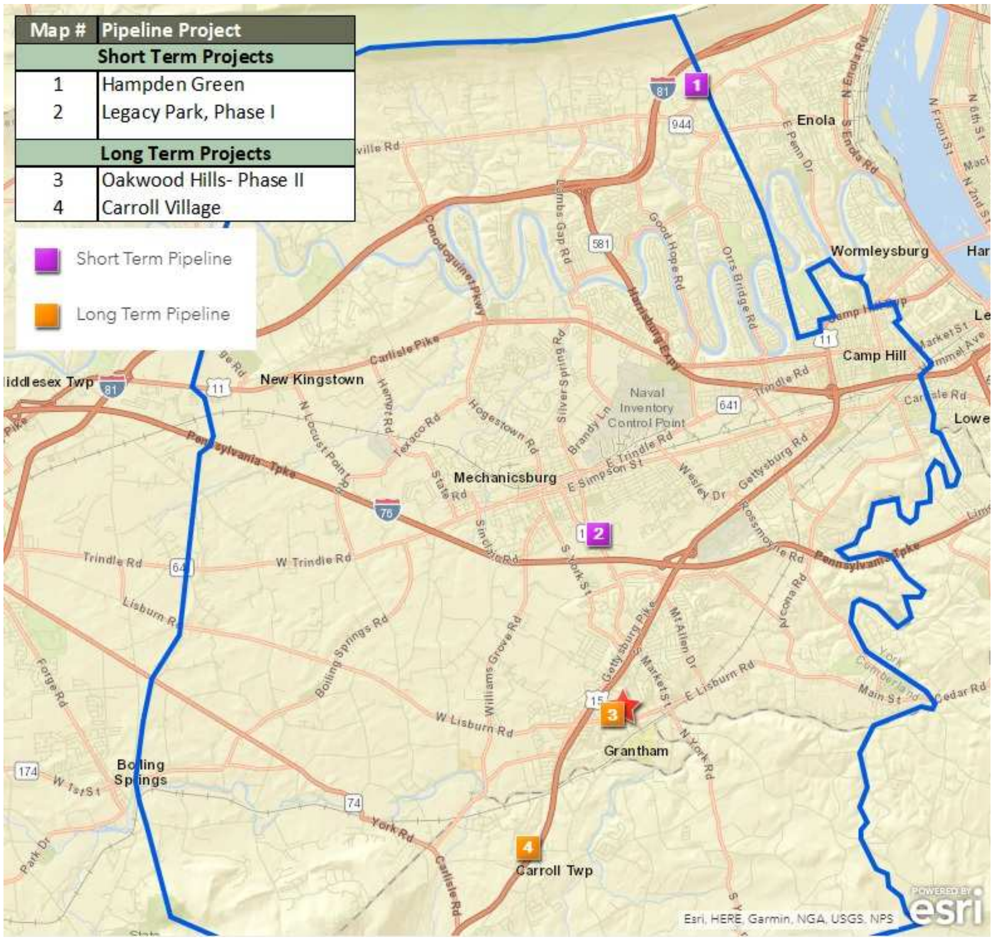
Two longer term projects have been identified as well. Phase II of Oakwood Hills containing 177 units is expected to start construction in 2020 when Phase I is completed and leasing is well underway. Carroll Village, an independent living senior community is proposed by Presbyterian Senior Living in Carroll Township, York County southwest of the site. Plans for construction of the 120 unit community have been put on hold by the developer.

## Table 26 Pipeline Communities – Oakwood Hills Market Area

| Name | | Developer | No. Units | Status | Timing |
|---|---|---|---|---|---|
| **Short Term (1-3 years)** | | | | | |
| Hampden Green | 4150 Valley Rd, Enola, Hampden Township, Cumberland County | DeSouza Brown | 260 | Plans approve; construction will start in summer 2018. One, two, three bedroom townhome community | 2020 |
| Legacy Park, Phase I | East of intersection Shepardstown Rd/ S. Market St and north of PA Turnpike, Mechanicburg Borough, Cumberland County | Landmark Homes | 108 | Legacy Park is a proposed 8 phase mixed use development with for-sale, rental, retail, office uses. Final subdivision plan under review; 1st phase includes 108 rental units that will start construction in either fall 2018 or spring 2019 with completion in 2020. | 2020 |
| **Total Short Term** | | | **368** | | |
| **Longer Term (3 years +)** | | | | | |
| Oakwood Hills- Phase II | North of West Lisburn Road and east of US Route 15; north of entrance to Messiah College,Upper Allen Township, Cumberland County | Rider Musser Development | 177 | Phase II will start upon completion and lease-up of Phase I; units could start appearing in 2020 to 2021 | 2021 |
| Carroll Village | North of Wesminster Rd; east of Old Rt 15 Bypass; Carroll Township, York County | Presbyterian Senior Living | 120 | Plans currently put on hold. One and two bedroom age-restricted community | TBD |
| **Total Longer Term** | | | **297** | | |

*Source: Cumberland and York County township and borough planning/ zoning depts in market area; PHFA websitel RPRG field research, June 2018*

## Map 6 Locations of Pipeline Communities



# VIII. FINDINGS AND CONCLUSIONS

## A. Key Findings

Based on the preceding review of the subject site, as well as demographic and competitive housing trends in the Oakwood Hills Market Area, RPRG believes that the site is suitable for the development of a multifamily rental community:

### 1. Site and Neighborhood Analysis

The subject Oakwood Hills site is well situated to take advantage of existing community services, neighborhood amenities and employment centers in the region. The site offers quick and easy access to the area's local and regional road network, facilitating the commute to employment in the Harrisburg region. An array of shopping, medical, and other support services are close by.

- U.S. Route 15 forms the western boundary of the site and provides direct access to Camp Hill and other western shore suburbs of Harrisburg as well as Interstate 76 (The Pennsylvania Turnpike), three miles to the north.
- While the site has a wide frontage along U. S Route 15 providing excellent visibility, the sloped terrain and large size of the parcels should provide the community adequate buffering from this road.
- The land uses surrounding the site are a residential and institutional mix with a scattering of commercial uses that are well suited to the planned upscale nature of the community. Additionally, planned retail services within the proposed campus will further enhance the desirability of the site.
- The campus like nature of the site and high standards for both site and building design will set this community apart from other higher-end developments.

### 2. Economic Analysis

The economy is diversified, and unemployment rates remain below national levels. The county's extensive road network and key government, educational, and medical facilities have provided strong underpinning for the economic base.

- As of 2017, Cumberland County's average unemployment rate was a low 3.8 percent, below the state and national rates of 4.9 percent and 4.4 percent respectively.
- Recent job growth has more than recaptured the loss of approximately 6,000 jobs during the economic recession. As of 2017, the job base of 133,286 represented a net gain of approximately 13,300 jobs since 2010.
- The largest job sectors in the local economy are Trade-Transportation-Utilities (the network of Interstates has fostered the growth of a robust distribution industry), Professional-Business, Government, and Education-Health.
- Major county employers within a five-mile radius of the site include Guide, Concentra, the Naval Activity Distribution Center, UPS Freight, and Messiah College.

### 3. Demographic Analysis:

The market area and Cumberland County have maintained steady growth rates since 2000, though market area household growth rates have moderated since the 2000 to 2010 decade. The market area is a mature well-established upper middle-income community.

- The Oakwood Hills Market Area's household base grew by 1.7 percent annually between the 2000 and 2010 Censuses and is projected to increase by 1.2 percent annually (589 households) over the next five years.
- As of 2018, 26.4 percent of market area households are renters, which is expected to remain stable through 2023.
- The market area is middle-aged, dominated by established adults age 35 to 61 years with a 36 percent share. Seniors are also a sizable component with a 24 percent share. Over 55 percent of households are married; 28 percent of households are single.
- The market area is upper middle-class; the estimated 2018 median household income in the Oakwood Hills Market Area is $79,559. The primary market's median renter household earns a healthy $53,409 per year.

### 4. Competitive Housing Analysis:

The Oakwood Hills multi-family rental market is very strong with full occupancy vacancy rates (0.8 percent) and healthy absorption paces, indicating a healthy and tight marketplace.

- All five of the Upper Tier communities are fully leased, signifying a very strong market.
- Three of the five Upper Tier properties feature townhomes offering mostly two and three bedroom units, many with attached garages. The larger Upper Tier communities provide a full set of amenities.
- The southern portion of the market area, home to the subject, is also the locale of the two of the Upper Tier properties. The closest community to the subject, Meadows at Bumblebee Hollow, commands the highest two and three bedroom rents in the market place.
- The newer communities (mostly Upper Tier) typically provide upscale features such as gourmet kitchens, hardwood floors, and in unit washer/ dryer units.
- Union Flats opened in early 2017 and has fully leased its supply of completed apartments at a monthly pace of 12 to 19 units for Phases I and II.
- Thirty-one percent of the Upper Tier inventory are one bedroom units; 58 percent are two bedroom units (including dens).
- The average Upper Tier one-bedroom effective rent is $1,061 for 782 square feet, or an average rent per square foot of $1.36. Upper Tier two-bedroom effective rents average $1,378 per month for a 1,177 square foot unit or $1.17 per square foot.
- In addition to the subject, two potential short-term pipeline communities totaling 368 units have been identified in the market area.

## B. Derivation of Demand

### 1. Methodology

In this section, RPRG presents a Derivation of Demand calculation which measures whether sufficient demand from renter households would be available in the primary market area to absorb the subject's units and any other units that are expected to deliver over a three year period ending June 1, 2021. We restrict the analysis to a three-year period in part to avoid artificially inflating demand by incorporating demand that would not be created until well after the subject project was introduced to the market and in part due to the difficulty in accurately predicting the likely supply of competing rental units beyond the three-year period.

RPRG's Derivation of Demand calculation is a gross analysis, meaning that the calculation balances the demand for new rental housing units of all types (i.e. Class A market-rate, more affordable market-rate, tax credit, rent-subsidized, and age-restricted) versus the upcoming supply of rental housing units of all types. Considerations such as household incomes and the unit types and proposed rents for the subject and other pipeline projects are not factored into the Derivation of Demand; rather, we address the interplay of these factors within the Affordability Analysis section later in this report.

RPRG sums demand generated from three broad sources in order to arrive at 'Total Demand for New Rental Units' over the June 2018 to June 2021 period:

- **Projected Change in the Household Base**. In the Growth Trends section of this report, we presented projections of household change within the Oakwood Hills Market Area over the 2018 to 2023 household growth or decline (2018 to 2019, 2019 to 2020, and 2020 to 2021). Note that net household change incorporates growth or decline stemming from both organic changes within existing households (i.e. new household formation as children move out of their parents' homes, divorces, roommates electing to begin renting separately) and household migration into and out of the market area.
- **Need for Housing Stock Upgrades.** Demand for new housing units within a primary market area is generated when the stock of available housing units ceases to meet the housing needs of households that wish to remain residents of that primary market. In such instances, the housing stock needs to be upgraded – through either the renovation of existing units or the construction of new units. Based on American Housing Survey data, researchers have analyzed Components of Inventory Change (CINCH) (Table 27). That a particular housing unit has ceased to meet the housing needs of a market area's households becomes evident in any number of ways, including
    - **Physical Removal or Demolition**. Clearly, if a unit is demolished or otherwise physically removed from a market, it is no longer available to serve local households. A number of factors contribute to the removal of housing units. Housing units are occasionally removed from any given market through disasters such as fires and various types of weather phenomenon. While such disasters occur somewhat randomly, the decision whether to repair or demolish a unit is based on the economic value of the property. Thus, a unit being permanently lost in a disaster should be correlated with factors such as its age, structure type, and physical condition. Demolitions can also be instigated through the loss of economic value or in response to a situation where vacant land has become more valuable than the land plus its existing structure. Based on American Housing Survey data, researchers have analyzed Components of Inventory Change (CINCH). CINCH data indicated that renter-occupied or vacant units were far more likely to be demolished than owner-occupied units were; among renter-occupied and vacant units, single-family detached units were more likely to be demolished than multifamily units.
    - **Permanent Abandonment**. Housing units can be technically removed from the stock available to serve households without being physically removed. This happens when a housing unit's owner elects to permanently abandon the unit – due to obsolescence, overwhelming repair costs, or other factors – without going through the steps (and costs) of demolishing it. If a dilapidated unit was occupied up until the time of permanent abandonment, the former occupant represents a source of demand for other units in the area.

## Table 27 Components of Inventory Change

| | | | 2011 Unit change ('000 Units) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. Characteristics | C. Present in 2011 | D. 2011 units present in 2013 | E. Change in character-istics | F. lost due to conversion /merger | G. house or mobile home moved out | H.changed to non residential use | I. lost through demolition or disaster | J. badly damaged or condemned | K. lost in other ways | TOTAL Lost to Stock | Total exclude MH | 2011-13 Annual |
| **Total Housing Stock** | **132,420** | **130,852** | | 98 | 161 | 202 | 470 | 212 | 424 | 1,567 | 1,406 | 703 |
| | | | | **0.07%** | **0.12%** | **0.15%** | **0.35%** | **0.16%** | **0.32%** | **1.18%** | **1.06%** | **0.53%** |
| **Occupancy** | | | | | | | | | | | | |
| **Occupied units** | **114,907** | **105,864** | 8,313 | 58 | 99 | 68 | 238 | 59 | 207 | 729 | 630 | 315 |
| | | | | **0.05%** | **0.09%** | **0.06%** | **0.21%** | **0.05%** | **0.18%** | **0.63%** | **0.55%** | **0.27%** |
| **Vacant** | **13,381** | **5,123** | 7,642 | 38 | 50 | 85 | 175 | 110 | 158 | 616 | 566 | 283 |
| | | | | **0.28%** | **0.37%** | **0.64%** | **1.31%** | **0.82%** | **1.18%** | **4.60%** | **4.23%** | **2.11%** |
| **Seasonal** | **4,132** | **2,132** | 1,778 | 2 | 11 | 49 | 57 | 43 | 59 | 221 | 210 | 105 |
| | | | | **0.05%** | **0.27%** | **1.19%** | **1.38%** | **1.04%** | **1.43%** | **5.35%** | **5.08%** | **2.54%** |
| **Region (All Units)** | | | | | | | | | | | | |
| **Northeast** | **23,978** | **23,718** | | 38 | 0 | 28 | 55 | 40 | 99 | 260 | 260 | 130 |
| | | | | **0.16%** | **0.00%** | **0.12%** | **0.23%** | **0.17%** | **0.41%** | **1.08%** | **1.08%** | **0.54%** |
| **Midwest** | **29,209** | **28,849** | | 14 | 28 | 49 | 117 | 56 | 95 | 359 | 331 | 166 |
| | | | | **0.05%** | **0.10%** | **0.17%** | **0.40%** | **0.19%** | **0.33%** | **1.23%** | **1.13%** | **0.57%** |
| **South** | **50,237** | **49,526** | | 29 | 120 | 75 | 235 | 94 | 159 | 712 | 592 | 296 |
| | | | | **0.06%** | **0.24%** | **0.15%** | **0.47%** | **0.19%** | **0.32%** | **1.42%** | **1.18%** | **0.59%** |
| **West** | **28,996** | **28,759** | | 17 | 13 | 50 | 63 | 23 | 71 | 237 | 224 | 112 |
| | | | | **0.06%** | **0.04%** | **0.17%** | **0.22%** | **0.08%** | **0.24%** | **0.82%** | **0.77%** | **0.39%** |
| | | | | | | | | | | | | |
| **Owner occupied** | **76,092** | **69,324** | 6,418 | 14 | 83 | 14 | 116 | 26 | 97 | 350 | 267 | 134 |
| | | | | **0.02%** | **0.11%** | **0.02%** | **0.15%** | **0.03%** | **0.13%** | **0.46%** | **0.35%** | **0.18%** |
| **Renter occupied** | **38,815** | **31,181** | 7,253 | 45 | 16 | 54 | 122 | 33 | 110 | 380 | 364 | 182 |
| | | | | **0.12%** | **0.04%** | **0.14%** | **0.31%** | **0.09%** | **0.28%** | **0.98%** | **0.94%** | **0.47%** |
| **Metro Status** | | | | | | | | | | | | |
| **In Central Cities** | **37,400** | **36,974** | | 49 | 3 | 70 | 124 | 67 | 112 | 425 | 422 | 211 |
| | | | | **0.13%** | **0.01%** | **0.19%** | **0.33%** | **0.18%** | **0.30%** | **1.14%** | **1.13%** | **0.56%** |
| **In Suburbs** | **65,872** | **65,311** | | 26 | 57 | 54 | 169 | 69 | 186 | 561 | 504 | 252 |
| | | | | **0.04%** | **0.09%** | **0.08%** | **0.26%** | **0.10%** | **0.28%** | **0.85%** | **0.77%** | **0.38%** |
| **Outside Metro Area** | **29,148** | **28,567** | | 23 | 101 | 78 | 177 | 76 | 125 | 580 | 479 | 240 |
| | | | | **0.08%** | **0.35%** | **0.27%** | **0.61%** | **0.26%** | **0.43%** | **1.99%** | **1.64%** | **0.82%** |

Source: American Housing Survey, Components of Inventory Change 2011-2013; Prepared by Ecometrica, Inc. for U.S. Department of Housing & Urban Development Office of Policy Development & Research; April 2016

- **Overcrowding**. As defined by the U.S. Census Bureau, a housing unit is classified as overcrowded if the household occupying the unit has more people than the housing unit has rooms. Particularly in markets with high housing costs, lower-income individuals and families are often driven into an overcrowded housing situation. Overcrowded households constitute pent-up demand for new housing units not typically captured in household growth projections; were two affordable units to become available, an overcrowded household would very likely split into two households and generate an additional net unit of housing demand.

- **Mismatch between Household Incomes and Housing Stock Quality**. While permanent abandonment and overcrowding are two factors likely to lead to net new demand for affordable housing units, limited recent housing construction in a stable, long-established neighborhood can be an indicator of pent-up demand for new housing units serving middle- to upper-income households. Areas that exhibit this phenomenon are often downtown, inner city, or inner ring suburban locations that currently have – and have had for years – limited to no undeveloped land available for new housing construction/growth. When a neighborhood is stable in terms of overall household numbers but near the point of build-out for many years, many resident households develop a desire for a modern housing unit and the wherewithal to rent or purchase one, but have no stock of modern units from which to choose. Such households are 'under-housed' in that the quality of the housing stock in the area where they live (and wish to remain) does not match the type of housing they demand and could afford. Such pent-up demand is rarely captured in public projections of household growth and is difficult to translate to specific calculations. However, this pent-up demand is a very real factor driving demand for new housing units in stable, established residential neighborhoods.

- **Competitive Multifamily Vacancy Rates**. The final source of demand that factors into RPRG's calculation of demand for rental units is the observed vacancy rate in the primary market area's competitive rental market. RPRG assumes that a 5.0 percent vacancy rate is required to keep a rental market relatively elastic. Elasticity in this context means that an adequate number of quality housing units are vacant and available at any given time so that households seeking rental units can be accommodated and can have some choice among units. When the market vacancy rate is below 5.0 percent, additional units are needed to ensure an adequate number of available units from which to choose. When the market vacancy rate is above 5.0 percent, the market has the capacity to absorb some additional demand (whereby that amount of demand would not need to be met through the development of new units).

  In considering competitive vacancy rates, we focus on multifamily units for a number of reasons. One of the primary reasons is that the scattered market in single-family homes, condominiums, and other properties is extremely fluid and cannot be relied upon to consistently serve renter households, since the inventory can convert to homeownership very quickly. We leave rent-subsidized multifamily properties out of this calculation to avoid overestimating demand, as we know that the subsidized rental market is generally fully subscribed with waiting lists.

### 2. Net Demand Analysis

The steps in the three-year derivation of demand for rental housing are detailed below (Table 28):

- Per the household trend information discussed previously, RPRG estimates that 47,908 households reside in the Oakwood Hills Market Area as of 2018. RPRG projects that this number will increase to 50,852 by 2023. Based on this estimate and projection, RPRG derived the number of households in the market area as of June 2018 and June 2021 via interpolation.
- RPRG computed 48,202 households in the market in June 2018, increasing to 49,968 households in June 2021. The Oakwood Hills market area would thus gain 1,766 net new households during the three-year study period.
- The second broad source of demand in our analysis is labeled 'Units Removed from the Rental Stock'. A number of factors contribute to the removal of housing units[1]. These factors include planned demolitions, disasters such as fires and various types of weather phenomenon, units being taken out of service due to being badly damaged or condemned, units lost to conversions or mergers of units, units converted to non-residential use, the moving of mobile homes, and a variety of other factors. Planned demolitions can also be instigated through the loss of economic value, unit obsolescence, or in response to a situation where vacant land has become more valuable than the land plus its existing structure.

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- [1] American Housing Survey, Components of Inventory Change 2011-2013; Prepared by Econometrica, Inc. for the U.S. Department of Housing & Urban Development's Office of Policy Development & Research; April 2016.

## Table 28 Derivation of Net Demand, Oakwood Hills Market Area

| | | | | |
|---|---|---|---|---|
| **Demand** | | | | |
| *Projected Change in Household Base* | | | | ***Units*** |
| June 2018 Households | | | | **48,202** |
| June 2021 Households | | | | **49,968** |
| Net Change in Households | | | | **1,766** |
| Add: Units Removed from Housing Stock | Housing Stock | Removal Rate | Units Removed | |
| 2018 Housing Stock | 50,222 | 0.27% | 136 | |
| 2019 Housing Stock | 50,828 | 0.27% | 137 | |
| 2020 Housing Stock | 51,434 | 0.27% | 139 | |
| Total Units Removed from Housing Stock | | | | **412** |
| New Housing Demand | | | | **2,178** |
| Average Percent Renter Households over Analysis Period | | | | **26.4%** |
| New Rental Housing Demand | | | | **576** |
| Add: Multifamily Competitive Vacancy | Inventory | | Vacant | |
| Stabilized Multifamily Communities | 3,313 | | 27 | |
| Subtotal Stabilized Communities | 3,313 | | 27 | |
| Communities Under Lease Up | 0 | | 0 | |
| Total Competitive Inventory | 3,313 | | 27 | |
| Market Vacancy at 5% | | | 166 | |
| Less: Current Vacant Units | | | -27 | |
| Vacant Units Required to Reach 5% Market Vacancy | | | | **139** |
| **Total Demand for New Rental Units** | | | | **714** |
| **Planned Additions to the Supply** | | | | |
| | | | Total Units | 95% Occupancy |
| Hampden Green | | | 260 | 247 |
| Legacy Park - Phase I | | | 108 | 103 |
| **Subject - Phase I** | | | **137** | 130 |
| **Total New Rental Supply** | | | 505 | **480** |
| **Excess Demand for Rental Housing** | | | | **235** |

Source: RPRG, Inc.

- Using national statistical observations from 2011 and 2013 CINCH data, Econometrica determined that the average annual loss of occupied housing units in the United States between 2011 and 2013 (for all reasons other than the moving of homes, particularly mobile homes) was 0.27 percent of the total occupied stock. This blended rate includes an annual loss of 0.47 percent of renter-occupied units and 0.18 percent of owner-occupied units (Table 27). We determined the size of the housing stock in 2018, 2019, and 2020 via interpolation of household projections. Applying the removal rate of 0.27 over the three years in question, we estimate that 412 units are likely to be lost in the Oakwood Hills Market Area.

- Combining removals with household changes, there will be a total demand for 2,178 new housing units in the market between June 2018 and June 2021.
- Esri estimates that the proportion of renter-occupied housing units in the Oakwood Hills Market Area is 26.4 percent in 2018 and is projected to remain stable through 2023. Using the derived 26.4 percent average renter proportion over the analysis period, the net new estimated demand for rental housing is 576 units.
- Typically, it is assumed that a 5.0 percent vacancy rate is required to keep a rental market relatively fluid. There must be some number of quality units vacant and available at any given time so that households seeking rental units can be accommodated and can have some choice among units. The aggregate vacancy rate among the 19 stabilized market area properties containing 3,313 units was 0.8 percent (27 vacant units).
- Given the overall market area inventory of 3,313 units, 165 vacancies would be required to arrive at a 5.0 percent vacancy rate. Subtracting the 27 vacancies in the market area from the 166 units required to reach a structural vacancy of 5.0 percent, produces an additional demand for 139 units. Thus, these 139 units are added to demand.
- Combining the effects of household trends, necessary unit replacement, and the preferred structural vacancy rate, there will be a total demand for 714 additional rental units in the market area over the three-year period.
- Total rental demand is balanced against new rental stock likely to be added between June 2018 and June 2021. We have identified two potential pipeline projects likely to start construction within the next six months. We also assume that only Phase 1 of the subject, totaling 137 units, will be completed by June 2021 (the commencement of Phase 2 is contingent upon successful lease-up of Phase 1 which will be completed in late 2019). Including the subject, the projected pipeline of three projects coming online through June 1, 2021 totals 480 units assuming a structural vacancy rate of five percent. In subtracting the planned supply of 480 units from the net demand for 714 units over the next three years, we determine that the market area will have an excess demand of 235 rental-housing units.

### 3. Conclusions on Net Demand

The result of the net demand analysis indicates a market place with a significant pent-up demand for rental housing that should reasonably absorb the subject and the two pipeline projects under consideration plus sufficient surplus to absorb a potential extra project. The potency of the demand is underscored by the very low vacancy rates in the market place, the strength of the economy, and the strong market acceptance of premium priced rental product. If delivery of the 177 units in Phase II of Oakwood Hills is accelerated, there is sufficient excess demand to successfully absorb these units as well.

## C. Affordability Analysis and Penetration Rate Analysis

To understand the depth of demand for new rental units in the market area, we next test whether sufficient income qualified households would be available to support the units at the subject property given the RPRG recommended unit mix and rents. This analysis is conducted independently of the Demand for Rental Housing, as units that turn over at the subject property are likely to be filled by a combination of new households and existing households moving within the market area.

The Affordability analysis tests the percent of income-qualified households in the market area that the subject community would need to capture in order to achieve full occupancy.

The first component of the Affordability Analysis involves looking at total income and renter income among market area households for the target year of 2019. RPRG subsequently calculated the income distribution for both total households and renter households based on the relationship between owner and renter household incomes by income cohort from the 2012-2016 American Community Survey with estimates and projected income growth since the Census (Table 29).

A particular housing unit is typically said to be affordable to households that would be expending a certain percentage of their annual income or less on the expenses related to living in that unit. In the case of rental units, these expenses are generally of two types – monthly contract rents paid to landlords and payment of utility bills for which the tenant is responsible. The sum of the contract rent and utility bills is referred to as a household's 'gross rent burden'. This analysis is based on a 33 percent rent burden, which is a common rent burden among renters. Maximum allowable incomes are calculated using the HUD 2018 median household income for the Harrisburg-Carlisle PA MSA, in which the subject community is located. We set an artificial ceiling on income of 150 percent AMI since this will be one of premium upscale communities in the area and will mostly attract renters by choice.

**Table 29 2019 Total and Renter Income Distribution**

| Oakwood Hills Market Area | | Total Households | | Renter Households | |
|---|---|---|---|---|---|
| **2019 Income** | | **#** | **%** | **#** | **%** |
| less than | $15,000 | 2,296 | 4.7% | 1,036 | 8.1% |
| $15,000 | $24,999 | 3,007 | 6.2% | 1,356 | 10.6% |
| $25,000 | $34,999 | 3,586 | 7.4% | 1,518 | 11.8% |
| $35,000 | $49,999 | 4,943 | 10.2% | 2,037 | 15.9% |
| $50,000 | $74,999 | 8,391 | 17.3% | 2,691 | 21.0% |
| $75,000 | $99,999 | 8,273 | 17.1% | 1,860 | 14.5% |
| $100,000 | $149,999 | 9,610 | 19.8% | 1,741 | 13.6% |
| $150,000 | Over | 8,389 | 17.3% | 580 | 4.5% |
| **Total** | | **48,497** | **100%** | **12,819** | **100%** |
| | | | | | |
| **Median Income** | | **$81,117** | | **$54,303** | |

Source: American Community Survey 2012-2016 Projections, RPRG, Inc.

### 1. Affordability Analysis

The steps in the affordability analysis (Table 30) are demonstrated for the subject's market rate one-bedroom units, which assume a maximum income of 150 percent of the Area Median Gross Income. This analysis can be similarly applied to all other units, including the two bedroom units. The steps are as follows:

- The one-bedroom unit has an average gross rent burden of $1,214 ($1,109 contract rent plus $105 utility allowance for tenant-paid utilities – assumes all utilities except water, sewer, and trash are paid by tenant). By applying a 33 percent rent burden to this gross rent, we determined that these average one-bedroom units would be affordable to households earning at least $44,145 per year. The projected number of market area households earning at least this amount in 2019 is 36,593.

- On the assumption of 1.5 persons per bedroom and an artificial income limit of 150 percent AMI, the maximum income for households renting a one-bedroom unit at the subject is $84,675. According to the interpolated income distribution for 2019, there will be 23,071 households in the market area with incomes exceeding this upper income limit.
- Subtracting the 23,071 households with incomes above the maximum income limit from the 36,593 households who have the minimum income necessary to rent this unit, RPRG calculates that 13,522 households in the market area would be income-qualified for the subject's market rate one-bedroom units. The subject would have to capture 0.2 percent of these households to fill these 29 units.
- Using the same methodology on the interpolated income distribution for renter households in 2019, RPRG estimates there would be 4,206 renter households in the market area in 2019 that would be income-qualified for these one-bedroom market rate units. The subject would need to capture 0.7 percent of these renter households in order to fill all 29 market rate units.

- The same methodology was applied to test the affordability of the subject's two-bedroom market rate units, and for the project as a whole. The subject would need to capture 2.6 percent of income qualified renter households to lease the 108 two bedroom units. Overall, the subject would need to capture 0.7 percent of all income-qualified households in the market area and 2.5 percent of all income qualified renter households in order to lease 137 new units.

## Table 30 2019 Affordability Analysis

| 150% Units | One Bedroom Units | | Two Bedroom Units | |
|---|---|---|---|---|
| | | | | |
| | Min. | Max. | Min. | Max. |
| Number of Units | 29 | | 108 | |
| Net Rent | $1,109 | | $1,345 | |
| Gross Rent | $1,214 | | $1,475 | |
| % Income for Shelter | 33% | | 33% | |
| Income Range (Min, Max) | $44,145 | $84,675 | $53,636 | $101,550 |
| **Total Households** | | | | |
| Range of Qualified Hhlds | 36,593 | 23,071 | 33,443 | 17,702 |
| # Qualified Households | | 13,522 | | 15,742 |
| **Total HH Capture Rate** | | **0.2%** | | **0.7%** |
| | | | | |
| **Renter Households** | | | | |
| Range of Qualified Hhlds | 7,668 | 3,461 | 6,481 | 2,267 |
| # Qualified Hhlds | | 4,206 | | 4,214 |
| **Renter HH Capture Rate** | | **0.7%** | | **2.6%** |

| **Income Target** | **# Units** | **All Households = 48,497** | | | | | **Renter Households = 12,819** | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Band of Qualified Hhlds** | | | **# Qualified HHs** | **Capture Rate** | **Band of Qualified Hhlds** | | **# Qualified HHs** | **Capture Rate** |
| | | *Income* | $44,145 | $101,550 | | | $44,145 | $101,550 | | |
| 150% Units | 137 | *Households* | 36,593 | 17,702 | 18,892 | **0.7%** | 7,668 | 2,267 | 5,400 | **2.5%** |

Source: Income Projections, RPRG, Inc.

## 2. Penetration Analysis

In order to evaluate the capacity for the Oakwood Hills Market Area to serve the competitive inventory of all of the existing and pipeline Upper Tier units expected to deliver in the near term, we conducted a 2019 penetration analysis, also assuming a 33 percent rent burden and an artificial income ceiling of 150 percent AMI (Table 31).

We included four communities in the Upper Tier that contained apartments within the general range of the RPRG proposed rents at the subject that range from $1,055 to $1,395 – two bedroom units in Stone Gate Village, one and two bedroom units at Meridian at West Shore, and all units at Graham Hill and Union Flats. These four communities contain 666 units. Adding 368 units in the pipeline and the 137 units at Phase 1 of the subject yields a total of 1,171 competitive units. The rents presented in Table 31 range from the lowest proposed rent at the subject ($1,055 for a one bedroom unit) to the maximum income cap for two bedroom units

This analysis indicates that all of the directly competitive properties would need to capture 20.6 percent of all income-qualified renters in order to fill all competitive units in the market area in 2019.

### Table 31 Penetration Analysis

| Competitive Communities | | | |
|---|---|---|---|
| **Competitive Communities** | **Units** | **Planned Communities** | **Units** |
| Stone Gate Village | 37 | Hampden Green | 260 |
| Meridian at West Shore | 260 | Legacy Park | 108 |
| Graham Hill | 153 | | |
| Union Flats | 216 | | |
| | | Subtotal | 368 |
| Subtotal | 666 | **Subject Property** | **Units** |
| | | Market Rate Units | 137 |
| **Grand Total of Competitive Supply** | **1,171** | Subtotal | 137 |

| | Minimum Income | Maximum Income |
|---|---|---|
| **150% Units** | **One Bedroom Unit** | **Two Bedroom Unit** |
| Net Rent | $1,050 | |
| Gross Rent | $1,155 | |
| % Income for Shelter | 33% | |
| Income Range (Min, Max) | $42,000 | $101,550 |
| **Qualified Renter HHs** | **7,959** | **2,267** |

| All Renter Households = 12,819 | | | | |
|---|---|---|---|---|
| | **Band of Qualified Households** | | **Qualified HHs** | **Penetration Rate** |
| Income | $42,000 | $101,550 | | |
| Households | 7,959 | 2,267 | 5,692 | 20.6% |

Source: 2010 U.S. Census,Esri, Estimates, RPRG, Inc.

## 3. Conclusions on Affordability and Penetration

RPRG judges that these capture and penetration rates are reasonable and readily achievable. The renter capture rate of 2.5 percent is well below the 5.0 percent threshold level considered desirable and indicates the sizable pool of qualified renter households in the market area. In addition, this analysis assumes an artificial income cap on renters.

We consider the penetration rate of 21 percent to be quite reasonable in the context of the Oakwood Hills Market Area. The rate suggests that there are more than adequate numbers of income-qualified renters in this market to address all the competitive upper range rental communities operating in the market and allow 79 percent of renters to rent in scattered site rentals, be they condominiums, townhouses or single-family detached homes

## D. Target Markets

The developer has proposed positioning the subject community as a high-end development appealing to young professionals, graduate students, young families and empty nesters. Market segments include:

- **Singles**—One-person households encompass new hire professional households who are new to the area as well as singles further along in their career and those who already reside in the market area and are looking to upgrade
- **Couples--** Both married and unmarried couples who will be attracted to the two-bedroom units. The subject will be convenient for some of these couples due to the proximity to local institutions and employment. A second bedroom can be desirable to couples for office, guest or storage space.
- **Roommates** –Two-bedroom units would be attractive to singles seeking roommate situations.
- **Empty Nesters/ Retirees –** Several apartment communities indicate significant demand from older households – approximately 21 percent of the market area renter household population are 55 to 74 years old (a likely age range for active older renters). The area has a high proportion of home ownership; seniors are likely to be on the upper end of this scale. As empty nesters seek to downsize to a more maintenance free environment, the Oakwood Hills community would provide an ideal upscale transitioning opportunity. Given that Oakwood Hills will be the only upscale community offering elevators and interior hallways for most units should serve as powerful marketing incentives for middle-aged and older households.

## E. Product Recommendations:

When considering the Oakwood Hills rental community in the context of the competitive environment, the project’s relative position concerning eight key determinants is as follows:

- **Location:** The subject Oakwood Hills site is well situated to take advantage of existing community services, neighborhood amenities and employment centers in the region. The site offers quick and easy access to the area’s local and regional road network, facilitating the commute to employment in the Harrisburg region. An array of shopping, medical, and other support services are close by. U.S. Route 15 forms the western boundary of the site and provides direct access to Camp Hill and other western shore suburbs of Harrisburg as well Interstate 76 (The Pennsylvania Turnpike), three miles to the north. Additionally, planned retail services within the proposed campus will further enhance the desirability of the site. The campus-like nature of the site and high standards for both site and building design will set this community apart from other higher-end developments.
- **Community Size:** At full build out of 314 units, the proposed Oakwood Hills Apartments will be one of the larger communities in the market area. As such, the scale of the

community would allow an extensive amenity package competitive with other upscale communities; all amenities will be completed upon opening of Phase 1.

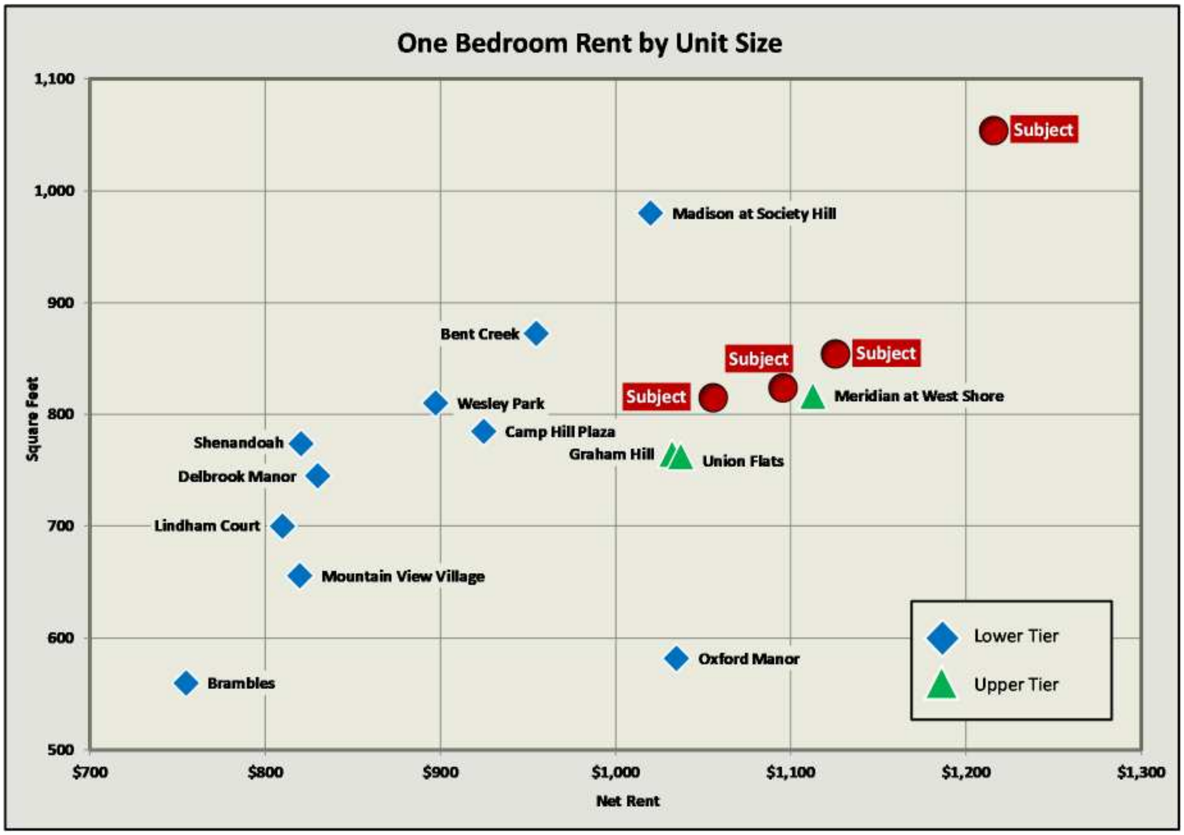
- **Structure Type:** Approximately 86 percent of units at Phase I of Oakwood Hills will be three-story elevator served structures that will be unique in the market area and serve as an appealing marketing tool. The remaining garden apartments will be in a two-story structure that also minimize stair usage.
- **Unit Distribution:** The proposed unit mix of 21 percent one bedrooms and 79 percent has a smaller proportion of one bedroom units compared to the 28 percent share overall in the market area. However, the two highest rent communities in the Upper Tier – Meadows at Bumble Hollow and Meridian at West Shore - are fully leased and do not offer any one bedroom models. In addition, the high proportion of units served by elevator and interior hallways (unique in the market area) will invariably attract affluent older households who prefer the luxury of an extra bedroom.
- **Unit Size:** The developer proposed unit sizes for both models are competitively sized compared to other garden communities in the market area.
    - **One Bedroom Models**: The developer has proposed one bedroom floor plans ranging from 816 to 1,055 square feet; 86 percent of the units are in the 825 to 855 square feet range. The subject units are larger than the Upper Tier average at 782 square feet that ranges from 763 to 817 square feet and are larger than the Lower Tier average at 746 square feet.
    - **Two Bedroom Models**: The developer has proposed two-bedroom floor plans ranging from 1,055 to 1,195 square feet; 95 percent of the units are in the 1,055 to 1,115 square foot range. The Upper Tier average for two bedroom units is somewhat larger at 1,177 square feet, but skews larger by the large number of townhome models. The exclusive garden units at Graham Hill and Union Flats range in size from 1,072 to 1,161 square feet that are more comparable to the subject models. The average size of the two bedroom models in the Lower Tier, with a greater proportion of garden units, is much smaller at 991 square feet.
- **Unit Features:** The units will feature upscale features such as 9-foot high ceilings, granite countertops, full size in-unit washer-dryers, upgraded wood kitchen cabinets, stainless steel energy efficient appliances (including microwave), garbage disposal, spacious walk-in closets in master bedrooms, large walk-in showers, patios/ balconies, pendant lighting, and simulated wood flooring in living areas and carpeting in bedrooms. These features are desirable and appropriate for a project commanding top of the market rents.
- **Parking:** All properties provide free surface parking. Four of the Upper Tier properties offer integral garages for all or most of their units; most of the garage units are found in townhome models. Three Upper Tier communities also offer detached garages renting from $95 to $115 per month. The only parking option offered in the Lower Tier group is surface.

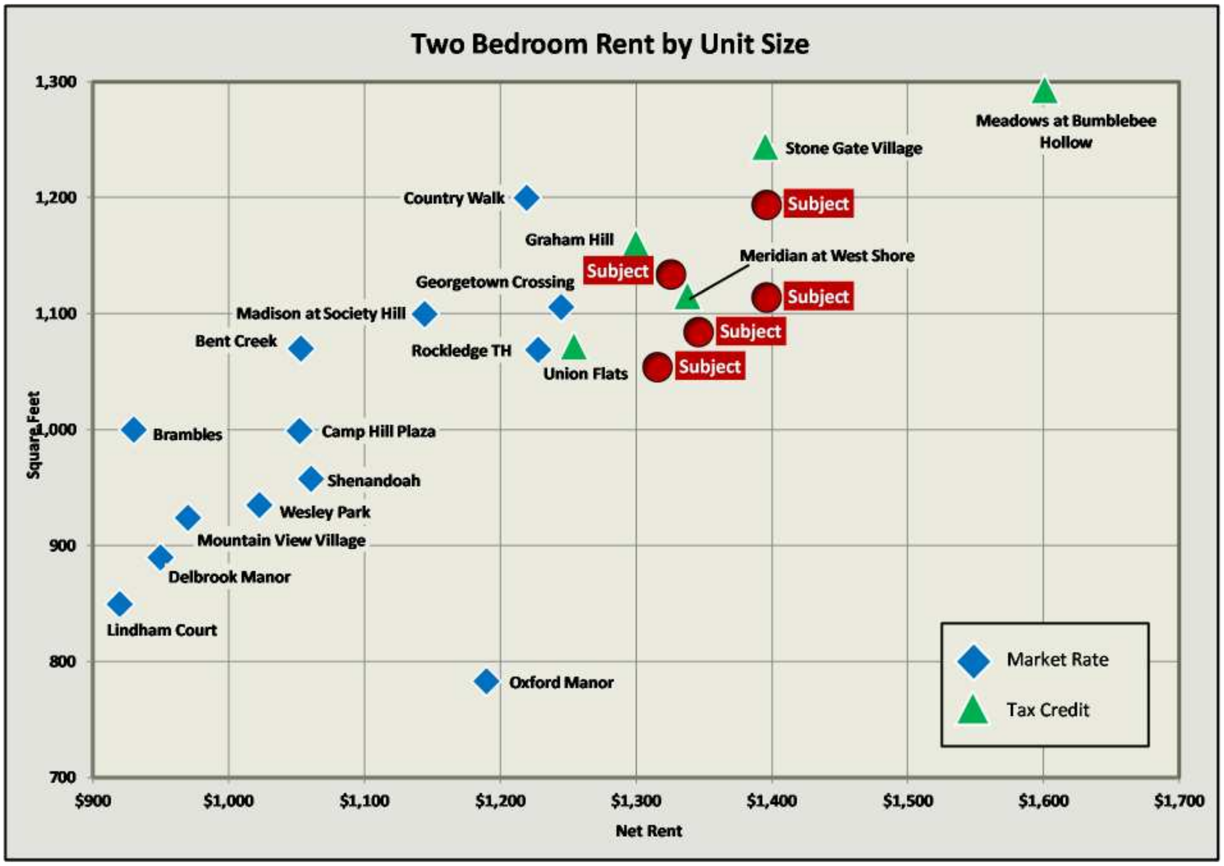
  Current plans only call for surface parking at the subject. Given the premium rent position, it might be prudent to add a limited number of detached garages for those more affluent tenants desiring protection for their cars.
- **Community Amenities:** Oakwood Hills will offer upscale amenities including a clubhouse, salt water pool area, walking trails, open spaces, and parkland interspersed throughout the entire campus. The clubhouse will contain a resident lounge, fitness center, cybercafé, business center, and billiards/ game room. A concierge will provide such services as dry cleaning, ticketing, and package delivery. Other outdoor amenities include a deck area, fire place, grilling/ picnic areas, and dog park. These proposed amenities provide some of the

most extensive array of amenities in the market place and will be equal to the market, if not offering a competitive advantage.

- **Rents:** As the scatter grams in Figure 11 indicate, the proposed rents generally fall within the middle to upper range of the Upper Tier pricing continuum that is appropriate, reflecting the subject's premium design and prestigious park-like setting adjacent to Messiah College. Additionally, most units will have access to elevators and interior hallways that are not offered elsewhere in the market.
  - **One Bedroom Models**: The proposed one bedroom rents ranging from $1,055 to $1,125 are higher than the Upper Tier range of $1,037 to $1,113; however, the subject floor plans are larger resulting in per square foot pricing below that of the Upper Tier. The highest priced one bedroom model at $1,215 exceeds the highest Upper Tier rent by $100; however, the floor plan is 200 square feet larger and is priced $40 lower than the 1,072 square foot two bedroom model at Union Flats that rent for $1,254 (there are only two apartments at this price point). Given the relatively small number of one bedroom models at 29 units, we feel that the units are appropriately priced within the context of the market place.
  - **Two Bedroom Models**: The proposed two bedroom rents range from $1,315 to $1,395 are competitively priced positioned within the range of the four Upper Tier communities that offer gardens and a mix of gardens and townhomes ($1,254 to $1,395).

**Figure 11 Rent by Unit Size**





## F. Absorption and Concluding Remarks

The proposed Oakwood Hills location offers several key assets that provide a strong foundation for a rental community:

- A strategic, convenient location anchoring the northern boundary of the Messiah College campus.
- Continued steady expansion of the household base.
- An affluent household base and a large proportion of senior households who might consider downsizing given the appropriate premium rental option.
- Low capture and penetration rates and a demand equation indicating strong positive demand for rental product.
- Full occupancy rates with healthy lease-up of new product.

Furthermore, the design of the community featuring mostly elevator served apartments in a parklike setting will position the property as one of the prestigious residential locations in the Mechanicsburg region.

Based on the experience of the most recently built communities (Union Flats and to a lesser extent Stone Gate Village), the strength of the rental market, and the uniqueness of the product, we **would expect that the Phase 1 would be leased at a rate of 13 to 14 units per months.** Based on this pace, Phase 1 would achieve 95 percent occupancy in 9 to 10 months.

## G. Impact on Existing Housing

Given the full occupancy vacancy rate of 0.8 percent and underlying strengths of the market, the introduction of the Oakwood Hills Apartments should have little or no impact on existing market rate communities.

We hope you find this analysis helpful in your decision-making process.

Jerry Levin
Senior Analyst

Robert M. Lefenfeld
Founding Principal

# IX. APPENDIX 1 UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.

2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.

3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.

4. The subject project will be served by adequate transportation, utilities and governmental facilities.

5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.

6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.

7. The subject project will be developed, marketed and operated in a highly professional manner.

8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.

9. There are no existing judgments nor any pending or threatened litigation, which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.

2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.

3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.

4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.

5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.

6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

# X. APPENDIX 2 ANALYST RESUME

**ROBERT M. LEFENFELD**

Mr. Lefenfeld is the Founding Principal of the firm with over 30 years of experience in the field of residential market research. Before founding Real Property Research Group in February, 2001, Bob served as an officer of research subsidiaries of Reznick Fedder & Silverman and Legg Mason. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting residential market studies throughout the United States. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles. Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, analyzing markets throughout the Eastern United States and evaluating the company's active building operation.

Bob oversees the execution and completion of all of the firm's research assignments, ranging from a strategic assessment of new development and building opportunities throughout a region to the development and refinement of a particular product on a specific site. He combines extensive experience in the real estate industry with capabilities in database development and information management. Over the years, he has developed a series of information products and proprietary databases serving real estate professionals.

Bob has lectured and written extensively on the subject of residential real estate market analysis. Bob serves as an adjunct professor for the Graduate Programs in Real Estate Development, School of Architecture, Planning and Preservation, University of Maryland College Park. He has served as National Chair of the National Council of Housing Market Analysts (NCHMA) and currently serves as Chair of the Organization's FHA Committee. Bob is also a member of the Baltimore chapter of Lambda Alpha Land Economics Society.

**Areas of Concentration:**

- Strategic Assessments**:** Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.
- Feasibility Analysis**:** Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects for these analyses have included for-sale single-family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations and continuing care facilities for the elderly.
- Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for sale housing, pipeline information, and rental communities.

**Education:**

Master of Urban and Regional Planning; The George Washington University.
Bachelor of Arts - Political Science; Northeastern University.

# GERALD R. LEVIN
## Senior Analyst

Mr. Levin has over 30 years of experience in all aspects of real estate development, financial and market feasibility analyses, financing and due diligence, project management, marketing, and development programming. Along with research experience with Real Property Research Group and Gladstone Associates, his work experience has included development and asset management. Prior to joining Real Property Research Group as a Director, Mr. Levin was part of senior management at Landex Corporation, a regional development and property management firm specializing in redevelopment of multi-family properties, and at Struever Bros., Eccles & Rouse, Baltimore's largest developer of historic properties. He served 12 years as Vice President of Chevy Chase/ B. F. Saul Co. in Washington DC where he managed $300 million plus residential and commercial real estate portfolios in both the development and work-out departments; served as Director of Development for RS Properties in Baltimore, a real estate investment firm specializing in the historic redevelopment of urban properties; and served as Financial Services Officer for the Baltimore Economic Development Corporation.

## AREAS OF CONCENTRATION:

- **Feasibility Analysis:** Mr. Levin's experience has encompassed a wide range of studies including: residential (single-family, townhouse, multi-family, condominium, senior, active adult, lot sales, tax credit), industrial, office, retail, research & development, special purpose (retreat facilities, performing arts Centers, self-storage facilities, convention centers, conference facilities), and mixed- use development. Recent studies have focused on family and senior tax credit communities, inner-city revitalization projects, and due diligence for investment funds in locations throughout the Mid-Atlantic and Midwest.
- **Site Analysis and Development Programming:** Mr. Levin has a comprehensive background in development including analysis of zoning and public ordinance compatibility, the neighborhood setting, availability of utilities, public transit and road connections, market feasibility, community issues, and developer experience. His development experience has included preparation of development profiles based on site features and market, development of public/ private partnerships to showcase "anchor" projects impacted by public infrastructure (i.e., transit stations), project scheduling, coordination of financing, due diligence, community participation, and coordination of critical issues – environment review, historic certification, historic tax credits, transportation linkages, and parking.
- **Financial Analyses and Financial Packaging:** Mr. Levin has a broad background in the preparation of proforma development budgets and operating statements, analysis of economic returns to owners and investors, the preparation of financial loan packages for review by potential lenders, investors, and owners including project overview, project financial information, market overview, status of required public approvals/ actions, and the oversight of the due diligence process required for transfer of property and loan closings.

## EDUCATION:

Master of Urban and Regional Planning; University of North Carolina at Chapel Hill
Bachelor of Arts, Economics; Yale University

# XI. APPENDIX 2 NCHMA CERTIFICATION

This market study has been prepared by Real Property Research Group, Inc., a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the Standard Definitions of Key Terms Used in Market Studies for Affordable Housing Projects and Model Content Standards for the Content of Market Studies for Affordable Housing Projects. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

Real Property Research Group, Inc. is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principals participate in NCHMA educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Real Property Research Group, Inc. is an independent market analyst. No principal or employee of Real Property Research Group, Inc. has any financial interest whatsoever in the development for which this analysis has been undertaken.

While the document specifies Real Property Research Group, Inc., the certification is always signed by the individual completing the study and attesting to the certification.

**Real Property Research Group, Inc.**

Bob Lefenfeld

Name

Managing Principal

Title

June 22, 2018

Date

# XII. APPENDIX 3 NCHMA CHECKLIST

**Introduction:** Members of the National Council of Housing Market Analysts provides a checklist referencing all components of their market study. This checklist is intended to assist readers on the location and content of issues relevant to the evaluation and analysis of market studies. The page number of each component referenced is noted in the right column. In cases where the item is not relevant, the author has indicated "N/A" or not applicable. Where a conflict with or variation from client standards or client requirements exists, the author has indicated a "V" (variation) with a comment explaining the conflict. More detailed notations or explanations are also acceptable.

| | Component (*First occurring page is noted) | *Page(s) |
|---|---|---|
| | **Executive Summary** | |
| 1. | Executive Summary | vi |
| | **Project Summary** | |
| 2. | Project description with exact number of bedrooms and baths proposed, income limitation, proposed rents, and utility allowances | 5 |
| 3. | Utilities (and utility sources) included in rent | 5 |
| 4. | Project design description | 4 |
| 5. | Unit and project amenities; parking | 3 |
| 6. | Public programs included | N/A |
| 7. | Target population description | 3 |
| 8. | Date of construction/preliminary completion | 6 |
| 9. | If rehabilitation, existing unit breakdown and rents | N/A |
| 10. | Reference to review/status of project plans | N/A |
| | **Location and Market Area** | |
| 11. | Market area/secondary market area description | 25 |
| 12. | Concise description of the site and adjacent parcels | 7, 10 |
| 13. | Description of site characteristics | 8 |
| 14. | Site photos/maps | 8,7 |
| 15. | Map of community services | 14 |
| 16. | Visibility and accessibility evaluation | 13 |
| 17. | Crime information | |
| | **Employment and Economy** | |
| 18. | Employment by industry | 21 |

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| 19. | Historical unemployment rate | 19 |
| 20. | Area major employers | 22 |
| 21. | Five-year employment growth | 21 |
| 22. | Typical wages by occupation | 23 |
| 23. | Discussion of commuting patterns of area workers | 19 |
| | **Demographic Characteristics** | |
| 24. | Population and household estimates and projections | 27 |
| 25. | Area building permits | 28 |
| 26. | Distribution of income | 31 |
| 27. | Households by tenure | 30 |
| | **Competitive Environment** | |
| 28. | Comparable property profiles | 66 |
| 29. | Map of comparable properties | 36 |
| 30. | Comparable property photos | 66 |
| 31. | Existing rental housing evaluation | 35,38 |
| 32. | Comparable property discussion | 35 |
| 33. | Area vacancy rates, including rates for tax credit and government-subsidized communities | 38 |
| 34. | Comparison of subject property to comparable properties | 35 |
| 35. | Availability of Housing Choice Vouchers | N/A |
| 36. | Identification of waiting lists | N/A |
| 37. | Description of overall rental market including share of market-rate and affordable properties | N/A |
| 38. | List of existing LIHTC properties | N/A |
| 39. | Discussion of future changes in housing stock | N/A |
| 40. | Discussion of availability and cost of other affordable housing options, including homeownership | N/A |
| 41. | Tax credit and other planned or under construction rental communities in market area | 42 |
| | **Analysis/Conclusions** | |
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| 43. | Calculation and analysis of Penetration Rate | 53 |
| 44. | Evaluation of proposed rent levels | 54 |
| 45. | Derivation of Achievable Market Rent and Market Advantage | N/A |
| 46. | Derivation of Achievable Restricted Rent | N/aA |

| | | |
|---|---|---|
| 47. | Precise statement of key conclusions | 57 |
| 48. | Market strengths and weaknesses impacting project | 44 |
| 49. | Recommendation and/or modification to project description | 54 |
| 50. | Discussion of subject property's impact on existing housing | 58 |
| 51. | Absorption projection with issues impacting performance | 57 |
| 52. | Discussion of risks or other mitigating circumstances impacting project | 57 |
| 53. | Interviews with area housing stakeholders | N/A |
| | **Certifications** | |
| 54. | Preparation date of report | Cover |
| 55. | Date of field work | 1 |
| 56. | Certifications | 62 |
| 57. | Statement of qualifications | 61 |
| 58. | Sources of data not otherwise identified | N/A |
| 59. | Utility allowance schedule | N/A |

# XIII. APPENDIX 3  COMPETITIVE RENTAL PROFILES

# Bent Creek

## *Multifamily Community Profile*

100 Georgetown Rd
Mechanicsburg,PA 17050

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Garden**

**64 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 2003**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 34.4% | $955 | 873 | $1.09 |
| One/Den | 18.8% | $965 | 924 | $1.04 |
| Two | 46.9% | $1,053 | 1,070 | $0.98 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| Clubhouse: | ☑ | Pool-Outdr: | ☑ |
| Comm Rm: | ☐ | Basketball: | ☑ |
| Centrl Lndry: | ☐ | Tennis: | ☐ |
| Elevator: | ☐ | Volleyball: | ☐ |
| Fitness: | ☑ | CarWash: | ☑ |
| Hot Tub: | ☐ | BusinessCtr: | ☐ |
| Sauna: | ☐ | ComputerCtr: | ☐ |
| Playground: | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; In Unit Laundry (Stacked); Central A/C; Storage (In Unit); Carpet / Vinyl/Linoleum**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking** *Parking 2:* --
*Fee:* -- *Fee:* --

*Property Manager:* **Triple Crown Corp**
*Owner:* --

## Comments

**Residents use amenities at Georgetown Crossing**

**Separate Laundry, Private Entrance. Rent includes lawn & snow care.**

**Silver Spring Township**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| **Topanga / Garden** | -- | 1 | 1 | 11 | $905 | 821 | $1.10 | Market |
| **Ormond / Garden** | -- | 1 | 1 | 11 | $975 | 924 | $1.06 | Market |
| **Samoa / Garden** | Den | 1 | 1 | 12 | $950 | 924 | $1.03 | Market |
| **Coronado / Garden** | -- | 2 | 1.5 | 10 | $1,025 | 1,063 | $.96 | Market |
| **Grayton / Garden** | -- | 2 | 1 | 10 | $1,025 | 1,063 | $.96 | Market |
| **Laguna / Garden** | -- | 2 | 1.5 | 10 | $1,050 | 1,085 | $.97 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $959 | $1,053 | -- |
| 12/29/17 | 1.6% | $912 | $970 | -- |
| 3/8/17 | 1.6% | $953 | $1,058 | -- |
| 2/28/17 | 0.0% | $940 | $1,045 | -- |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Electric**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) *Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
(2) *Published Rent is rent as quoted by management.*

# Brambles

## *Multifamily Community Profile*

**1776 Louisa Lane**
**Mechanicsburg,PA 17050**

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Garden**

**380 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 1998**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 32.9% | $755 | 560 | $1.35 |
| One/Den | -- | -- | -- | -- |
| Two | 67.1% | $930 | 1,000 | $0.93 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| Clubhouse: | ☐ | Pool-Outdr: | ☐ |
| Comm Rm: | ☐ | Basketball: | ☐ |
| Centrl Lndry: | ☐ | Tennis: | ☐ |
| Elevator: | ☐ | Volleyball: | ☐ |
| Fitness: | ☐ | CarWash: | ☐ |
| Hot Tub: | ☐ | BusinessCtr: | ☐ |
| Sauna: | ☐ | ComputerCtr: | ☐ |
| Playground: | ☐ | | |

## Features

*Standard:* **Dishwasher; Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet / Vinyl/Linoleum**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking** *Parking 2:* --
*Fee:* -- *Fee:* --

*Property Manager:* **GMG**
*Owner:* --

## Comments

**Rent included trash and sewer but not water**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| **Garden** | -- | 1 | 1 | 125 | $740 | 560 | $1.32 | Market |
| **Garden** | -- | 2 | 1 | 255 | $910 | 1,000 | $.91 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $755 | $930 | -- |
| 3/8/17 | 0.0% | $740 | $930 | -- |
| 6/23/15 | 0.3% | $740 | $918 | -- |
| 11/17/14 | -- | $740 | $905 | -- |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Camp Hill Plaza

## Multifamily Community Profile

121 November Drive
Camp Hill,PA 17011

*CommunityType:* **Market Rate - General**
*Structure Type:* **Garden**

**300 Units** **3.7% Vacant (11 units vacant) as of 5/23/2018** **Opened in 1964**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 53.3% | $925 | 785 | $1.18 |
| One/Den | -- | -- | -- | -- |
| Two | 33.3% | $1,053 | 999 | $1.05 |
| Two/Den | 7.3% | $1,055 | 1,028 | $1.03 |
| Three | 6.0% | $1,230 | 1,367 | $0.90 |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| Clubhouse: | ☐ | Pool-Outdr: | ☑ |
| Comm Rm: | ☐ | Basketball: | ☐ |
| Centrl Lndry: | ☑ | Tennis: | ☐ |
| Elevator: | ☐ | Volleyball: | ☐ |
| Fitness: | ☑ | CarWash: | ☑ |
| Hot Tub: | ☐ | BusinessCtr: | ☐ |
| Sauna: | ☐ | ComputerCtr: | ☐ |
| Playground: | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Ceiling Fan; Central A/C; Patio/Balcony; Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking**
*Fee:* --

*Parking 2:* --
*Fee:* --

*Property Manager:* **Morgan Properties**
*Owner:* --

## Comments

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| **Garden** | -- | 1 | 1 | 160 | $900 | 785 | $1.15 | Market |
| **Garden** | Den | 2 | 1 | 22 | $1,025 | 1,028 | $1.00 | Market |
| **Garden** | -- | 2 | 2 | 50 | $1,050 | 1,044 | $1.01 | Market |
| **Garden** | -- | 2 | 1 | 50 | $995 | 954 | $1.04 | Market |
| **Garden** | -- | 3 | 2 | 18 | $1,195 | 1,367 | $.87 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 3.7% | $925 | $1,053 | $1,230 |
| 12/13/17 | 2.0% | $823 | $893 | $1,118 |
| 5/16/17 | 1.0% | $985 | $1,125 | $1,360 |
| 3/8/17 | 3.3% | $965 | $1,087 | $1,360 |

## Adjustments to Rent

*Incentives:*
**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☐ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Country Walk

## Multifamily Community Profile

1400 Hillcrest Court
Camp Hill,PA 17011

CommunityType: **Market Rate - General**
Structure Type: **3-Story Garden**

**96 Units** **1.0% Vacant (1 units vacant) as of 5/23/2018** **Opened in 1986**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | -- | -- | -- | -- |
| One/Den | -- | -- | -- | -- |
| Two | 100.0% | $1,220 | 1,200 | $1.02 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| Clubhouse: | ☐ | Pool-Outdr: | ☑ |
| Comm Rm: | ☐ | Basketball: | ☐ |
| Centrl Lndry: | ☐ | Tennis: | ☐ |
| Elevator: | ☐ | Volleyball: | ☐ |
| Fitness: | ☐ | CarWash: | ☐ |
| Hot Tub: | ☐ | BusinessCtr: | ☐ |
| Sauna: | ☐ | ComputerCtr: | ☐ |
| Playground: | ☐ | | |

## Features

Standard: **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit); Carpet / Ceramic**

Select Units: **--**

Optional($): **--**

Security: **Unit Alarms**

Parking 1: **Free Surface Parking** Parking 2: **--**
Fee: **--** Fee: **--**

Property Manager: **Consolidated Propert**
Owner: **--**

## Comments

**Renovations are complete. Non renovated units have new appliances. Lower Allen Township.**

**Popular with seniors. Renovated units: Hardwood, ss appl, quartz countertop.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| Renovated / Garden | -- | 2 | 2 | 25 | $1,290 | 1,200 | $1.08 | Market |
| Garden | -- | 2 | 2 | 71 | $1,195 | 1,200 | $1.00 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 1.0% | -- | $1,220 | -- |
| 12/7/17 | 3.1% | -- | $1,124 | -- |
| 3/8/17 | 2.1% | -- | $1,109 | -- |
| 2/28/17 | 2.1% | -- | $1,109 | -- |

## Adjustments to Rent

Incentives:

**None**

Utilities in Rent: Heat Fuel: **Gas**

| | | | | | |
|---|---|---|---|---|---|
| Heat: | ☐ | Cooking: | ☐ | Wtr/Swr: | ☑ |
| Hot Water: | ☐ | Electricity: | ☐ | Trash: | ☑ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Delbrook Manor

*Multifamily Community Profile*

| | | | |
|---|---|---|---|
| **520 Breezewood Court** | | *CommunityType:* | **Market Rate - General** |
| **Mechanicsburg,PA 17050** | | *Structure Type:* | **Garden** |
| **376 Units** | **0.0% Vacant (0 units vacant) as of 5/23/2018** | | **Opened in 1968** |

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 34.6% | $830 | 745 | $1.11 |
| One/Den | -- | -- | -- | -- |
| Two | 65.4% | $950 | 890 | $1.07 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☐ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☐ | *Basketball:* | ☑ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☐ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☐ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☐ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet / Hardwood**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking** *Parking 2:* --

*Fee:* -- *Fee:* --

*Property Manager:* **Property Mgt.**

*Owner:* --

## Comments

## Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Garden** | -- | 1 | 1 | 130 | $830 | 745 | $1.11 | Market |
| **Garden** | -- | 2 | 1 | 246 | $950 | 890 | $1.07 | Market |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $830 | $950 | -- |
| 12/7/17 | 0.0% | $825 | $965 | -- |
| 5/16/17 | 0.0% | $810 | $930 | -- |
| 3/8/17 | 0.8% | $810 | $930 | -- |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Electric**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☑ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Georgetown Crossing

## *Multifamily Community Profile*

100 Georgetown Road
Mechanicsburg,PA 17050

**Map Ref: 2740 D8**

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Townhouse**

**328 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 1999**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | -- | -- | -- | -- |
| One/Den | -- | -- | -- | -- |
| Two | **29.9%** | **$1,245** | **1,106** | **$1.13** |
| Two/Den | -- | -- | -- | -- |
| Three | **70.1%** | **$1,375** | **1,313** | **$1.05** |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☑ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☐ | *Basketball:* | ☑ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☑ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☑ | *CarWash:* | ☑ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☐ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit); Cable TV; Carpet / Vinyl/Linoleum**

*Select Units:* **Ceiling Fan**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking** *Parking 2:* **--**
*Fee:* **--** *Fee:* **--**

*Property Manager:* **Triple Crown Corp**
*Owner:* **--**

## Comments

**Select units have full basements.(Silver Spring Townships)**

**64 units feature attached garages; two surface parking spaces allocated to each remaining unit**

**Dog Park; Golf cages. Rent includes lawn & snow care. Free basic cable.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Kingston / Townhouse** | -- | **2** | **2.5** | **98** | **$1,225** | **1,106** | **$1.11** | **Market** |
| **Townhouse** | -- | **3** | **2.5** | **166** | **$1,315** | **1,278** | **$1.03** | **Market** |
| **Townhouse** | **Garage** | **3** | **2.5** | **64** | **$1,440** | **1,405** | **$1.03** | **Market** |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| **5/23/18** | **0.0%** | -- | **$1,245** | **$1,375** |
| **12/29/17** | **2.4%** | -- | **$1,202** | **$1,370** |
| **3/8/17** | **0.6%** | -- | **$1,169** | **$1,302** |
| **2/28/17** | **0.6%** | -- | **$1,169** | **$1,274** |

## Adjustments to Rent

*Incentives:*

**Waived application fee**

*Utilities in Rent:* *Heat Fuel:* **Electric**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Graham Hill

## *Multifamily Community Profile*

**1500 English Drive**
**Mechanicsburg,PA 17055**

*CommunityType:* **Market Rate - General**
*Structure Type:* **3-Story Garden**

**153 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 2003**

### Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | **11.8%** | **$1,033** | **765** | **$1.35** |
| *One/Den* | **18.3%** | **$1,130** | **1,034** | **$1.09** |
| *Two* | **35.3%** | **$1,300** | **1,161** | **$1.12** |
| *Two/Den* | **15.7%** | **$1,430** | **1,270** | **$1.13** |
| *Three* | **19.0%** | **$1,329** | **1,190** | **$1.12** |
| *Four+* | -- | -- | -- | -- |

### Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☑ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☑ | *Basketball:* | ☐ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☐ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☑ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☐ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☑ | | |

### Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; HighCeilings; Storage (In Unit); Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking**
*Fee:* --

*Parking 2:* **Detached Garage**
*Fee:* **$115**

*Property Manager:* **PMI**
*Owner:* --

### Comments

**Select units have attached garages. 68 garages.**

**Putting green. Final section of units constructed in 2008.**

**Rent includes trash and sewer only.**

### Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Ash / Garden** | **Den** | **1** | **2** | **24** | **$1,115** | **1,015** | **$1.10** | **Market** |
| **White Birch / Garden** | **Den** | **1** | **1.5** | **4** | **$1,115** | **1,150** | **$.97** | **Market** |
| **Willow / Garden** | -- | **1** | **1** | **9** | **$960** | **765** | **$1.25** | **Market** |
| **Willow / Garden** | **Garage** | **1** | **1** | **9** | **$1,075** | **765** | **$1.41** | **Market** |
| **Mahogany / Garden** | -- | **2** | **2** | **9** | **$1,175** | **1,100** | **$1.07** | **Market** |
| **Mahogany / Garden** | **Garage** | **2** | **2** | **9** | **$1,285** | **1,100** | **$1.17** | **Market** |
| **Oak / Garden** | **Garage** | **2** | **2** | **9** | **$1,245** | **1,178** | **$1.06** | **Market** |
| **Pine/Oak / Garden** | -- | **2** | **2** | **27** | **$1,325** | **1,196** | **$1.11** | **Market** |
| **Maple/Cedar/Evergreen /** | **Den** | **2** | **2** | **24** | **$1,410** | **1,270** | **$1.11** | **Market** |
| **Spruce / Garden** | **Garage** | **3** | **2** | **9** | **$1,278** | **1,122** | **$1.14** | **Market** |
| **Spruce/Evergreen / Gard** | -- | **3** | **2** | **11** | **$1,280** | **1,159** | **$1.10** | **Market** |
| **Redwood / Garden** | -- | **3** | **2** | **9** | **$1,360** | **1,297** | **$1.05** | **Market** |

### Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| **5/23/18** | **0.0%** | **$1,092** | **$1,340** | **$1,329** |
| **11/13/17** | **2.6%** | **$1,084** | **$1,330** | **$1,317** |
| **3/8/17** | **0.7%** | **$1,068** | **$1,291** | **$1,300** |
| **2/28/17** | **0.7%** | **$1,048** | **$1,268** | **$1,269** |

** Indicates initial lease-up.*

### Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Natural Gas**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) *Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
(2) *Published Rent is rent as quoted by management.*

# Lindham Court

## *Multifamily Community Profile*

1101 Lindham Court
Mechanicsburg,PA 17055

*CommunityType:* **Market Rate - General**
*Structure Type:* **Garden**

**96 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 1988**

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | 33.3% | $810 | 700 | $1.16 |
| *One/Den* | -- | -- | -- | -- |
| *Two* | 66.7% | $920 | 850 | $1.08 |
| *Two/Den* | -- | -- | -- | -- |
| *Three* | -- | -- | -- | -- |
| *Four+* | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☐ | *Pool-Outdr:* | ☐ |
| *Comm Rm:* | ☐ | *Basketball:* | ☐ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☐ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☐ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☐ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☐ | | |

## Features

*Standard:* **Dishwasher; Disposal; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking** *Parking 2:* --
*Fee:* -- *Fee:* --

*Property Manager:* **Seegil Properties**
*Owner:* --

## Comments

**Rent includes trash & sewer only.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Garden** | -- | 1 | 1 | 32 | $795 | 700 | $1.14 | Market |
| **Garden** | -- | 2 | 1 | 64 | $900 | 850 | $1.06 | Market |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $810 | $920 | -- |
| 12/29/17 | 0.0% | $810 | $920 | -- |
| 12/13/17 | 0.0% | $810 | $935 | -- |
| 3/8/17 | 0.0% | $800 | $935 | -- |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

*(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
*(2) Published Rent is rent as quoted by management.*

# Madison at Society Hill

## *Multifamily Community Profile*

**2902 Chesterbrook Court**
**Camp Hill,PA 17011**

*CommunityType:* **Market Rate - General**
*Structure Type:* **3-Story Garden**

**108 Units** **7.4% Vacant (8 units vacant) as of 5/23/2018** **Opened in 1990**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 7.4% | $1,020 | 980 | $1.04 |
| One/Den | -- | -- | -- | -- |
| Two | 92.6% | $1,145 | 1,100 | $1.04 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

*Clubhouse:* ☐
*Comm Rm:* ☐
*Centrl Lndry:* ☐
*Elevator:* ☐
*Fitness:* ☐
*Hot Tub:* ☐
*Sauna:* ☐
*Playground:* ☐
*Pool-Outdr:* ☑
*Basketball:* ☐
*Tennis:* ☐
*Volleyball:* ☐
*CarWash:* ☐
*BusinessCtr:* ☐
*ComputerCtr:* ☐

## Features

*Standard:* **Dishwasher; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet / Vinyl/Linoleum**

*Select Units:* **Disposal**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking**
*Fee:* **--**

*Parking 2:* **--**
*Fee:* **--**

*Property Manager:* **--**
*Owner:* **--**

## Comments

**Renovating all unitsw on turnover: plank vinyl floor throughout unit; stainless steel appliances, granite counters.**

**W/S/T fee: 1br: $60; 2br depends on size: $65-75.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| **Addison / Garden** | -- | 1 | 1 | 8 | $995 | 980 | $1.02 | Market |
| **Carrington / Garden** | -- | 2 | 2 | 50 | $1,175 | 1,060 | $1.11 | Market |
| **Huntington / Garden** | -- | 2 | 2 | 30 | $1,033 | 1,100 | $.94 | Market |
| **Stratford / Garden** | -- | 2 | 2 | 20 | $1,086 | 1,200 | $.91 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 7.4% | $1,020 | $1,145 | -- |
| 12/16/17 | 3.7% | $1,020 | $1,085 | -- |
| 3/8/17 | 3.7% | $950 | $1,038 | -- |
| 6/20/16 | 0.9% | $1,005 | $1,066 | -- |

## Adjustments to Rent

*Incentives:*
**Daily Pricing**

*Utilities in Rent:* *Heat Fuel:* **Electric**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☐
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☐

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Meadows at Bumblebee Hollow

## *Multifamily Community Profile*

2277 Mill Rd
Mechanicsburg,PA 17055

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Townhouse**

**103 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 2012**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | -- | -- | -- | -- |
| One/Den | -- | -- | -- | -- |
| Two | -- | $1,601 | 1,294 | $1.24 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | $1,733 | 1,797 | $0.96 |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☑ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☑ | *Basketball:* | ☑ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☐ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☑ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☑ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; In Unit Laundry (Full Size); Central A/C; Patio/Balcony**

*Select Units:* **--**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking**
*Fee:* **--**

*Parking 2:* **Attached Garage**
*Fee:* **--**

*Property Manager:* **DeSouza Brown**
*Owner:* **--**

## Comments

**Black appl, formica ctop, vinyl wood floor, recessed lighting, ss appl. Clover & Iris have 1st floor MBR. 40-acres.**

**97% Leased**

**Range reflects extra features (some with additional 1/2 bath; tray ceilings; extra storage).. No wait list.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| Clover / Single story | 2 Car Gar | 2 | 2 | -- | $1,728 | 1,267 | $1.36 | Market |
| Buttercup Delux / Townh | -- | 2 | 2.5 | -- | $1,475 | 1,320 | $1.12 | Market |
| Buttercup / Townhouse | -- | 3 | 2.5 | -- | $1,445 | 1,320 | $1.09 | Market |
| Poppy / Townhouse | 2 Car Gar | 3 | 2.5 | -- | $1,850 | 1,487 | $1.24 | Market |
| Lavender / Townhouse | 1 Car Gar | 3 | 2.5 | -- | $1,655 | 1,656 | $1.00 | Market |
| Iris - Loft / Townhouse | 2 Car Gar | 3 | 2.5 | -- | $1,795 | 1,983 | $.91 | Market |
| Poppy/Fin Bsmt / Townh | 2 Car Gar | 3 | 3 | -- | $1,850 | 2,047 | $.90 | Market |
| Lavender/Fin Bsmt / Tow | 1 Car Gar | 3 | 3 | -- | $1,805 | 2,286 | $.79 | Market |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| 5/23/18 | 0.0% | -- | $1,601 | $1,733 |
| 12/7/17 | 2.9% | -- | $1,573 | $1,689 |
| 11/13/17 | 1.9% | -- | $1,495 | $1,588 |
| 2/27/17 | 1.9% | -- | $1,492 | $1,549 |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☑ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Meridian at West Shore

## *Multifamily Community Profile*

2960 Meridian Way
Mechanicsburg,PA

*CommunityType:* **Market Rate - General**
*Structure Type:* **3-Story Garden/TH**

**284 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 2012**

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | 28.2% | $1,113 | 817 | $1.36 |
| *One/Den* | -- | -- | -- | -- |
| *Two* | 63.4% | $1,338 | 1,116 | $1.20 |
| *Two/Den* | 8.5% | $1,537 | 1,318 | $1.17 |
| *Three* | -- | -- | -- | -- |
| *Four+* | -- | -- | -- | -- |

## Community Amenities

*Clubhouse:* ☑
*Comm Rm:* ☐
*Centrl Lndry:* ☐
*Elevator:* ☐
*Fitness:* ☑
*Hot Tub:* ☐
*Sauna:* ☐
*Playground:* ☐
*Pool-Outdr:* ☑
*Basketball:* ☐
*Tennis:* ☐
*Volleyball:* ☐
*CarWash:* ☑
*BusinessCtr:* ☑
*ComputerCtr:* ☐

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; HighCeilings; Carpet / Ceramic**

*Select Units:* **--**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking**
*Fee:* **--**

*Parking 2:* **Detached Garage**
*Fee:* **$95**

*Property Manager:* **B&F Property Mgmt**
*Owner:* **B&F Property Management**

## Comments

**Opened 10/2012, every bldg fully leased upon completion. 55 detached garages onsite. Salt water pool, gas grills, fire pit, Bocce court, fitness trail. Attached Garages: Vertex (1 car); Paramount Carriage (2 car)**

**Electric locks, crown molding, SS appl, cherry cabinets, granite ctops, vinyl plank wood flooring, pendant lights.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| Apex / Garden | -- | 1 | 1 | 18 | $1,041 | 663 | $1.57 | Market |
| Elite 1&2 / Garden | -- | 1 | 1 | 26 | $1,096 | 809 | $1.35 | Market |
| Prime / Garden | -- | 1 | 1 | 12 | $1,117 | 879 | $1.27 | Market |
| Spire / Garden | -- | 1 | 1 | 24 | $1,182 | 911 | $1.30 | Market |
| Pinnacle / Garden | -- | 2 | 1 | 20 | $1,201 | 1,001 | $1.20 | Market |
| Summit / Garden | -- | 2 | 2 | 66 | $1,292 | 1,070 | $1.21 | Market |
| Vertex 1&2 / Garden | 1 Car Gar | 2 | 2 | 24 | $1,506 | 1,169 | $1.29 | Market |
| Zenith / Garden | -- | 2 | 2 | 24 | $1,445 | 1,296 | $1.12 | Market |
| Capstone / Garden | Den | 2 | 2 | 24 | $1,537 | 1,318 | $1.17 | Market |
| Paramount Carriage / To | 2 Car Gar | 2 | 2.5 | 6 | $1,695 | 1,510 | $1.12 | Market |
| Paramount / Townhouse | -- | 2 | 2.5 | 8 | $1,525 | 1,510 | $1.01 | Market |
| Ascent 1&2 / Garden | -- | 2 | 1 | 12 | $1,120 | 881 | $1.27 | Market |
| Crest / Garden | -- | 2 | 2 | 20 | $1,245 | 965 | $1.29 | Market |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $1,113 | $1,361 | -- |
| 12/13/17 | 0.7% | $1,113 | $1,361 | -- |
| 11/13/17 | 1.4% | $1,113 | $1,363 | -- |
| 3/8/17 | 1.4% | $994 | $1,254 | -- |

** Indicates initial lease-up.*

## Adjustments to Rent

*Incentives:*
**None**

*Utilities in Rent:* *Heat Fuel:* **Electric**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☑
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☑

*(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
*(2) Published Rent is rent as quoted by management.*

# Mountain View Village

## *Multifamily Community Profile*

4175 Mountain View Road
Mechanicsburg,PA 17050

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Garden**

**176 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 1989**

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | 34.1% | $820 | 656 | $1.25 |
| *One/Den* | -- | -- | -- | -- |
| *Two* | 65.9% | $970 | 924 | $1.05 |
| *Two/Den* | -- | -- | -- | -- |
| *Three* | -- | -- | -- | -- |
| *Four+* | -- | -- | -- | -- |

## Community Amenities

*Clubhouse:* ☐
*Comm Rm:* ☐
*Centrl Lndry:* ☐
*Elevator:* ☐
*Fitness:* ☑
*Hot Tub:* ☐
*Sauna:* ☐
*Playground:* ☐
*Pool-Outdr:* ☐
*Basketball:* ☐
*Tennis:* ☐
*Volleyball:* ☐
*CarWash:* ☐
*BusinessCtr:* ☐
*ComputerCtr:* ☐

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit); Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking**
*Fee:* --

*Parking 2:* --
*Fee:* --

*Property Manager:* **Property Mgt Inc.**
*Owner:* --

## Comments

**Rent includes sewer, not water.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Garden** | -- | 1 | 1 | 60 | $805 | 656 | $1.23 | Market |
| **Garden** | -- | 2 | 1 | 116 | $950 | 924 | $1.03 | Market |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $820 | $970 | -- |
| 12/29/17 | 0.6% | $820 | $970 | -- |
| 5/16/17 | 0.0% | $800 | $950 | -- |
| 3/8/17 | 1.7% | $800 | $950 | -- |

## Adjustments to Rent

*Incentives:*
**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☐
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☑

*(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
*(2) Published Rent is rent as quoted by management.*

# Oxford Manor

## *Multifamily Community Profile*

**5349 Oxford Drive**
**Mechanicsburg,PA 17055**

*CommunityType:* **Market Rate - General**
*Structure Type:* **Garden/TH**

**201 Units** **3.0% Vacant (6 units vacant) as of 6/18/2018** **Opened in 1974**

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | **17.9%** | **$1,035** | **582** | **$1.78** |
| *One/Den* | -- | -- | -- | -- |
| *Two* | **73.6%** | **$1,190** | **783** | **$1.52** |
| *Two/Den* | -- | -- | -- | -- |
| *Three* | **8.5%** | **$1,435** | **1,206** | **$1.19** |
| *Four+* | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☐ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☐ | *Basketball:* | ☐ |
| *Centrl Lndry:* | ☑ | *Tennis:* | ☐ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☐ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☑ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☑ |
| *Playground:* | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit); Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking** *Parking 2:* --
*Fee:* -- *Fee:* --

*Property Manager:* **Morgan Properties**
*Owner:* --

## Comments

**Rent included trash and sewer only, not water**

**Rents are for 16 mo lease**

**Trash fee: 1BR- $5; 2/3BR- $10**

## Floorplans (Published Rents as of 6/18/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Garden** | -- | **1** | **1** | **36** | **$1,010** | **582** | **$1.74** | **Market** |
| **Garden** | -- | **2** | **1** | **148** | **$1,160** | **783** | **$1.48** | **Market** |
| **Townhouse** | -- | **3** | **1.5** | **17** | **$1,400** | **1,206** | **$1.16** | **Market** |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| **6/18/18** | **3.0%** | **$1,035** | **$1,190** | **$1,435** |
| **12/7/17** | **2.0%** | **$915** | **$955** | **$1,185** |
| **3/8/17** | **0.5%** | **$970** | **$980** | **$1,180** |
| **12/1/16** | **3.5%** | **$875** | **$925** | **$1,235** |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☐
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☐

*(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
*(2) Published Rent is rent as quoted by management.*

# Rockledge TH

## *Multifamily Community Profile*

170 Stonehedge Lane
Mechanicsburg,PA 17055

Map Ref: **2948 F1**

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Townhouse**

**82 Units** **Occupancy data not currently available** **Opened in 2002**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | -- | -- | -- | -- |
| One/Den | -- | -- | -- | -- |
| Two | 100.0% | $1,228 | 1,069 | $1.15 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| Clubhouse: | ☐ | Pool-Outdr: | ☐ |
| Comm Rm: | ☐ | Basketball: | ☐ |
| Centrl Lndry: | ☐ | Tennis: | ☐ |
| Elevator: | ☐ | Volleyball: | ☐ |
| Fitness: | ☐ | CarWash: | ☐ |
| Hot Tub: | ☐ | BusinessCtr: | ☐ |
| Sauna: | ☐ | ComputerCtr: | ☐ |
| Playground: | ☐ | | |

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit); Carpet**

*Select Units:* **HighCeilings**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking** *Parking 2:* **--**
*Fee:* **--** *Fee:* **--**

*Property Manager:* **Property Mgmt, Inc.**
*Owner:* **--**

## Comments

**52 units placed in service in 2002; 30 added in 2005. Extra storage with each unit.(In rear) Clusters of 5 units- end units are Arlington. Only sewer included in the rents. Mgmt would not disclose vacancy.**

**Blk appli, granite countertops, track lighting, laminate flooring.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| Arlington / Townhouse | -- | 2 | 2 | 27 | $1,205 | 1,100 | $1.10 | Market |
| Mt. Vernon / Townhouse | -- | 2 | 2.5 | 27 | $1,235 | 1,140 | $1.08 | Market |
| Monticello / Townhouse | -- | 2 | 1.5 | 28 | $1,155 | 970 | $1.19 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | -- | -- | $1,228 | -- |
| 12/7/17 | 2.4% | -- | $1,198 | -- |
| 11/13/17 | 2.4% | -- | $1,208 | -- |
| 3/8/17 | 3.7% | -- | $1,209 | -- |

## Adjustments to Rent

*Incentives:*
**None**

*Utilities in Rent:* *Heat Fuel:* **Electric**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☐
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☐

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Shenandoah

## *Multifamily Community Profile*

105 E Allen Street
Mechanicsburg,PA 17055

*CommunityType:* **Market Rate - General**
*Structure Type:* **Garden/TH**

**60 Units** **1.7% Vacant (1 units vacant) as of 5/24/2018** **Opened in 1991**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 33.3% | $821 | 774 | $1.06 |
| One/Den | -- | -- | -- | -- |
| Two | 56.7% | $1,061 | 958 | $1.11 |
| Two/Den | -- | -- | -- | -- |
| Three | 10.0% | $1,500 | 1,500 | $1.00 |
| Four+ | -- | -- | -- | -- |

## Community Amenities

Clubhouse: ☐
Comm Rm: ☐
Centrl Lndry: ☐
Elevator: ☐
Fitness: ☐
Hot Tub: ☐
Sauna: ☐
Playground: ☐
Pool-Outdr: ☐
Basketball: ☐
Tennis: ☐
Volleyball: ☐
CarWash: ☐
BusinessCtr: ☐
ComputerCtr: ☐

## Features

*Standard:* **Dishwasher; Disposal; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking**
*Fee:* --

*Parking 2:* --
*Fee:* --

*Property Manager:* **Privately Managed**
*Owner:* --

## Comments

**3 story garden apartments are elevator served**

**Vacants: 1-2BR/TH**

## Floorplans (Published Rents as of 5/24/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| Garden | -- | 1 | 1 | 15 | $815 | 728 | $1.12 | Market |
| Garden | -- | 1 | 1 | 5 | $838 | 912 | $.92 | Market |
| Townhouse | -- | 2 | 2.5 | 8 | $1,250 | 1,081 | $1.16 | Market |
| Garden | -- | 2 | 1.5 | 26 | $1,003 | 920 | $1.09 | Market |
| Townhouse | -- | 3 | 2.5 | 6 | $1,500 | 1,500 | $1.00 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/24/18 | 1.7% | $821 | $1,061 | $1,500 |
| 1/17/18 | 1.7% | $799 | $954 | -- |
| 12/1/16 | 0.0% | $771 | $918 | -- |
| 6/28/16 | 5.0% | $776 | $909 | -- |

## Adjustments to Rent

*Incentives:*
**None**

*Utilities in Rent:* *Heat Fuel:* **Electric**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☑
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☑

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Stone Gate Village

## *Multifamily Community Profile*

2798 Stone Gate Circle
Camp Hill,PA

*CommunityType:* **Market Rate - General**
*Structure Type:* **2-Story Garden/TH**

**89 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 2017**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | -- | -- | -- | -- |
| One/Den | -- | -- | -- | -- |
| Two | 41.6% | $1,395 | 1,244 | $1.12 |
| Two/Den | -- | -- | -- | -- |
| Three | 58.4% | $1,553 | 1,500 | $1.04 |
| Four+ | -- | -- | -- | -- |

## Community Amenities

*Clubhouse:* ☐
*Comm Rm:* ☐
*Centrl Lndry:* ☐
*Elevator:* ☐
*Fitness:* ☑
*Hot Tub:* ☐
*Sauna:* ☐
*Playground:* ☐

*Pool-Outdr:* ☑
*Basketball:* ☐
*Tennis:* ☐
*Volleyball:* ☐
*CarWash:* ☐
*BusinessCtr:* ☐
*ComputerCtr:* ☐

## Features

*Standard:* **Dishwasher; Disposal; Microwave; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; HighCeilings**

*Select Units:* **--**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking**
*Fee:* **--**

*Parking 2:* **Attached Garage**
*Fee:* **$0**

*Property Manager:* **Triple Crowne Corpo**
*Owner:* **--**

## Comments

**Opened Jan.2017., 100% leased by end of Nov.2017. Black appliances, Ganite CT.**

**THs have unfinished basements; TH & Apts have 1 car garages. Vinyl palnk flooring, kitchen island.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| Apt 1st fl. / Garden | Garage | 2 | 2 | 18 | $1,365 | 1,209 | $1.13 | Market |
| Apt 2nd fl. / Garden | Garage | 2 | 2 | 19 | $1,385 | 1,278 | $1.08 | Market |
| TH-unfinished basement | Garage | 3 | 2 | 52 | $1,528 | 1,500 | $1.02 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 0.0% | -- | $1,395 | $1,553 |
| 12/18/17 | 0.0% | -- | $1,395 | $1,570 |
| 12/7/17 | 0.0% | -- | $1,370 | $1,520 |
| 3/6/17* | 86.5% | -- | $1,257 | $1,423 |

** Indicates initial lease-up.*

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☐
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☑

*(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
*(2) Published Rent is rent as quoted by management.*

# Union Flats

## *Multifamily Community Profile*

**415 Center Pointe Dr**
**Mechanicsburg,PA 17050**

*CommunityType:* **Market Rate - General**
*Structure Type:* **3-Story Garden**

**216 Units** **0.0% Vacant (0 units vacant) as of 5/23/2018** **Opened in 2017**

## Unit Mix & Effective Rent (1)

| Bedroom | %Total | Avg Rent | Avg SqFt | Avg $/SqFt |
|---|---|---|---|---|
| Eff | -- | -- | -- | -- |
| One | 50.0% | $1,037 | 763 | $1.36 |
| One/Den | -- | -- | -- | -- |
| Two | 50.0% | $1,254 | 1,072 | $1.17 |
| Two/Den | -- | -- | -- | -- |
| Three | -- | -- | -- | -- |
| Four+ | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☑ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☑ | *Basketball:* | ☐ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☐ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☑ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☑ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☐ | | |

## Features

*Standard:* **Dishwasher; Disposal; Microwave; In Unit Laundry (Full Size); Central A/C; HighCeilings; Carpet / Hardwood**

*Select Units:* **--**

*Optional($):* **--**

*Security:* **--**

*Parking 1:* **Free Surface Parking** *Parking 2:* **Detached Garage**
*Fee:* **--** *Fee:* **$100**

*Property Manager:* **WPM Real Estate Mg**
*Owner:* **--**

## Comments

**Walk-in shower in 2nd bath. Vinyl plank in kitchen/dining; granite counters; SS appl; pantry; island. Dog park, grills billiards, yoga. Phase I opened 1/17 (120 units), stabilized 8/17 (118 occ, 2 models); Phase II: 96 units delivering (rolling) Jan 2018; leased up 5/22/18. Sewer fee: $40.50.**

## Floorplans (Published Rents as of 5/23/2018) (2)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program |
|---|---|---|---|---|---|---|---|---|
| Hampden/PH.II / Garden | -- | 1 | 1 | 48 | $1,135 | 763 | $1.49 | Market |
| Hampden/PH.I / Garden | -- | 1 | 1 | 60 | $1,085 | 763 | $1.42 | Market |
| Cumberland/PH.II / Garde | -- | 2 | 2 | 48 | $1,365 | 1,072 | $1.27 | Market |
| Cumberland/PH.I / Garde | -- | 2 | 2 | 60 | $1,315 | 1,072 | $1.23 | Market |

## Historic Vacancy & Eff. Rent (1)

| Date | %Vac | 1BR $ | 2BR $ | 3BR $ |
|---|---|---|---|---|
| 5/23/18 | 0.0% | $1,037 | $1,254 | -- |
| 1/15/18* | 31.5% | $1,120 | $1,346 | -- |
| 5/16/17* | 41.7% | $1,012 | $1,234 | -- |
| 3/6/17* | 69.4% | $977 | $1,198 | -- |

** Indicates initial lease-up.*

## Adjustments to Rent

*Incentives:*

**PH.I:1/2 mo free 13/mo lease; PH.II: 1 mo free 13/mo lease**

*Utilities in Rent:* *Heat Fuel:* **Electric**

| | | | | | |
|---|---|---|---|---|---|
| **Heat:** | ☐ | **Cooking:** | ☐ | **Wtr/Swr:** | ☐ |
| **Hot Water:** | ☐ | **Electricity:** | ☐ | **Trash:** | ☑ |

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Villas at Silver Creek

## *Multifamily Community Profile*

6400 Mercury Drive
Mechanicsburg,PA 17050

*CommunityType:* **Market Rate - General**
*Structure Type:* **Townhouse**

**41 Units** **0.0% Vacant (0 units vacant) as of 6/18/2018** **Opened in 2008**

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | -- | -- | -- | -- |
| *One/Den* | -- | -- | -- | -- |
| *Two* | -- | -- | -- | -- |
| *Two/Den* | -- | -- | -- | -- |
| *Three* | -- | **$1,428** | **1,719** | **$0.83** |
| *Four+* | -- | -- | -- | -- |

## Community Amenities

*Clubhouse:* ☐ *Pool-Outdr:* ☐
*Comm Rm:* ☐ *Basketball:* ☐
*Centrl Lndry:* ☐ *Tennis:* ☐
*Elevator:* ☐ *Volleyball:* ☐
*Fitness:* ☐ *CarWash:* ☐
*Hot Tub:* ☐ *BusinessCtr:* ☐
*Sauna:* ☐ *ComputerCtr:* ☐
*Playground:* ☐

## Features

*Standard:* **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Attached Garage** *Parking 2:* --
*Fee:* -- *Fee:* --

*Property Manager:* **Classic Communities**
*Owner:* --

## Comments

**Some units have finished basement, 1- or 2-car garage, 1st flr master BR. Some upgraded units initially planned as home ownership. Black Appliances, formica.**

## Floorplans (Published Rents as of 6/18/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Townhouse** | **Garage** | **3** | **2.5** | -- | **$1,215** | **1,371** | **$.89** | **Market** |
| **Townhouse** | **Garage** | **3** | **2.5** | -- | **$1,400** | **1,658** | **$.84** | **Market** |
| **Townhouse** | **Garage** | **3** | **2.5** | -- | **$1,500** | **1,777** | **$.84** | **Market** |
| **Townhouse** | **Garage** | **3** | **2.5** | -- | **$1,595** | **2,069** | **$.77** | **Market** |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| **6/18/18** | **0.0%** | -- | -- | **$1,428** |
| **12/1/16** | **0.0%** | -- | -- | **$1,638** |
| **6/28/16** | **0.0%** | -- | -- | **$1,558** |
| **6/23/15** | **0.0%** | -- | -- | **$1,495** |

## Adjustments to Rent

*Incentives:*
**None**

*Utilities in Rent:* *Heat Fuel:* **Gas**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☑
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☑

**Villas at Silver Creek** **PA041-019363**

(1) Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent
(2) Published Rent is rent as quoted by management.

# Wesley Park

## *Multifamily Community Profile*

**135 Wesley Drive**
**Mechanicsburg,PA 17055**

*CommunityType:* **Market Rate - General**
*Structure Type:* **Townhouse**

**160 Units** **0.0% Vacant (0 units vacant) as of 6/18/2018** **Opened in 1968**

## Unit Mix & Effective Rent (1)

| *Bedroom* | *%Total* | *Avg Rent* | *Avg SqFt* | *Avg $/SqFt* |
|---|---|---|---|---|
| *Eff* | -- | -- | -- | -- |
| *One* | **21.9%** | **$897** | **810** | **$1.11** |
| *One/Den* | -- | -- | -- | -- |
| *Two* | **56.3%** | **$1,023** | **935** | **$1.09** |
| *Two/Den* | -- | -- | -- | -- |
| *Three* | **21.9%** | **$1,115** | **1,055** | **$1.06** |
| *Four+* | -- | -- | -- | -- |

## Community Amenities

| | | | |
|---|---|---|---|
| *Clubhouse:* | ☑ | *Pool-Outdr:* | ☑ |
| *Comm Rm:* | ☑ | *Basketball:* | ☑ |
| *Centrl Lndry:* | ☐ | *Tennis:* | ☑ |
| *Elevator:* | ☐ | *Volleyball:* | ☐ |
| *Fitness:* | ☑ | *CarWash:* | ☐ |
| *Hot Tub:* | ☐ | *BusinessCtr:* | ☐ |
| *Sauna:* | ☐ | *ComputerCtr:* | ☐ |
| *Playground:* | ☑ | | |

## Features

*Standard:* **Dishwasher; Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit); Carpet / Hardwood**

*Select Units:* --

*Optional($):* --

*Security:* --

*Parking 1:* **Free Surface Parking** *Parking 2:* --
*Fee:* -- *Fee:* --

*Property Manager:* --
*Owner:* --

## Comments

**All models have two phases: Phase 1 and Phase 2. Phase 2 models are more the expensive option.**

**Unit mix is estimate.**

## Floorplans (Published Rents as of 6/18/2018) (2)

| *Description* | *Feature* | *BRs* | *Bath* | *#Units* | *Rent* | *SqFt* | *Rent/SF* | *Program* |
|---|---|---|---|---|---|---|---|---|
| **Phase II / Townhouse** | -- | **1** | **1.5** | **17** | **$905** | **810** | **$1.12** | **Market** |
| **Phase I / Townhouse** | -- | **1** | **1** | **18** | **$890** | **810** | **$1.10** | **Market** |
| **Phase I / Townhouse** | -- | **2** | **1** | **45** | **$1,010** | **935** | **$1.08** | **Market** |
| **Phase II / Townhouse** | -- | **2** | **1.5** | **45** | **$1,035** | **935** | **$1.11** | **Market** |
| **Phase II / Townhouse** | -- | **3** | **1.5** | **17** | **$1,100** | **1,055** | **$1.04** | **Market** |
| **Phase I / Townhouse** | -- | **3** | **1.5** | **18** | **$1,130** | **1,055** | **$1.07** | **Market** |

## Historic Vacancy & Eff. Rent (1)

| *Date* | *%Vac* | *1BR $* | *2BR $* | *3BR $* |
|---|---|---|---|---|
| **6/18/18** | **0.0%** | **$897** | **$1,023** | **$1,115** |
| **12/17/17** | **0.0%** | **$877** | **$1,008** | **$1,164** |
| **3/8/17** | **3.1%** | **$863** | **$998** | **$1,100** |
| **12/1/16** | **1.3%** | **$865** | **$995** | **$1,125** |

## Adjustments to Rent

*Incentives:*

**None**

*Utilities in Rent:* *Heat Fuel:* **Electric**

**Heat:** ☐ **Cooking:** ☐ **Wtr/Swr:** ☑
**Hot Water:** ☐ **Electricity:** ☐ **Trash:** ☑

(1) *Effective Rent is Published Rent, net of concessions and assumes that water, sewer and trash is included in rent*
(2) *Published Rent is rent as quoted by management.*

# APPENDIX D

# CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES

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## CERTAIN DEFINITIONS

"Accountant" means a nationally or regionally recognized firm of independent certified public accountants selected by the Company having expertise in the particular businesses in which the Company is engaged and not unacceptable to the Guarantor.

"Act" means Pennsylvania Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended.

"Additional Bonds" means any bonds, other than the Series 2018 Bonds, issued pursuant to Section 2.13 of the Indenture.

"Annual Budget" means the annual budget for operation of the Project Facility prepared by the Company which has been approved by the Board of Directors of the Company.

"Assignment of Project Documents" means the Assignment of Project Documents, dated as of October 1, 2018 from the Company to the Trustee, as amended or supplemented from time to time.

"Authorized Representative" means with respect to the Issuer, its Chairman or Vice Chairman, with respect to the Company, its Chair, President, Chief Executive Officer or Director of Finance, and with respect to both such additional persons as, at the time, are designated to act on behalf of the Issuer or the Company, as the case may be, by written certificate furnished to the Trustee and to the Issuer or the Company, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by its Chairman or Vice Chairman, or (ii) the Company by its Chair, President or Chief Executive Officer.

"Bonds" means the Series 2018 Bonds and any Additional Bonds, authorized to be issued pursuant to the Indenture to finance all or a portion of the Project Costs.

"Bond Counsel" means an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

"Bond Fund" means the fund so designated which is created by Section 4.01 of the Indenture.

"Bondholder" or "Holder" or "Owner" means the registered owner at the time in question of any Bond, as shown on the registration books maintained by the Bond Registrar pursuant to the Indenture.

"Bond Payment Date" means any date on which a Debt Service Payment shall be payable on any of the Bonds according to their terms so long as any of the Bonds shall be Outstanding.

"Bond Registrar" means the Trustee, acting as such, and any successor bond registrar for the Bonds appointed pursuant to the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

"Bond Resolution" means, the resolution adopted by the Issuer on September 12, 2018 authorizing the issuance, execution, sale and delivery of the Series 2018 Bonds and the execution and delivery of Issuer Documents, as such resolutions may be amended or supplemented from time to time.

"Business Day" means a day other than a Saturday, Sunday, legal holiday or other day on which the Trustee is authorized by law or executive order to remain closed.

"Capital Additions" means all property or interests in property, real, personal and mixed (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Project Facility, and (b) the cost of which is properly capitalized under generally accepted accounting principles.

"Capital Reserves" means all necessary reserves for the capital repair, replacement, alteration or improvement of the Project Facility.

"Capitalized Interest Account" means the account of the Project Fund so designated which is created by Section 4.01 of the Indenture.

"Closing Date" means the date of the sale and delivery of the Series 2018 Bonds and the delivery of the Financing Documents.

"Code" means the Internal Revenue Code of 1986, as amended, and the final, temporary and proposed regulations of the United States Department of the Treasury promulgated thereunder. References to Sections of the Code shall be construed also to refer to successor and renumbered sections.

"Company" means Rider Musser Development, LLC, a Pennsylvania limited liability company, of which Messiah College is the sole member, with an office located at 6 Kacey Court, Suite 204, Mechanicsburg, PA 17055, and its successors and assigns.

"Company Documents" means the Loan Agreement, the Mortgage, the Assignment of Project Documents and the Continuing Disclosure Certificate.

"Completion Date" means the date of completion of the acquisition, construction and equipping of the Project Facility, as certified pursuant to the Loan Agreement.

"Condemnation" means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority or other Person acting under Governmental Authority.

"Contingency Account" means the account of the Project Fund so designated which is created by Section 4.01 of the Indenture.

"Contingency Account Deposit" shall mean that portion of the Series 2018 Bonds in an amount equal to $2,200,000.00.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate, dated October 17, 2018, delivered by the Company and the Guarantor, as the same may be amended or supplemented from time to time.

"Debt Service Coverage Ratio" means, with respect to any Fiscal Year, the ratio of aggregate Project Revenues during such Fiscal Year to the Debt Service Payments required to be made pursuant to the Financing Documents during such Fiscal Year.

"Debt Service Payment" means, with respect to any Bond Payment Date, (i) the interest payable on such Bond Payment Date on the Bonds Outstanding, plus (ii) the principal, if any, payable on such Bond Payment Date on the Bonds Outstanding, plus (iii) the premium, if any, payable on such Bond Payment Date on the Bonds Outstanding.

“Defeasance Obligations” shall mean (i) cash; (ii) U.S. Treasury Certificates, Notes and Bonds; (iii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury; (iv) obligations of Resolution Funding Corp. (“REFCORP”) *(provided, however,* that, only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form shall qualify as Defeasance Obligations); (v) pre-refunded municipal bonds rated at least as high as the sovereign rating assigned to the United States of America by Moody’s and S&P; and (vi) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank (Eximbank) Direct Obligations or fully guaranteed certificates of beneficial ownership; (b) Farmers Home Administration (FmHA); (c) Federal Financing Bank; (d) General Services Administration; Participation Certificates; (e) U.S. Maritime Administration; Guaranteed Title XI financing; (f) U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures — U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds — U.S. government guaranteed public housing notes and bonds; (g) Exempt Obligations rated in the highest long-term or short-term rating category by Moody’s or S&P; and (h) corporate bonds rated in one of the highest two rating categories by S&P or Moody’s.

“Depository” or “DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of those events defined as Events of Default by Section 8.01 of the Indenture or, when used with respect to the Loan Agreement, any of those events defined as Events of Default by Section 7.1 of the Loan Agreement.

“Exempt Obligation” means (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Indenture, is rated, without regard to qualification of such rating by symbols such as “+” or “—” and numerical notation, no lower than the second highest rating category for such obligation by at least two nationally recognized statistical rating services; (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of, the payment of the principal of or interest on any of the foregoing; and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all reasonable, out-of-pocket expenses incurred by the Trustee or any Paying Agent under the Indenture other than Ordinary Services and Ordinary Expenses including but not limited to, the services rendered and expenses reasonably incurred by the Trustee with respect to any Event of Default under the Financing Documents, or the happening of an occurrence which, with the passage of time or the giving of a notice, would ripen into an Event of Default.

“Federal Agency Obligation” means (i) an obligation issued by any federal agency or instrumentality; (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency; (iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (iv) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

"Financing Documents" means, collectively, the Bonds, the Indenture, the Loan Agreement, the Mortgage, the Assignment of Project Documents, the Continuing Disclosure Certificate, the Guaranty and any other document or instrument executed in connection therewith to secure the Company's obligation to repay the Series 2018 Bonds or make the debt service payments due under the Loan Agreement, and any other instrument or document supplemental thereto.

"Fiscal Year" means the twelve (12) month period beginning on January 1 in any year or such other fiscal year as the Company may select from time to time.

"Governmental Authority" means the United States, the State, and any other state or any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of these, having jurisdiction over the construction, equipping, ownership, leasing, operation and/or maintenance of the Project Facility.

"Governmental Obligations" means (i) a direct obligation of the United States of America; (ii) an obligation the principal of and interest on which are fully insured or guaranteed by the United States of America; (iii) an obligation to which the full faith and credit of the United States of America are pledged; (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

"Gross Revenues" means all Project Revenues, issues, profits, revenues, income, receipts, moneys and royalties derived from all license, lease or rental arrangements for residential units in the Project Facility, operating revenues and gains from or relating to the Project Facility, determined in accordance with generally accepted accounting principles, including Federal, State or municipal grant or other programs and insurance and Condemnation payments and awards, and also including investment income on all funds and accounts held by the Trustee under the Indenture, and all proceeds thereof and rights to receive the same; provided, however, that there shall be excluded from Gross Revenues security deposits paid by tenants or prospective tenants of the Project Facility which are required under applicable law to be held in an escrow account. For the avoidance of doubt, Gross Revenues does not include revenues derived from the ownership or operation of facilities other than the Project Facility.

"Guarantor" means Messiah College.

"Guaranty" means the Guaranty dated as of October 1, 2018 delivered by the Guarantor to the Trustee in connection with the Series 2018 Bonds. The Guaranty will not secure any series of Additional Bonds.

"Indenture" means the Indenture of Trust, dated as of October 1, 2018, by and between the Issuer and the Trustee pursuant to which the Bonds are authorized to be issued, as may be amended or supplemented by any additional Supplemental Indenture.

"Independent Counsel" means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court in the State.

Insurance Consultant" means an independent firm of insurance agents, brokers or consultants which is appointed by the Company and is not unsatisfactory to the Guarantor, for the purpose of reviewing and recommending insurance coverages for the facilities and operations of the Company, and has a favorable reputation for skill and experience in performing such services in respect of facilities and operations comparable to the Project Facility.

"Interest Payment Date" means each May 1 and November 1 (or the next succeeding Business Day if such first day is not a Business Day), commencing with May 1, 2019.

"Investment Agreement" means an agreement for the investment of moneys with an institution whose rating or whose guarantor's rating is at least A- by S&P or A3 by Moody's at the time the agreement is entered into or a repurchase agreement secured by Government Obligations or Federal Agency Obligations with an institution whose rating or whose guarantor's rating is at least BBB- by S&P or Baa3 by Moody's at the time the repurchase agreement is entered into.

"Issuer" means the Cumberland County Industrial Development Authority.

"Issuer Documents" means the Bonds, the Indenture and the Loan Agreement.

"Lien" means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar encumbrances, including but not limited to, mechanics', materialmen's, warehousemen's and carriers' liens and other similar encumbrances affecting real property. For the purposes this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Loan Agreement" means the Loan Agreement, dated as of October 1, 2018, by and between the Issuer and the Company, as amended or supplemented from time to time.

"Loss Event" means in the event that at any time during the term of the Loan Agreement, the whole or part of the Project Facility shall be damaged or destroyed, or the whole or any part of the Project Facility shall be taken or condemned by a competent authority for any public use or purpose, or by agreement between the Issuer and those authorized to exercise such right, or if the temporary use of the Project Facility or any part thereof shall be so taken by condemnation or agreement.

"Mortgage" means, the Open-End Mortgage, Assignment of Leases, Security Agreement and Fixture Filing effective the date of issuance of the Series 2018 Bonds, from the Company to the Trustee.

"Mortgaged Property" means the Project Facility and all other real property and personal property of the Company which is subject to the Mortgage.

"Net Proceeds" means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys' fees and disbursements and Trustee's fees and disbursements) incurred in obtaining such gross proceeds.

"Office of the Trustee" means the corporate trust officers of the Trustee located at 10161 Centurion Parkway North, Jacksonville, Florida 32256.

"Operating Account" means the account established by the Company pursuant to Section 6.20(d) of the Loan Agreement.

"Operating Expenses" means the aggregate of the following expenses incurred in connection with or arising from the ownership, operation, management, repair, maintenance and use or occupancy of the

Project Facility: (i) license and permit fees, real estate taxes, assessments and payments in lieu thereof, and any other charges of any kind or nature imposed or assessed against the Project Facility by any Governmental Authority; (ii) legal, accounting, engineering and other professional and consulting fees and disbursements; (iii) accounts payable to third-party contractors and vendors providing labor, material, services and equipment to the Project Facility; (iv) premiums for insurance paid with respect to the Project Facility or the operations thereof; (v) costs of capital maintenance, repairs, reserves and replacements of any equipment dedicated to the Project Facility; (vi) service contracts and public utility charges related to the Project Facility; and (vii) costs of credit reports, bank charges and like matters.

"Opinion of Counsel" shall mean a written opinion of counsel who may (except as otherwise expressly provided in the Loan Agreement or any other Financing Document) be counsel for the Company or the Issuer and who shall be acceptable to the Trustee.

"Ordinary Services" and "Ordinary Expenses" means those services normally rendered and those reasonable, out-of-pocket expenses normally incurred by a trustee or paying agent under instruments similar to the Indenture, including reasonable fees and disbursements of counsel to the Trustee.

"Outstanding" or "Bonds Outstanding" or "Outstanding Bonds" means when used with reference to a Bond or Bonds, as of any particular date, all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which there has been separately set aside and held in the Bond Fund either:

(A) moneys and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys, in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article IV of the Indenture,

provided, however, that, in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, such Bonds including Series 2018 Bonds owned by the Company or any affiliate of the Company shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith to a Person may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Company or any affiliate of the Company.

"Paying Agent" means the Trustee, acting as such, and any additional paying agent for the Bonds appointed pursuant to the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

"Permitted Encumbrances" means:

(i) the Indenture and any other Financing Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not in default;

(iii) utility, access and other easements and rights-of-way restrictions and exceptions that an Authorized Representative of the Company certifies to the Issuer and the Trustee will not interfere with or impair the Company's use of the Project Facility as provided in the Loan Agreement;

(iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Project Facility and as do not, either singly or in the aggregate, materially impair the property affected thereby for the purpose for which it is owned by the Company;

(v) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien or right in respect thereof if payment is not yet due and payable, or are insured over, or which are not delinquent, or the amount or validity of which, are being contested and execution thereon is stayed or has been due for less than ninety (90) days;

(vi) any mortgage, lien, security interest or other encumbrance which exists in favor of the Trustee;

(vii) liens on property and equipment as normally exist with respect to facilities similar in character to the Project Facility;

(viii) such other liens and exceptions to title that do not materially impair the value of the Project Facility as approved in writing by the Trustee;

(ix) deposits, endorsements, guaranties, and other encumbrances incurred in the ordinary course of business and which do not secure indebtedness;

(x) liens granted on a parity or subordinate basis with the Liens granted to the Trustee as security for the Bonds to secure indebtedness incurred or permitted pursuant to the Loan Agreement;

(xi) liens to secure indebtedness permitted to be incurred pursuant to the Loan Agreement;

(xii) those Liens on the Project Facility in existence as of the date of the Indenture;

(xiii) the lien granted to the Guarantor on the Company's right, title and interest in and to all funds and investments thereof now or hereafter held by the Trustee under the Indenture; and

(xiv) any exception or encumbrance set forth on Schedule B, Section II of the title insurance policy issued in connection with the issuance of the Series 2018 Bonds.

"Permitted Investments" means any of the following: (i) Government Obligations; (ii) Federal Agency Obligations; (iii) Exempt Obligations; (iv) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Company, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates; and (v) Investment Agreements.

"Person" means firms, associations, limited liability companies, partnerships (including without limitation general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"Project" shall have the meaning ascribed to such term in the recitals to the Indenture.

"Project Account" means the account of the Project Fund so designated which is created by Section 4.01 of the Indenture.

"Project Costs" means

(a) all costs of engineering and architectural services with respect to the Project Facility, including the cost of test borings, surveys, estimates, plans and specifications and for supervising construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(b) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;

(c) capitalized interest on the Bonds;

(d) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction;

(e) all costs of title insurance;

(f) the payment of the issuance costs with respect to the Bonds;

(g) the payment of the fees and expenses of the Issuer and the Trustee during the period of construction of the Project;

(h) all costs which the Company shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Company for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project;

(i) working capital expenses such as development, marketing and management fees and expenses and other start-up operating expenses relating to the Project Facility; and

(j) all other costs and expenses relating to the completion of the Project.

"Project Facility" shall have the meaning ascribed to such term in the recitals to the Indenture.

"Project Fund" means the fund so designated which is created by Section 4.01 of the Indenture.

"Project Revenues" means rental payments and any other charges to be paid by the occupants of the Project Facility.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Property, Plant and Equipment" shall mean all property of the Company that is considered net property, plant and equipment under generally accepted accounting principles.

"Qualified Financial Institution" means any of the following entities that has an equity capital of at least $125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least $125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (A) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (B) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America, or any foreign nation whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized statistical rating service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized statistical rating service no lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized statistical rating service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality; or

(v) a corporation whose obligations, including any investments of any moneys held under the Indenture purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above.

"Rating Agency" means any nationally recognized securities rating agency.

"Record Date" means the Regular Record Date or the Special Record Date, as the case may be.

"Redemption Date" means the date determined by the Trustee, following receipt by the Trustee of notice from the Issuer or the Company, on behalf of the Issuer, pursuant to the Indenture as of the date as of which a redemption shall be effective.

"Redemption Price" means, when used with respect to a Bond, the principal amount thereof plus the applicable redemption premium, if any, payable thereon, plus accrued interest to the Redemption Date.

"Regular Record Date" means, with respect to any Bond Payment Date, the fifteenth (15th) day of the calendar month (whether or not a Business Day) next preceding such Bond Payment Date.

"Renewal Fund" means the fund so designated and created pursuant to Section 4.01 of the Indenture.

"Repair and Replacement Fund" means the fund so designated which is created by Section 4.01 of the Indenture.

"Repair and Replacement Fund Requirement" means $1,500,000.

"Revenue Fund" means the fund so designated which is created by Section 4.01 of the Indenture.

"Series 2018 Bonds" means the Issuer's $57,490,000 original principal amount Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018.

"Short-Term Indebtedness" shall mean all obligations of the Company for the repayment of borrowed money payable upon demand or having a final maturity of less than one year from the date incurred.

"Special Record Date" means a date for the payment of interest on the Bonds after an Event of Default has occurred fixed by the Trustee pursuant to Section 2.03(b) of the Indenture.

"State" means the Commonwealth of Pennsylvania.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture, which may be executed by the Issuer and the Trustee in accordance with Article X of the Indenture.

"Surplus Fund" means the fund so designated which is created by Section 4.01 of the Indenture.

"Trust Estate" means all Property which may from time to time become subject to the Lien of the Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States, as Trustee under the Indenture, and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as such under the Indenture.

"Unassigned Rights" shall mean collectively:

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(iii) the right of the Issuer to enforce, in its own behalf, the obligation of the Company to complete the Project;

(iv) the right of the Issuer, in its own behalf (or on behalf of the appropriate taxing authorities), to enforce, receive amounts payable under or otherwise exercise certain rights under the Loan Agreement, including rights with respect to the payment of fees and indemnification; and

(v) the right of the Issuer, in its own behalf, to declare an Event of Default under Section 7.1 of the Loan Agreement with respect to any of the Unassigned Rights.

"Working Capital Account" means the account of the Project Fund so designated which is created in accordance with the section of the Indenture under the heading "Establishment of Funds and Accounts".

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## SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

*The following description of certain provisions of the Loan Agreement is only a brief outline of some of the provisions thereof and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Loan Agreement for full and complete details of the provisions thereof*

### Completion by Company

The Company unconditionally covenants and agrees that it will complete the Project Facility in a workmanlike manner, using high-grade materials, free of defects in materials or workmanship (including latent defects), as applicable, and in accordance with the Loan Agreement and the Indenture. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project Facility in full, the Company shall pay that portion of such costs of the Project Facility as may be in excess of the moneys therefor in said Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Series 2018 Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Company be entitled to any diminution of the debt service payments payable or other payments to be made under the Loan Agreement.

### Issuance of Series 2018 Bonds

On the Closing Date, or on such other date as the Issuer, the Trustee, and the Company may mutually agree upon, the Trustee shall deposit the proceeds of the Series 2018 Bonds in the Project Fund (i) upon receipt of the Series 2018 Bonds and (ii) subject to the terms and conditions of the Indenture. Additional Bonds may be issued and purchased from time to time, as set forth in the Indenture on a pari passu basis with the Series 2018 Bonds. Each series of Additional Bonds shall be issued only for the purpose provided in the Supplemental Indenture executed in connection therewith.

The Issuer agrees to loan the proceeds of the Series 2018 Bonds to the Company and the Company agrees to pay to the Trustee the principal of and interest on the Series 2018 Bonds and all other amounts due under the Loan Agreement in accordance with the terms of the Loan Agreement, the Indenture and the Series 2018 Bonds.

### Payment Provisions; Pledge of Loan Agreement

For so long as Bonds are Outstanding, the Company covenants to make debt service payments for and in respect of the Series 2018 Bonds pursuant to the Loan Agreement, which the Issuer agrees shall be paid by the Company directly to the Trustee on each Bond Payment Date (to the extent not provided pursuant to the Indenture) for deposit in the Bond Fund in an amount equal to the sum of (i) with respect to interest due and payable on the Series 2018 Bonds, an amount equal to the interest next becoming due and payable on the Series 2018 Bonds on the immediately succeeding Interest Payment Date (less any amount available in the Project Fund for transfer to the Bond Fund), (ii) the principal amount of the Series 2018 Bonds then Outstanding which will become due on the immediately succeeding Interest Payment Date (whether at maturity or by redemption or acceleration as provided in the Indenture), and (iii) the principal of and redemption premium, if any, including sinking fund installments, on the Series 2018 Bonds to be redeemed which will become due on the immediately succeeding redemption date together with accrued interest to the date of redemption. The Company further agrees to pay such additional amounts as set forth in the Indenture with respect to interest on the Series 2018 Bonds in the event of an Event of Default.

Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund, after transfer required to be made therein pursuant to the Indenture, is not sufficient to pay the principal of redemption premium, if any, and interest on the Series 2018 Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Company shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund and such payment shall constitute debt service payments under this summarized section.

In the event the Company should fail to make or cause to be made any of the payments required under the foregoing provisions of this summarized section, the item or installment not so paid shall continue as an obligation of the Company until said amount not so paid shall have been fully paid.

The Company shall have the option to prepay its debt service payment obligations with respect to the Series 2018 Bonds, in whole or in part at the times and in the manner provided in the Loan Agreement as and to the extent provided in the Indenture for redemption of the Series 2018 Bonds.

In addition to the debt service payments required pursuant to paragraphs (a) and (b) of the under the heading "Payment Provisions; Pledge of Loan Agreement", throughout the term of the Loan Agreement, the Company shall pay to the Issuer within ten (10) days of receipt of an invoice setting forth the nature and payee of each such expense and demand for payment therefor, an amount equal to the sum of the reasonable expenses of the Issuer and the members thereof incurred:

(i) by reason of the Issuer's issuance of the Series 2018 Bonds or any Additional Bonds, or

(ii) in connection with the carrying out of the Issuer's duties and obligations under the Financing Documents to which it is a party, the payment of which is not otherwise provided for under the Loan Agreement. The foregoing shall not be deemed to include any annual or continuing administrative or management fee beyond any initial administrative fee or fee for services rendered by the Issuer.

In addition, the Company shall pay, as an additional payment, within fifteen (15) days after receipt of an invoice setting forth the nature and payee of each such expense and demand for payment therefor, the reasonable expenses payable by the Issuer to the Trustee pursuant to and under the Indenture.

Pursuant to the Indenture, the Issuer has pledged and assigned to the Trustee, as security for the Series 2018 Bonds, all of the Issuer's right, title and interest in the Loan Agreement (except for the Unassigned Rights), including all debt service payments under the Loan Agreement, and in furtherance of said pledge the Issuer has unconditionally assigned such debt service payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture. The Company consents to the above-described lien and security interest, and pledge and assignment of the Loan Agreement.

The Company covenants and agrees that it will comply with the provisions of the Indenture with respect to the Company and that the Trustee shall have the power, authority, rights and protections provided in the Indenture. The Company further covenants to use its best efforts to cause there to be obtained for the Issuer any documents or opinions required of the Issuer under the Indenture.

### Obligations of Company Unconditional

The obligations of the Company to pay debt service payments and all other payments provided for in the Loan Agreement and to maintain the Project Facility in accordance with the Loan Agreement constitute a general obligation of the Company and shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Series 2018 Bonds and the obligation of the Company shall arise whether or not the Project Facility has been completed as provided in the Loan Agreement. For so long as Bonds are Outstanding, the Company will not suspend or discontinue any such payment or terminate the Loan

Agreement (other than such termination as is provided for under the Loan Agreement) for any cause whatsoever, and the Company waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Company under the Loan Agreement or the Project Facility or any part thereof except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or reduction in the debt service payments or other payments under the Loan Agreement.

## Maintenance, Alterations and Improvements

During the term of the Loan Agreement, the Company will keep the Project Facility in good and safe operating order and condition, ordinary wear and tear excepted, will occupy, use and operate the Project Facility in the manner for which it was designed and intended and contemplated by the Loan Agreement, and will make all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen). All replacements, renewals and repairs shall be substantially the equivalent in quality, class and value to the original work and be made and installed in compliance with the requirements of all governmental bodies. The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Project Facility, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of the Project Facility, or to furnish any utilities or services for the Project Facility and the Company agrees to assume full responsibility therefor.

The Company shall have the privilege of making such alterations of or additions to the Project Facility or any part thereof from time to time as it, in its discretion, may determine to be desirable for its uses and purposes; *provided,* that (i) such additions or alterations are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements (as defined in the Loan Agreement), and (ii) such additions or alterations are promptly and fully paid for by the Company in accordance with the terms of the applicable contract(s) therefor, and in order that the Project Facility shall at all times be free of any mortgage, lien, charge, encumbrance, security interest or claim other than Permitted Encumbrances. All alterations of and additions to the Project Facility shall constitute a part of the Project Facility, subject to the Loan Agreement and the Indenture and the Company shall deliver or cause to be delivered to the Issuer appropriate documents as may be necessary to subject such property of the Company to the Loan Agreement and the lien and security interest of the Indenture, free and clear of all liens, charges, encumbrances, security interests or claims other than Permitted Encumbrances.

## Taxes, Assessments and Charges

The Company shall pay, when the same shall become due, all taxes and assessments, general and specific, if any, levied and assessed upon or against the Project Facility, any estate or interest of the Company in the Project Facility, or the payments under the Loan Agreement during the term of the Loan Agreement and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Project Facility, all of which are called “Impositions”. The Company may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

None of the foregoing shall prevent the Company from contesting in good faith, the validity, existence or applicability of any of the foregoing if (i) such contest shall not result in the Project Facility or any part thereof or interest therein being in any danger of being sold, forfeited or lost, and (ii) such contest shall not result in the Company, the Issuer or the Trustee being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith.

## Insurance

At all times throughout the term of the Loan Agreement including, without limitation, during any period of construction or renovation of the Project Facility, the Company, in accordance with the Loan Agreement, shall maintain insurance with insurance companies licensed to do business in the State (or authorized in the State under the Federal Liability Risk Retention Act), against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Company.

## Damage, Destruction and Condemnation

In the event that at any time during the term of the Loan Agreement, the whole or part of the Project Facility shall be damaged or destroyed, or the whole or any part of the Project Facility shall be taken or condemned by a competent authority for any public use or purpose, or by agreement between the Issuer and those authorized to exercise such right, or if the temporary use of the Project Facility or any part thereof shall be so taken by condemnation or agreement (a "Loss Event"):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Project Facility,

(ii) there shall be no abatement, postponement or reduction in the debt service payments or other amounts payable by the Company under the Loan Agreement, and

(iii) the Company will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof.

Upon the occurrence of a Loss Event, any Net Proceeds derived therefrom shall be paid to the Company and the Company shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds deposited in the Renewal Fund as provided below and in the section of the Indenture under the heading "Payments into Renewal Fund; Application of Renewal Fund"), promptly and diligently rebuild, replace, repair or restore the Project Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Company shall not, by reason of payment of any such excess costs, be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the debt service payments or other amounts payable by the Company under the Loan Agreement be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under the section of the Loan Agreement under the heading "Options" and under the Indenture, exercise its option to make advance debt service payments to redeem the Series 2018 Bonds in whole or in part; *provided, however,* that, any Net Proceeds derived from a Loss Event affecting the Project Facility shall be paid to the Trustee and deposited in the Renewal Fund and the Company shall elect to comply with either clause (i) or clause (ii) above.

Not later than ninety (90) days after the occurrence of a Loss Event, the Company shall advise the Issuer and the Trustee in writing of the action to be taken by the Company under this summarized section, a failure to so timely notify being deemed an election in favor of clause (i) above to be exercised in accordance with the provisions of clause (i) above.

If the Company shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Project Facility as set forth in subdivision (i) above, to the extent the Net Proceeds have been deposited in the Renewal Fund, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in the section of the Indenture under the heading "Payments into Renewal Fund; Application of Renewal Fund", to pay or reimburse the Company, at the election of the Company, either as such work progresses or upon the completion thereof; *provided, however,* the amounts so disbursed by the Trustee to the Company shall not exceed the actual cost of such work. If, on the other hand, the Company shall, if permitted under the Loan Agreement and the Indenture, exercise its option in subdivision (ii) above, the Trustee shall transfer any Net Proceeds from the Renewal Fund to the Bond Fund to be applied to the redemption of the Series 2018 Bonds in accordance with the Indenture.

All such rebuilding, replacements, repairs or restorations, unless intended to be an additional building or Company Property above and beyond such rebuilding, replacement, repair or restoration as so designated in writing by the Company and financed out of moneys other than any Net Proceeds from such Loss Event, shall

(i) automatically be deemed a part of the Project Facility and be subject to the Loan Agreement,

(ii) be in accordance with plans and specifications and cost estimates approved in writing by the Issuer, which approval shall not be unreasonably withheld,

(iii) not materially change the use of the Project Facility,

(iv) to the extent required by paragraph (b) of the section of the Loan Agreement under the heading "Maintenance, Alterations and Improvements", be preceded by the furnishing by the Company to the Issuer and the Trustee of a labor and materials payment bond, or other security, reasonably satisfactory to the Issuer and the Trustee, and

(v) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Company in accordance with the terms of the applicable contract(s) therefore.

Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund, if any, shall be applied and may be invested as provided in the Indenture.

The Issuer, the Trustee and the Company shall cooperate and consult with each other in all matters pertaining to the settlement, compromising, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromising, arbitration or adjustment of any such claim or demand shall be subject to the approval of the Company and the Trustee (upon the specific written direction of no less than a majority of the Bondholders), such approvals not to be unreasonably withheld.

Notwithstanding the foregoing, if all or substantially all of the Project Facility shall be taken or condemned, or if the taking or condemnation renders the Project Facility unsuitable for use by the Company as contemplated by the Loan Agreement, the Company shall exercise its option to terminate the Loan Agreement pursuant to the section of the Loan Agreement under the heading "Options", and the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Bond Fund, and the Company shall thereupon pay to the Trustee for deposit in the Bond Fund an amount which, when added to any amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Series 2018 Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and to pay the expenses of redemption, the fees and expenses of the Issuer, the Bond Registrar, the Trustee and the Paying Agent, together with all other amounts due under the Indenture and under the Loan

Agreement, and such amount shall be applied, together with such other available moneys in such Bond Fund, if applicable, to such redemption or retirement of the Series 2018 Bonds on said redemption or maturity date.

The Company shall be entitled to any insurance proceeds or condemnation award, compensation or damages attributable to improvements, machinery, equipment or other property installed on or about the Project Facility but which, at the time of such damage or taking, is not part of the Project Facility and is owned by the Company.

### Restrictions on Company

The Company covenants that it will maintain its existence as a Pennsylvania limited liability company, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Company, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that if no Event of Default shall have occurred and be continuing and prior written notice shall have been given to the Issuer and the Trustee, the Company may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or any other organization; provided, however, (a) that the surviving, resulting or transferee corporation, as the case may be, is formed or incorporated under the laws of the State, (b) that the surviving, resulting or transferee entity, as the case may be, assumes in writing all of the obligations of and restrictions on the Company under the Loan Agreement, and furnishes to the Issuer a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such entity shall be in compliance with each of the provisions of the Loan Agreement and shall meet the requirements of the Act and such other certificates and documents as the Issuer and the Trustee may reasonably request. Furthermore, such sale, transfer, consolidation, merger, acquisition or other disposition shall occur only if, after giving effect to such sale, transfer, consolidation, merger, acquisition or other disposition, (x) no Event of Default would exist under the Loan Agreement or under the Indenture, (y) the surviving, resulting or transferee entity will be able to incur at least one dollar ($1.00) of debt, and (z) the unrestricted net assets (calculated in accordance with generally accepted accounting principles) of the surviving, resulting or transferee entity are at least ninety percent (90%) of what the unrestricted net assets of the Company (calculated in accordance with generally accepted accounting principles) would have been in the absence of any such sale, transfer, consolidation, merger, acquisition or other disposition.

### Indemnity

The Company shall at all times protect and hold the Issuer, the Trustee, the Bond Registrar, the Paying Agent and the Bondholders, and any of their respective directors, members, officers, employees, servants or agents or any of such Persons and persons under the control or supervision of any of such Persons (collectively, the “Indemnified Parties”) harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses (collectively, “Claims”) of any kind for losses, damage, injury and liability (collectively, “Liability”) of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing from the date the Issuer adopted the Bond Resolution for the Project, and continuing throughout the term of the Loan Agreement and for the relevant statute of limitations thereafter for any Claim arising during such term (subject to paragraph (e) of the section of the Loan Agreement under the heading “Indemnity”), upon or about the Project Facility or resulting from, arising out of, or in any way connected with:

(i) the financing of the Project and the marketing, issuance, sale and remarketing of the Series 2018 Bonds for such purpose,

(ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, installation or completion of the Project Facility or any part thereof or the effecting of any work done in or about the Project Facility, or any defects (whether latent or patent) in the Project Facility or any of the work done on or about the Project Facility,

(iii) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Project Facility or any portion of any thereof or the payment of any costs in connection with the Project Facility,

(iv) the execution and delivery by the Indemnified Party, the Company or any other Person of, or performance by the Indemnified Party, the Company or any other Person, as the case may be, of, any of their respective obligations under the Loan Agreement, the Indenture or any other Financing Document, or other document or instrument delivered in connection with the Loan Agreement or therewith or the enforcement of any of the terms or provisions of the Loan Agreement or thereof or the transactions contemplated by the Loan Agreement or thereby,

(v) any injury to any Person or the personal property of any Person in or on the premises of the Project Facility other than those caused by such Indemnified Party,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including, but not limited to, failure to comply with the requirements of any applicable zoning resolution,

(vii) any damage or injury to the person or property of (A) the Company, or (B) any other Person or their respective officers, directors, officials, partners, members, employees, attorneys, agents or representatives, or persons under the control or supervision of the Company or (C) any other Person who may be in or about the premises of the Project Facility other than those caused by such Indemnified Party,

(viii) the presence, disposal or release, of any Hazardous Materials (as hereinafter defined) that are on or from the Project Facility, other than those caused by such Indemnified Party; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer or the Trustee (as directed by the Majority Bondholders), which are based upon, or in any way related to, such Hazardous Materials including, without limitation, reasonable attorneys’ and consultants’ fees, investigation and laboratory fees, court costs, and litigation expenses, or

(ix) any Claim commenced against an Indemnified Party, or other action or proceeding taken by an Indemnified Party, in any case with respect to any of the matters set forth in subparagraphs (i) through (viii) of this summarized section,

Such indemnification set forth above shall be binding upon the Company for any and all Claims set forth in the Loan Agreement and shall survive the termination of the Loan Agreement.

Except as provided in paragraph (a) of the section of the Loan Agreement under the heading "Indemnity", the Company releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Company for, any Claims or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in paragraph (a) of the section of the Loan Agreement under the heading "Indemnity", including any Claims or Liability at the direction of the Company or any other obligor under any of the Financing Documents with respect to any of such matters referred to above. An Indemnified Party shall promptly notify the Company in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Company pursuant to this summarized section; and the Company shall promptly assume the defense thereof, including the employment of counsel, the payment of all reasonable expenses and the right to negotiate and consent to settlements. Such notice shall be given in sufficient time to allow the Company to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a default under the Loan Agreement nor in any way impair the obligations of the Company under this summarized section; *except, that,* if (i) the Indemnified Party shall have had knowledge or notice of such claim or action but shall not have timely notified the Company of any such claim or action, (ii) the Company shall not have had knowledge or notice of such claim or action, and (iii) the Company's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the Indemnified Party, then the Company's obligation to so defend and indemnify such Indemnified Party shall be qualified to the extent (and only to the extent) of such material impairment.

In addition to and without limitation of any other representations, warranties and covenants made by the Company under the Loan Agreement, the Company further represents, warrants and covenants that the Company has not used Hazardous Materials on, from, or affecting the Project Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials.

Without limiting the foregoing, the Company shall not cause or permit the Project Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Company cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company or any occupant or user of the Project Facility, a release of Hazardous Materials onto the Project Facility or onto any other property.

The Company shall comply with and shall use its best efforts to ensure compliance by all occupants and users of the Project Facility, with all applicable Legal Requirements, whenever and by whomever triggered, and shall obtain and comply with, and shall use its best efforts to ensure that all occupants and users of the Project Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

The Company shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove or abate, as applicable, all Hazardous Materials, on, from, or affecting the Project Facility in accordance with all applicable Legal Requirements.

For purposes of this summarized section, the term "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other applicable law, ordinance, rule, or regulation.

The indemnifications and protections set forth in this summarized section shall be extended, with respect to each Indemnified Party, to its members, directors, officers, employees, agents and servants and persons under its control or supervision.

Anything to the contrary in the Loan Agreement notwithstanding, the covenants of the Company contained in this summarized section shall be in addition to any and all other obligations and liabilities the Company may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of the Loan Agreement until the latter of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions specified in the Loan Agreement.

## Financial Covenants; No Indebtedness Secured by Project or Gross Revenues

The Company shall cause the Project Facility to maintain at all times while the Bonds remain Outstanding a Debt Service Coverage Ratio of 1.00 to 1.00. At all times while the Bonds remain Outstanding, the Company shall submit to the Trustee the Company's calculation of the Debt Service Coverage Ratio by no later than one hundred twenty (120) days after the end of the Company's Fiscal Year.

So long as any of the Bonds shall remain Outstanding, the Company shall not, nor shall it permit any subsidiary to, directly or indirectly, (i) create, assume, incur or in any manner become or remain liable in respect to, any Indebtedness secured by the Project Facility or the Gross Revenues except Additional Bonds or Short Term Indebtedness incurred with the written consent of the Guarantor; or (ii) create, assume, incur or suffer to exist or allow to be created, assumed or incurred or suffered to exist any Lien upon the Project Facility or the Gross Revenues now owned or hereafter acquired, excepting, however, Permitted Encumbrances; provided, however, that notwithstanding the provisions of this summarized section to the contrary, the Company may, in the ordinary course of its operations, make, modify, terminate and otherwise deal with leases for use of residential units included in the Project Facility, without the consent of the Issuer or the Trustee, in a manner consistent with normal business practices.

## Reporting Requirements; Access to Records

The Company shall furnish or cause to be furnished to the Issuer, the Guarantor, the Trustee and such other persons as the Issuer or the Trustee may request and to the Owners of the Series 2018 Bonds upon any Owner's written request to the Company:

(i) annually, within one hundred twenty (120) days after the end of the Company's Fiscal Year, (A) a copy of the annual audited financial statements of the Company for such Fiscal Year, including therein without limitation, a balance sheet as of the end of such Fiscal Year, a statement of changes in net assets and a statement of activities for such Fiscal Year or such other financial statements then required in accordance with generally accepted accounting principles applicable to the Company, audited by a firm of independent public accountants of recognized standing and not unacceptable to the Trustee or the Guarantor (B) a certificate or other instrument signed by the Company's auditors setting forth the Debt Service Coverage Ratio for such Fiscal Year and detailing the calculation thereof and stating whether an Event of Default, or, to the best of the auditors' knowledge, an event that, with the giving of notice or the passage of time, or both, would constitute such an Event of Default, has occurred and is continuing, and, if such an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof, and (C) if such an Event of Default or such an event has occurred and is continuing, a certificate of an Authorized Representative of the Company setting forth the action that the Company proposes to take with respect thereto;

(ii) quarterly statements shall be provided within forty-five (45) days of the end of the quarter (or, if required by the Trustee, monthly statements upon the occurrence of a default by the Company under the section of the Loan Agreement under the heading "Financial Covenants; No Indebtedness Secured by Project or Gross Revenues" or any other section of the Loan Agreement within thirty (30) days of the end of the month), together with a certificate of an Authorized Representative stating that the Company is not in default of any of its obligations or covenants under the Financing Documents;

(iii) promptly following approval by the Board of Directors of the Company, but at least thirty (30) days prior to the commencement of the Fiscal Year to which it applies, an Annual Budget for each Fiscal Year covering the operation of the Project Facility;

(iv) prompt written notice, but in no event more than thirty (30) days after commencement, of any adverse litigation (A) seeking damages in excess of the applicable insurance coverage, or (B) in which an adverse determination may have a material adverse effect on the combined financial or operating condition of the Company;

(v) prompt written notice of any pending formation, acquisition, merger, consolidation, change in ownership or dissolution of or by the Company and, within ten (10) days after any of the foregoing, become effective;

(vi) such reports with respect to the condition of, and repairs, replacements, renovations, and maintenance, to the Project Facility or the Mortgaged Property as the Issuer, the Guarantor or the Trustee may from time to time reasonably request;

(vii) copies of any detailed audit reports, management letters or recommendations submitted to the Company by independent accountants; and

(viii) such other information respecting the business, Property or the condition or operations, financial or otherwise, of the Company as the Issuer or the Trustee may from time to time reasonably request (other than information the Company or College is required by law to keep confidential).

At any and all reasonable times and from time to time, permit the Issuer and the Trustee, or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account (other than those books and records that by law must be treated as confidential) of, and visit the Property of the Company and to discuss the affairs, finances and accounts of the Company with any of their respective officers.

### Annual Budget

Not less than thirty (30) days prior to the commencement of each Fiscal Year thereafter, the Company shall prepare or cause to be prepared an Annual Budget for such Fiscal Year and shall file a copy of such budget with the Trustee and the Guarantor. The Annual Budget of the Company shall set forth revenues and expenses and capital expenditures by category in reasonable detail and demonstrate compliance with the Debt Service Coverage Ratio covenant for the applicable Fiscal Year. As and when determined necessary or appropriate by the Company, the Annual Budget shall be amended and a copy of each revision shall be promptly filed with the Trustee and the Guarantor.

### Pledge of Gross Revenues; Application of Gross Revenues; Operating Account

As security for the payment of all liabilities and the performance of all obligations of the Company pursuant to the Loan Agreement, the Company does continuously pledge, grant a security interest in and assign to the Trustee, as assignee of the Issuer, the Gross Revenues, together with the Company's right to receive and collect the Gross Revenues and the proceeds of the Gross Revenues.

The Company represents and warrants that no part of the Gross Revenues or any right to receive or collect the same or the proceeds thereof is subject to any Lien or assignment and that the Gross Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Company's performance under the Loan Agreement. The Company covenants that, except in connection with the issuance of Additional Bonds pursuant to the Indenture, it shall not hereafter create or permit the creation of any Lien on or other commitment of or with respect to the Gross Revenues or the Project Facility.

The Company agrees to collect and transfer the Gross Revenues to the Trustee on or prior to the Business Day preceding the last Business Day of each month for deposit to the Revenue Fund for application in accordance with the provisions of the Indenture. The Company shall provide a certificate of an Authorized Representative of the Company and the Annual Budget to the Trustee in accordance with the section of the Indenture under the heading "Revenue Fund" with respect to each transfer of Gross Revenues. The Company agrees that the Gross Revenues shall be used only for the purpose and in the manner provided in the Loan Agreement, or as provided in the Indenture.

The Company shall establish the Operating Account to be held separate and apart from all other accounts of the Company. The Company shall pay Operating Expenses from the Operating Account. The Company shall cause the depository of the Operating Account to enter into a written deposit account control agreement, which shall be satisfactory in form and substance to the Trustee, and pursuant to which the depository shall agree (i) that amounts on deposit therein constitute Pledged Revenues that the depository holds on deposit in the Operating Account for the Trustee for the benefit of the Owners of the Bonds, and (ii) to transfer the Pledged Revenues on deposit therein to the Trustee upon receipt from the Trustee of notice stating that delivery of such Pledged Revenues is required. If invested, moneys in the Operating Account shall be invested in Permitted Investments.

Pledged Revenues shall mean (i) Gross Revenues and all amounts payable by, or on behalf of, the Company pursuant to the Company Documents, including all payments made or to be made under the Loan Agreement (except payments made with respect to the Unassigned Rights), (B) all payments received by the Trustee from or on behalf of the Company, (C) all other amounts pledged to the Trustee by the Issuer or the Company to secure the Bonds or performance of their respective obligations under the Loan Agreement and the Indenture, (D) the Net Proceeds of insurance and Condemnation awards with respect to the Project Facility, (E) the Net Proceeds received by the Trustee with respect to any other collateral granted to the Trustee to secure the Bonds, (F) all moneys and investments held from time to time in each fund and account established under the Indenture, and investment income thereon, except (1) moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of which has been duly given, (2) income derived from the investment of either of the foregoing and (3) as specifically otherwise provided, and (G) all other moneys received or held by the Trustee for the benefit of the Holders of Bonds pursuant to the Indenture.

## Collection of Gross Revenues

In the event that the Issuer notifies the Company that account debtors are to make payments directly to the Issuer or to the Trustee, such payments shall be made directly to the Issuer or the Trustee notwithstanding anything contained in this summarized section, but the Company shall continue to deliver to the Trustee for deposit in accordance with the section of the Indenture under the heading "Payment into Renewal Fund; Application of Renewal Fund" any payments received by the Company with respect to the Gross Revenues.

**Events of Default**

Any one or more of the following events shall constitute an "Event of Default" under the Loan Agreement:

(i) Failure of the Company to pay any debt service payment that has become due and payable by the terms of the section of the Loan Agreement under the heading "Payment Provisions; Pledge of Loan Agreement" which results in a default in the due and punctual payment of the principal of, redemption premium, if any, or interest on any Bond;

(ii) Failure of the Company to pay any amount (except as set forth in paragraphs (i) of this summarized section) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under the Loan Agreement, and continuance of such failure for a period of thirty (30) days after receipt by the Company of written notice from the Issuer, the Trustee, or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, specifying the nature of such default;

(iii) Failure of the Company to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in paragraphs (i) or (ii) of this summarized section) and (A) continuance of such failure for a period of thirty (30) days after receipt by the Company of written notice specifying the nature of such default from the Issuer, the Trustee, or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, and the Company fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue, with reasonable diligence, its efforts to cure the same;

(iv) The Company shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) take any action for the purpose of effecting any of the foregoing, or (vii) be adjudicated a bankrupt or insolvent by any court;

(v) A proceeding or case shall be commenced, without the application or consent of the Company, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Company or of all or any substantial part of its assets, (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing against the Company shall be entered and continue unstayed and in effect, for a period of ninety (90) days or (iv) the Company shall fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Company as used above shall not be construed to prohibit any action otherwise permitted by the section of the Loan Agreement under the heading "Restrictions on Company";

(vi) Any representation or warranty made (i) by or on behalf of the Company in the application and related materials submitted to the Issuer for approval of the Project or its financing, or (ii) by the Company in the Loan Agreement or in any of the other Financing Documents, or (iii) any report, certificate, financial statement or other instrument furnished pursuant to the Loan Agreement or any of the foregoing shall prove to be false, misleading or incorrect in any material respect as of the date made; or

(vii) An "Event of Default" caused by the Company under the Indenture or under any other Financing Document shall occur and be continuing.

**Remedies on Default**

Whenever any Event of Default referred to in the section of the Loan Agreement under the heading "Events of Default" shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of debt service payments payable under the section of the Loan Agreement under the heading "Payment Provisions; Pledge of Loan Agreement" for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; *provided, however,* that, upon the occurrence of an Event of Default under paragraphs (d) or (e) of the section of the Loan Agreement under the heading "Events of Default", all principal installments of debt service payments payable under the section of the Loan Agreement under the heading "Payment Provisions; Pledge of Loan Agreement" for the remainder of the term of the Loan Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer, with the prior written consent of the Trustee, or the Trustee may terminate the Loan Agreement. No such termination of the Loan Agreement shall relieve the Company of its liability and obligations under the Loan Agreement and such liability and obligations shall survive any such termination;

(iii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the debt service payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Company under the Loan Agreement;

(iv) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder; and

(v) The Issuer, without the consent of the Trustee or any Bondholder, may proceed to enforce its Unassigned Rights by bringing an action for damages, injunction or specific performance and the Company appoints the Issuer its true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest) with full power of substitution to file on its behalf all affidavits, questionnaires and other documentation necessary to accomplish such conveyance.

In the event that the Company fails to make any debt service or other payment required in the section of the Loan Agreement under the heading "Payment Provisions; Pledge of Loan Agreement", the installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid.

No action taken pursuant to this summarized section (including termination of the Loan Agreement pursuant to this summarized section or by operation of law or otherwise) shall, except as expressly provided in the Loan Agreement, relieve the Company from its obligations under the Loan Agreement, all of which shall survive any such action.

### Remedies Cumulative

The rights and remedies of the Issuer or the Trustee under the Loan Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under the Loan Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements set forth in the Loan Agreement or to exercise any rights or remedies upon default by the Company under the Loan Agreement shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Company with all of the covenants and conditions of the Loan Agreement, or of the rights to exercise any such rights or remedies, if such default by the Company be continued or repeated, or of the right to recover possession of the Project Facility by reason thereof.

### Options

The Company is granted the option to make advance debt service payments for the deposit in the Bond Fund to effect the retirement of the Bonds in whole or the redemption in whole or in part of the Bonds, all in accordance with the terms of the Indenture; *provided, however,* that, no partial redemption of the Bonds may be effected through advance debt service payments under the Loan Agreement if there shall exist and be continuing an Event of Default. The Company shall exercise its option to make such advance debt service payments by delivering a written notice of an Authorized Representative of the Company to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (i) the amount of the advance debt service payment, (ii) the principal amount of Bonds Outstanding requested to be redeemed with such advance debt service payment (which principal amount shall be in such minimum amount or integral multiple of such amount as shall be permitted in the Indenture), and (iii) the date on which such principal amount of Bonds are to be redeemed. Such advance debt service payment shall be paid to the Trustee in legal tender on or before the Redemption Date and shall be an amount which, when added to the amount on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Bond Registrar, the Trustee and the Paying Agent in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Company shall further pay on or before such redemption date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent, as the case may be, all fees and expenses owed such party or any other party entitled thereto under the Loan Agreement or the Indenture together with all other amounts due and payable under the Loan Agreement and the other Financing Documents.

The Company shall have the option to terminate the Loan Agreement on any date during the term of the Loan Agreement by causing the redemption, purchase or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

As a condition precedent to the termination of the Loan Agreement, the Company shall pay to the Trustee, in consideration thereof, in legal tender, advance debt service payments, for deposit in the Bond Fund (if payment in full of the principal or the Redemption Price of, and interest on, all the Outstanding Bonds, and the interest thereon at maturity or upon earlier redemption has not yet been made) equal to the sum of the following:

(i) an amount which, when added to the amount on deposit in the Bond Fund and available therefor, will be sufficient to redeem, purchase or defease the Outstanding Bonds in accordance with the provisions of the Indenture including, without limitation, the principal of or the Redemption Price (as the case may be) of, together with interest to maturity or redemption date (as the case may be) on, the Outstanding Bonds; and

(ii) expenses of redemption, the fees and expenses of the Issuer and the Trustee and all other amounts due and payable under the Loan Agreement or the Indenture on or before such date.

The Company shall not, at any time, assign or transfer its option to terminate the Loan Agreement as contained in this summarized section separate and apart from a permitted assignment of the Loan Agreement pursuant to the section of the Loan Agreement under the heading "Assignment" without the prior written consent of the Issuer and the Trustee.

### Termination of Loan Agreement

After full payment of the Series 2018 Bonds or provision for the payment in full thereof having been made in accordance with the section of the Indenture under the heading "Discharge of Lien" and the payment of the fees and expenses of the Issuer, the Paying Agent, the Bond Registrar and the Trustee and all other amounts due and payable under the Loan Agreement or the Indenture, the Loan Agreement shall terminate, subject, however, to the survival of the obligations of the Company under the sections of the Loan Agreement under the headings "Indemnity" and "Compensation and Expenses of Trustee, Bond Registrar, Paying Agent and Issuer".

### Assignment

The Company may not at any time, except as otherwise permitted pursuant to the section of the Loan Agreement under the heading "Restrictions on Company", assign or transfer the Loan Agreement, without the prior written consent of the Issuer and the Trustee (which consents shall not be unreasonably withheld, and which consent of the Trustee may be conditioned upon direction of the Bondholders); provided, however, that, (1) the Company shall nevertheless remain liable to the Issuer for the payment of all debt service payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of any other Financing Document to which it shall be a party, (2) any assignee or transferee of the Company in whole of the Project Facility shall have assumed in writing and have agreed to keep and perform all of the terms of the Loan Agreement on the part of the Company to be kept and performed, shall be jointly and severally liable with the Company for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State, (3) in the Opinion of Counsel addressed to the Issuer and Trustee, such assignment or transfer shall not legally impair in any respect the obligations of the Company for the payment of all debt service payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement or of any other Financing Document to which the Company shall be a party, nor impair or limit in any respect the obligations of any obligor under any other Financing Document, (4) any assignee or transferee shall utilize the Project Facility in compliance with the Act, (5) such assignment or transfer shall not violate any provision of the Loan Agreement, the Indenture or any other Financing Document, (6) such assignment or transfer shall in no way diminish or impair the Company's obligation to carry the insurance required under the section of the Loan Agreement under the heading "Insurance" and the Company shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be limited by reason of such assignment or transfer and (7) each such assignment or transfer contains such other provisions as the Issuer or the Trustee may reasonably require. The Company shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

Any consent by the Issuer or the Trustee to any act of assignment or transfer shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Company, or the successors or assigns of the Company, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment or transfer, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Company.

### Amendments

The Loan Agreement may be amended only with the concurring written consent of the Trustee and the Guarantor given in accordance with the provisions of the Indenture.

### Inspection of Facility

The Company will permit the Trustee, or its duly authorized agents, at all reasonable times during normal business hours upon written notice to enter upon the Project Facility and to examine and inspect the Project Facility and exercise their rights under the Loan Agreement, under the Indenture and under the other Financing Documents with respect to the Project Facility.

## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

*The following description of certain provisions of the Indenture is only a brief outline of some of the provisions thereof and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Indenture for full and complete details of the provisions thereof.*

### Delivery of Series 2018 Bonds

(a) Upon the execution and delivery of the Indenture, the Issuer shall execute and deliver the Series 2018 Bonds to the Trustee and the Trustee shall authenticate the Series 2018 Bonds and deliver them upon receipt of the proceeds of the Series 2018 Bonds in accordance with the directions of the Issuer and the provisions of this summarized section.

(b) Prior to or simultaneously with the delivery by the Trustee of the Series 2018 Bonds there shall be filed with the Trustee the following:

(i) original executed counterparts of the Financing Documents;

(ii) a copy, duly certified by the Issuer, of the Bond Resolution authorizing the execution and delivery of the Financing Documents and the issuance, execution and delivery of the Series 2018 Bonds;

(iii) an Opinion of Counsel to the effect that the Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements enforceable against the Issuer; and an Opinion of Counsel to the effect that the Loan Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement enforceable against the Company; and

(iv) such other documents as the Trustee, its counsel or Bond Counsel may reasonably require.

### Additional Bonds

(a) The Issuer may issue Additional Bonds under the Indenture from time to time on a pan passu basis with the Series 2018 Bonds issued under the Indenture for any of the purposes listed below:

(1) To pay the cost of completing the Project Facility or completing an addition thereto based on the original general design and scope of the Project Facility or such addition thereto set forth in the original plans and specifications therefor, with such changes as may have become necessary to carry out such original design, or to reimburse expenditures of the Company for any such costs;

(2) To pay the cost of Capital Additions or to reimburse expenditures of the Company for any such cost;

(3) To pay the cost of refunding through redemption of any Outstanding Bonds issued under the Indenture and subject to such redemption; or

(4) To pay the cost of any additional project approved by the Issuer.

(b) In any such event the Trustee shall, at the written request of the Issuer, authenticate the Additional Bonds and deliver them as specified in the request, but only upon receipt of:

(1) (A) a Supplemental Indenture setting forth the terms of the Additional Bonds and, for Additional Bonds described in clauses (2) and (4) of paragraph (a) immediately above, describing the Capital Additions to become part of the Project Facility; and (B) a supplement to the Loan Agreement providing for additional Debt Service Payments to be made by the Company sufficient to cover the debt service due on the Additional Bonds;

(2) for Additional Bonds described in clauses (1), (2) or (4) of paragraph (a) immediately above, a certificate signed by an Authorized Representative of the Company stating that the proceeds of the Additional Bonds plus other amounts, if any, available to the Company for the purpose will be sufficient to pay the cost thereof; and (ii) payments and additional payments, if any, scheduled to be paid by the Company under the Loan Agreement will be adequate to satisfy all of the Debt Service Payments required to be made on the Bonds to remain Outstanding during the remaining life thereof; provided, however, such Additional Bonds shall not be issued to cure any deficiencies existing on the date of such certification in any funds required to be maintained under the Indenture;

(3) for Additional Bonds described in clause (1) of paragraph (a) immediately above, (i) a certificate signed by an Authorized Representative of the Company stating (A) the estimated cost of completion of the Project Facility or the addition thereto and (B) that all approvals required for completion of the Project Facility or addition thereto have been obtained, other than building permits for any portions of the Project Facility or such addition thereto which, based on consultations with the Company and contractor or other construction manager, will be obtained in due course so as not to interrupt or delay construction of the Project Facility or such addition thereto and other than licenses or permits required for occupancy or operation of the Project Facility or such addition thereto upon its completion;

(4) for Additional Bonds described in clause (3) of paragraph (a) immediately above, (A) a certificate signed by an Authorized Representative of the Company that notice of redemption of the Bonds to be refunded has been given or that provisions have been made therefor, and (B) a certificate of an Accountant stating that the proceeds of the Additional Bonds plus the other amounts, if any, stated to be available for the purpose, will be sufficient to accomplish the purpose of the refunding and to pay the cost of refunding, which shall be itemized in reasonable detail;

(5) for any Additional Bonds, a certified resolution of the Issuer (A) stating the purpose of the issue, (B) establishing the series of Additional Bonds to be issued and providing the terms and form of Additional Bonds thereof (C) authorizing the execution and delivery of the Additional Bonds to be issued and (D) authorizing redemption of any previously issued Bonds which are to be refunded;

(6) for any Additional Bonds, a certificate signed by an Authorized Representative of the Company stating (A) that no Event of Default under the Indenture or under the Loan Agreement has occurred and is continuing (except, in the case of Additional Bonds described in clause (1) of paragraph (a) immediately above, for an Event of Default, if any, resulting from non-completion of the Project Facility or an addition thereto) and (B) that the proceeds of the Additional Bonds plus other amounts, if any, stated to be available for that purpose will be sufficient to pay the costs for which the Additional Bonds are being issued, which shall be itemized in reasonable detail;

(7) for any Additional Bonds, a certified resolution of the Board of Directors of the Company (A) approving the issuance of the Additional Bonds and the terms thereof, (B) authorizing the execution of any required amendments or supplements to the Indenture and the Loan Agreement, and (C) for Additional Bonds described in clause (3) of paragraph (a) immediately above, authorizing redemption of the Bonds to be refunded;

(8) for any Additional Bonds, an opinion or opinions of Bond Counsel to the effect that (A) the purpose of the Additional Bonds is one for which Additional Bonds may be issued under this summarized section, (B) all conditions prescribed in the Indenture as precedent to the issuance of the Additional Bonds have been fulfilled, (C) the Additional Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the Issuer will be valid, legally binding, special obligations of the Issuer, and are entitled to the benefit and security of the Indenture and (D) all consents of any regulatory bodies required as a condition to the valid issuance of the Additional Bonds have been obtained; and

(9) for Additional Bonds described in clauses (1), (2) or (4) of paragraph (a) immediately above, an opinion of Independent Counsel to the Company with respect to such matters as may be reasonably required by the Issuer.

### Establishment of Funds and Accounts

The Indenture creates the following trust funds and accounts established with the Trustee and shall be held, maintained and administered by the Trustee on behalf of the Issuer in accordance with the Indenture:

(a) Cumberland County Industrial Development Authority Project Fund (Rider Musser Development, LLC Project), Series 2018 (the "Project Fund"), within which there shall be a Project Account, a Contingency Account, a Capitalized Interest Account and a Working Capital Account;

(b) Cumberland County Industrial Development Authority Bond Fund (Rider Musser Development, LLC Project), Series 2018 (the "Bond Fund");

(c) Cumberland County Industrial Development Authority Renewal Fund (Rider Musser Development, LLC Project), Series 2018 (the "Renewal Fund");

(d) Cumberland County Industrial Development Authority Revenue Fund (Rider Musser Development, LLC Project), Series 2018 (the "Revenue Fund");

(e) Cumberland County Industrial Development Authority Repair and Replacement Fund (Rider Musser Development, LLC Project), Series 2018 (the "Repair and Replacement Fund"); and

(f) Cumberland County Industrial Development Authority Surplus Fund (Rider Musser Development, LLC Project), Series 2018 (the "Surplus Fund").

### Moneys to be Held in Trust

(a) All moneys deposited with, paid to or received by the Trustee for the account of the Issuer shall be held by the Trustee in trust and shall be subject to the Lien of the Indenture and held for the security of the Holders until paid in full, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; provided, however, that moneys which have been deposited with, paid to, or received by the Trustee (i) for the redemption of a portion of the Bonds, notice of the redemption of which has been given or (ii) for the payment of Bonds or interest thereon due and payable otherwise than by acceleration, notice of the acceleration of which has been given by declaration, shall be held in trust for and subject to a Lien in favor of only the Holders of such Bonds so called for redemption or so due and payable.

(b) The Trustee shall deposit moneys into the funds and accounts as follows:

(i) Revenue Fund. The Trustee shall deposit into the Revenue Fund:

A. the Gross Revenues (other than Net Proceeds of any insurance settlement or Condemnation award, which shall be deposited in the Renewal Fund, and the proceeds of any Federal, State or municipal grant, which shall be deposited in the Project Account of the Project Fund) immediately upon receipt;

B. investment earnings on the Revenue Fund; and

C. all amounts which are required by other provisions of the Indenture to be transferred to the Revenue Fund.

(ii) Bond Fund. The Trustee shall deposit into the Bond Fund all moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or of the Loan Agreement which are required to be or which are certified to the Trustee in writing by an Authorized Representative of the Company accompanied by directions that such moneys are to be paid into the Bond Fund;

(iii) Repair and Replacement Fund. In accordance with the priority of payments set forth in the Indenture, the Trustee shall transfer in monthly installments amount necessary to fully fund the Repair and Replacement Fund at the Repair and Replacement Fund Requirement and, and following any withdrawals from the Repair and Replacement Fund, to restore the balance therein to the Repair and Replacement Fund Requirement.

(iv) Surplus Fund. In accordance with the priority of payments set forth in the section of the Indenture under the heading “Revenue Fund”, the Trustee shall transfer all remaining amounts from the Revenue Fund into the Surplus Fund.

(v) Renewal Fund. The Net Proceeds of any insurance settlement or Condemnation award received by the Trustee shall, upon receipt thereof, be deposited in the Renewal Fund.

**Use of the Moneys in the Project Fund**

(a) Moneys in the Project Fund shall be applied and expended by the Trustee in accordance with the provisions of the Loan Agreement and particularly the section under the heading “Application of Moneys in the Project Fund” and the section of the Indenture under the heading “Use of Moneys in the Project Fund”; provided, however, that, (i) the Trustee is hereby authorized to disburse amounts from the Project Account of the Project Fund for the payment of costs incurred in connection with the issuance of the Bonds in accordance with the closing statement delivered by the Issuer and the Company on the Closing Date, (ii) during the time prior to the applicable Completion Date, the Trustee is authorized to disburse from the Capitalized Interest Account of the Project Fund on the Business Day prior to an Interest Payment Date for the Bonds, for deposit into the Bond Fund, such amount, together with amounts already available as is sufficient to pay the interest on the Bonds coming due on such Interest Payment Date (or, if insufficient funds are then on deposit, the balance of such Capitalized Interest Account); and, (iii) that if the amounts on deposit in the Capitalized Interest Account shall not be sufficient to pay interest on the Bonds on an Interest Payment Date prior to the Completion Date, the Trustee is authorized under the Indenture to disburse from the Contingency Account of the Project Fund on the Business Day prior to an Interest Payment Date for the Bonds, for deposit into the Bond Fund such amount, together with amounts already available as is sufficient to pay the interest on the Bonds coming due on such Interest Payment Date (or, if insufficient funds are then on deposit, the balance of such Contingency Account).

(b) The Trustee is authorized to disburse from the Project Fund the amount required for the payment of Project Costs and is directed to issue its checks (or, at the direction of the Company, make wire transfers) for each disbursement from the Project Fund, upon receipt of a requisition (in substantially the form attached to the Indenture as Exhibit B) submitted to the Trustee and signed by an Authorized Representative of the Company. The Trustee shall be entitled to rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

(c) The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom. Until the Project Fund has been fully expended, the Trustee shall furnish the Issuer and the Company with monthly statements showing all receipts and disbursements from the Project Fund since the date of the last statement.

(d) The completion of the acquisition, construction and equipping of the Project Facility and payment or provision for payment of items included within the Project Costs shall be evidenced by the filing with the Trustee of the certificate required by the section of the Loan Agreement under the heading "Completion by the Company". As soon as practicable and in any event not more than sixty (60) days from the date of the certificate referred to in the preceding sentence, any balance remaining in the Project Fund, except for amounts the Company shall have directed the Trustee to retain for any item included within the Project Costs not then due and payable, shall without further authorization be transferred to the Bond Fund and thereafter be used to pay maturing principal payments, including mandatory sinking fund payments on the Bonds in accordance with paragraph (b) of the section of the Indenture under the heading "Redemption Dates and Prices", in order of maturity.

(e) If an Event of Default under the Indenture shall have occurred and the Outstanding principal amount of the Bonds shall have been declared due and payable pursuant to the Indenture, the entire balance remaining in the Project Fund shall be transferred to the Bond Fund.

### Payments into the Bond Fund; Use of Moneys in the Bond Fund

There shall be deposited by the Trustee into the Bond Fund when and as received the following: (i) accrued interest, if any, as provided in the Indenture (ii) prior to the Completion Date, amounts transferred from the Capitalized Interest Account pursuant to the Indenture, (iii) amounts transferred from the Revenue Fund pursuant to the Indenture and any and all payments received by the Trustee under paragraph (a) of the section of the Loan Agreement under the heading "Payment Provisions; Pledge of Loan Agreement", (iv) amounts in the Project Fund, the Revenue Fund, the Surplus Fund, the Repair and Replacement Fund and the Renewal Fund to the extent specified in the Indenture, (v) the amount of net income or gain received from the investments of moneys in the Bond Fund, (vi) amounts received pursuant to a draw on the Guaranty, and (vii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Loan Agreement or the Indenture which by the terms of the Indenture or the Loan Agreement are required to be or which are accompanied by written directions that such moneys are to be paid into the Bond Fund. Notwithstanding anything to the contrary contained in the Indenture, if on any Bond Payment Date or Redemption Date, there is not enough money in the Bond Fund to make all the required payments, the Trustee shall transfer sufficient money for such purpose first from the available amounts in the Surplus

Fund, second from the Revenue Fund, third from draws on the Guaranty, fourth, from the Repair and Replacement Fund, fifth from the Renewal Fund and sixth from the Project Fund.

So long as there remain any Bonds Outstanding, moneys in the Bond Fund shall be used solely for the payment, when due, of Debt Service Payments on the Bonds or for the redemption of the Bonds as provided in the Indenture.

**Payments into Renewal Fund; Application of Renewal Fund**

(a) The Net Proceeds resulting from any casualty or hazard insurance proceeds or Condemnation award with respect to the Project Facility deposited or delivered to the Trustee pursuant to the Loan Agreement shall be deposited in the Renewal Fund. The amounts in the Renewal Fund shall be subject to a security interest, lien and charge in favor of the Trustee until disbursed as provided in this summarized section.

(b) In the event the Bonds shall be subject to redemption in whole or in part pursuant to the terms set forth in the Bonds or the Indenture, and the Company shall have so directed the Trustee in writing within ninety (90) days of the occurrence of such Loss Event, the Trustee shall transfer the amounts deposited in the Renewal Fund to the Bond Fund for the redemption of such Bonds.

If, on the other hand,

(i) such Bonds shall not be subject to optional redemption (whether by reason of such event or otherwise), or

(ii) such Bonds shall be subject to optional redemption (whether by reason of such event or otherwise) and the Company shall have failed to direct the Trustee, within ninety (90) days of the occurrence of a Loss Event, to transfer the amounts deposited in the Renewal Fund to the Bond Fund for redemption of such Bonds, or

(iii) the Company shall have notified the Trustee pursuant to the Loan Agreement of its intent to rebuild, replace, repair and restore the Project Facility in writing,

the Trustee shall, in accordance with paragraph (c) immediately below, from time to time disburse the amounts on deposit in the Renewal Fund to the Company to pay costs of such rebuilding, replacement, repair and restoration.

(c) The Trustee is authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Company or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Project Facility upon written instructions from an Authorized Representative of the Company. The Trustee is further authorized and directed to disburse funds from the Renewal Fund upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Company. Such requisition shall (i) state the requisition number, (ii) specify the nature of each item and certify the same to be correct and proper under this summarized section and the Loan Agreement, as the case may be, and that such item has been properly paid or incurred as a Project Cost, (iii) certify that none of the items for which the requisition is made has formed the basis for any disbursement theretofore made from such Renewal Fund, (iv) certify that the payee and amount stated with respect to each item in the requisition are correct and that such item is due and owing, (v) specify the name and address of the Person to whom payment is due or has been made, (vi) certify that no Event of Default shall exist and be continuing under the Indenture or the Loan Agreement or any other Financing Document, nor any condition, event or act which, with notice or lapse of time or both would constitute such an Event of Default, (vii) certify that such Authorized Representative of the Company has no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment as requisitioned is made and which will not be discharged by such payment, and (viii) if the payment is a reimbursement to the Company for costs or expenses of the Company incurred by reason of work performed or supervised by officers, partners or employees of the Company or any affiliate of the Company, certify that such officers, partners or employees were specifically employed for such purpose and that the amount to be paid does not exceed the actual cost thereof to the Company. The Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Company upon reasonable written request therefor.

(d) The date of completion of the restoration of the Project Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Company stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or will be paid with the final advance, (iii) that the Project Facility has been restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all Property included as part of the Project Facility is subject to the Loan Agreement, and (v) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (A) that it is given without prejudice to any rights of the Company against third parties that exist at the date of such certificate or which may subsequently come into being, (B) that it is given only for the purposes of this summarized section and the Loan Agreement, and (C) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (1) a certificate of occupancy, if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Project Facility for the purposes contemplated by the Loan Agreement; and (2) an Opinion of Counsel addressed to the Issuer and the Trustee to the effect that the Project Facility as restored is adequately described for such purposes in the Loan Agreement and the Indenture.

(e) All earnings on amounts on deposit in the Renewal Fund shall be retained in such Renewal Fund and shall be disbursed in accordance with the provisions of this summarized section.

(f) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Project Facility shall be transferred by the Trustee to the Bond Fund for redemption of Bonds, the proceeds of which were used to acquire, construct and equip the Project Facility or any Capital Addition thereto.

**Revenue Fund**

Except as otherwise provided in the Indenture, moneys in the Revenue Fund will be used as provided in this summarized section. The Issuer authorizes and directs the Trustee to withdraw funds from the Revenue Fund on the last Business Day of each month, commencing with the first month during which the Trustee receives Gross Revenues from the Company pursuant to paragraph (c) under the heading "Pledge of Gross Revenues; Application of Gross Revenues; Operating Account" of the Loan Agreement, to effectuate all the transfers of funds contemplated by this summarized section in the following order of priority:

FIRST, beginning on the earlier of the Completion Date or the date on which all amounts on deposit in the Capitalized Interest Account have been expended, there shall be transferred to the Bond Fund an amount sufficient to accumulate, in equal monthly installments, an amount equal to the next succeeding

Debt Service Payment attributable to principal and interest in accordance with the section of the Indenture under the heading “Use of Moneys in the Bond Fund”;

SECOND, there shall be transferred to the Company for deposit to the Operating Account the amount of the next month’s Operating Expenses, as set forth in the current Annual Budget (as stated in a certificate signed by an Authorized Representative of the Company);

THIRD, there shall be transferred to the Guarantor the amount of any draw under the Guaranty that has not been reimbursed by the Company (as certified in writing by the Guarantor);

FOURTH, there shall be transferred to the Repair and Replacement Fund beginning in November 2023 and continuing until the date upon which the Repair and Replacement Fund is funded at the Repair and Replacement Fund Requirement, an amount equal to $12,560 per month, and thereafter following any withdrawal from the Repair and Replacement fund, an amount necessary to fully fund the Repair and Replacement Fund at the Repair and Replacement Fund Requirement; and

FIFTH, all remaining amounts on deposit in the Revenue Fund shall be transferred to the Surplus Fund to be used in accordance with the section of the Indenture under the heading “Surplus Fund”.

### Repair and Replacement Fund

Moneys in the Repair and Replacement Fund may be used (i) for the purpose of constructing or acquiring replacements of real or personal property that have become worn out, unusable or otherwise obsolete; (ii) for the purpose of making Capital Additions to the Project Facility; (iii) for the purpose of making renewals, betterments or other expenditures required to maintain the Project Facility; (iv) for the purpose of reimbursing the Company for amounts theretofore expended by the Company for the foregoing purposes, in each case under the foregoing clauses (i) through (iii) upon presentation to the Trustee of a requisition in a form substantially similar to the form attached as Exhibit B to the Indenture, or (v) for the payment of Debt Service Payments when the moneys in the Bond Fund, the Surplus Fund and the Revenue Fund are insufficient therefor.

### Surplus Fund

Moneys in the Surplus Fund shall be used in amounts as set forth in a certificate of an Authorized Representative of the Company, in the following order of priority:

FIRST, amounts on deposit in the Surplus Fund shall be used to make up any deficiency in the Bond Fund;

SECOND, there shall be transferred to the Guarantor the amount of any draw under the Guaranty that has not been reimbursed by the Company (as certified in writing by the Guarantor);

THIRD, amounts on deposit in the Surplus Fund shall be transferred to the Repair and Replacement Fund to replenish any withdrawal from the Repair and Replacement Fund or make up any deficiency therein and used for the purposes set forth in accordance with the section of the Indenture under the heading “Repair and Replacement Fund”.

FOURTH, amounts on deposit in the Surplus Fund shall, with the written consent of the Guarantor, be transferred to the Company for deposit to the Operating Account to be used to pay Operating Expenses; and;

FIFTH, amounts on deposit in the Surplus Fund in excess of $10,000 may be withdrawn and used by the Company for any lawful purpose annually upon receipt by the Trustee of the annual audited financial statements of the Company, a written direction of the Company regarding the amount to be transferred and a certificate of the Company required by Section 6.5 of the Loan Agreement provided that (i) no Event of Default has occurred and is continuing and (ii) the Company has certified that the Debt Service Coverage Ratio required by Section 6.4(a) of the Loan Agreement has been met and will be maintained after such release.

**Investment of Moneys**

(a) Moneys held in any fund established pursuant to the Indenture (other than the Bond Fund) shall be invested and reinvested by the Trustee in Permitted Investments, pursuant to written direction by an Authorized Representative of the Company. Moneys held in the Bond Fund shall be invested and reinvested, pursuant to written direction by an Authorized Representative of the Company, only in Governmental Obligations maturing as needed to pay principal of and interest on the Bonds when due. The Trustee may conclusively rely upon the Company's written instructions as to both the suitability and legality of the Permitted Investments. In the absence of written investment instructions from the Company, the Trustee shall hold the moneys held by it hereunder uninvested. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the Trustee on or prior to the date on which the amounts invested therein will be needed for the purposes of such funds. The Trustee may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in such funds is insufficient for the purposes thereof. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund for which such moneys are invested, and the interest accruing thereon and any profit realized from such investments shall be credited to and held in (i) with respect to the Revenue Fund, the Project Fund, the Bond Fund or the Renewal Fund, to such fund, and (ii) with respect to the Repair and Replacement Fund, the Surplus Fund and any other special fund held with respect to the Bonds, to the Revenue Fund. All investments under the Indenture shall be registered in the name of the Trustee, as Trustee under the Indenture.

(b) Although the Company recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Company 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 and that no statement need be rendered for a fund or account if no activity occurred in such fund or account during such month.

(c) The Trustee may make any investment permitted by this summarized section through its own investment department. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to this summarized section or for any loss arising from any such investment.

**Payment to Company Upon Payment of Bonds**

Except as otherwise specifically provided in the Indenture, after payment in full of (1) the principal of, premium, if any, and interest on all the Bonds (or after provision for the payment thereof has been made in accordance with the Indenture), (2) the fees, charges and expenses of the Trustee and Paying Agent, (3) all other amounts required to be paid under the Indenture and the Loan Agreement, and (4) any amount owed to the Guarantor as reimbursement for a draw under the Guaranty (as certified in writing by the Guarantor), all amounts remaining in any fund established pursuant to the Indenture or otherwise held by the Trustee and by any additional Paying Agent for the account of the Issuer or the Company under the Indenture and under the Loan Agreement shall be paid to the Company.

### Payments Due on Other Than Business Days

In any case where a Bond Payment Date shall not be a Business Day, then payment of the principal of, premium, if any, and interest on the Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date due and no interest shall accrue for the period after such date.

### Priority Rights of Trustee

The rights and privileges of the Company set forth in the Loan Agreement are specifically made subject and subordinate to the rights and privileges under the Financing Documents of the Trustee and the Holders of the Bonds.

### Defeasance of Bonds

(a) Any Outstanding Bond shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, paragraph (a) of the section of the Indenture under the heading "Discharge of Lien" if (i) there shall have been irrevocably deposited with the Trustee sufficient Defeasance Obligations, in accordance with paragraph (b) of this summarized section which will, without further investment, be sufficient, together with other amounts held for such payment, to pay the principal of the Bonds when due or to redeem the Bonds at the Redemption Price, if any, specified in the section of the Indenture under the heading "Redemption Dates and Prices", (ii) in the event such Bonds are to be redeemed prior to maturity in accordance with the Indenture, all action required by the provisions of the Indenture to redeem the Bonds shall have been taken or provided for to the satisfaction of the Trustee, and notice thereof in accordance with the section of the Indenture under the heading "Notice of Redemption" shall have been duly given or provisions satisfactory to the Trustee shall have been made for the giving of such notice, (iii) provision shall have been made for the payment of all fees and expenses of the Trustee and of any additional Paying Agents with respect to the Bonds, (iv) the Issuer shall have been reimbursed for all of its expenses under the Financing Documents, (v) all other payments required to be made under the Loan Agreement and the Indenture with respect to the Bonds shall have been made or provided for and (vi) all amounts owed to the Guarantor have been paid (as certified in writing by the Guarantor). At such time as a Bond shall be deemed to be paid under the Indenture, as aforesaid, such Bond shall no longer be secured by or entitled to the benefit of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations.

(b) For the purposes of clause (i) of paragraph (a) of this summarized section the Trustee shall be deemed to hold sufficient moneys to pay the principal of an Outstanding Bond not then due or to redeem Outstanding Bonds prior to the maturity thereof only if there shall be on deposit with the Trustee for such purpose Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than (i) the maturity date of such Bonds, or (ii) the first date following the date on which such Bonds are to be redeemed pursuant to the Indenture (whichever may first occur), or both cash and such Defeasance Obligations, in an amount which, together with income to be earned on such Defeasance Obligations (without reinvestment) prior to such maturity date or Redemption Date, equals the principal due on such Bond, together with the premium, if any, due thereon and all interest thereon which has accrued and which will accrue to such maturity date or Redemption Date. The Trustee may, at the expense of the Company, obtain a certificate from an Accountant as to whether the cash or Defeasance Obligations held by the Trustee meet the requirements of this paragraph (b).

(c) Upon the defeasance of all Outstanding Bonds in accordance with this summarized section, the Trustee shall hold in trust, for the benefit of the Holders of such Bonds, all such moneys and/or Defeasance Obligations and shall make no other or different investment of such moneys and/or Defeasance

Obligations and shall apply the proceeds thereof and the income therefrom only to the payment of such Bonds.

**Events of Default**

The following shall be "Events of Default" under the Indenture, and the terms "Event of Default" or "Default" shall mean, when they are used in the Indenture, any one or more of the following events:

(a) A default in the due and punctual payment of the interest on any Bond, irrespective of notice; or

(b) A default in the due and punctual payment of the principal or Redemption Price of any Bond whether at the stated maturity thereof, upon proceedings for redemption thereof, or upon the maturity thereof by declaration or otherwise; or

(c) (i) Subject to clause (ii) below, the failure by the Issuer to observe and perform any covenant, condition or agreement under the Indenture on its part to be observed or performed (except obligations referred to in paragraphs (a) and (b) immediately above) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer and the Company by the Trustee or by the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of Outstanding Bonds;

(ii) If the covenant, condition, or agreement which the Issuer has failed to observe or perform is of such a nature that it cannot reasonably be fully cured within such thirty (30) days, the Issuer shall not be in default if the Issuer commences a cure within such thirty (30) days and thereafter diligently proceeds with all action required to complete the cure, and, in any event, completes such cure within sixty (60) days of such written notice from the Trustee or the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds Outstanding, unless the Trustee or the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Outstanding Bonds shall give their written consent to a longer period; or

(d) The occurrence and continuance of an "Event of Default" under the Loan Agreement.

**Acceleration**

(a) Upon the occurrence and continuance of an Event of Default under the section of the Indenture under the heading "Events of Default", the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Outstanding Bonds shall, by written notice delivered to the Issuer and the Company declare all Bonds Outstanding immediately due and payable, and such Bonds shall become immediately due and payable, anything in the Bonds or in the Indenture to the contrary notwithstanding; provided that if the Guaranty is in effect and the Guarantor is not then in default of its payment obligations thereunder, the Trustee may not declare the principal of the Series 2018 Bonds to be immediately due and payable without the prior written consent of the Guarantor.

(b) Upon the acceleration, by declaration or otherwise, of the Bonds, the Trustee shall exercise its option under paragraph (a) of the section of the Loan Agreement under the heading "Remedies on Default" to declare all unpaid installments payable by the Company under paragraph (a) of the section of the Loan Agreement under the heading "Payment Provisions; Pledge of Loan Agreement" to be immediately due and payable.

**Enforcement of Remedies**

(a) In the event the Bonds are declared immediately due and payable, the Trustee may, and upon the written request of the Holders as set forth in paragraph (d) of this summarized section shall, proceed forthwith to protect and enforce its rights and the rights of the Holders under the Act, the Bonds, the Loan Agreement, the Guaranty, the Mortgage and the Indenture by such-suits, actions or proceedings as the Trustee, being advised by counsel, shall deem necessary or expedient. Upon the occurrence and continuance of any Event of Default, and upon being provided with the security and indemnity if so required pursuant to clause (xiv) of paragraph (b) of the section of the Indenture under the heading "Appointment of Trustee and Acceptance of Duties", the Trustee shall exercise such of the rights and powers vested in the Trustee by the Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs. In considering what actions are or are not prudent in the circumstances the Trustee shall consider whether (i) to take such action as may be necessary or proper to sequester the rents and income of the Project Facility or any portion thereof, (ii) to procure from the Issuer or the Company an assignment of rents and/or a consent to enter into possession of the Project Facility or any portion thereof and to collect rents therefrom, (iii) to apply to the court for the appointment of a receiver of the rents and income of the Project Facility or any portion thereof, (iv) to declare due and payable forthwith any principal amount remaining due and unpaid and commence an action of foreclosure, (v) to apply the moneys received as rents and income from the Project Facility or any portion thereof as well as moneys received by the Trustee from any receiver appointed for the Project Facility or any portion thereof in his discretion, to the maintenance and operation of the Project Facility or any portion thereof, the payment of taxes, water rents and assessments levied thereon and any arrears thereof, to the payment of underlying liens and to the creation and maintenance of a reserve or sinking fund, and (vi) to take any other remedy allowed under any of the other Financing Documents.

(b) The Trustee may sue for, enforce payment of and receive any amounts due or becoming due from the Issuer or the Company for the payment of the principal, premium, if any, and interest on the Outstanding Bonds under any of the provisions of the Indenture, the Bonds or the Loan Agreement without prejudice to any other right or remedy of the Trustee or of the Holders.

(c) Notwithstanding anything to the contrary contained in the foregoing paragraph (a), upon the occurrence and continuance of any Event of Default the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, on and interest on the Bonds then Outstanding and to enforce and compel the performance of the duties and obligations of the Issuer and the Company under the Financing Documents. In addition, the Trustee may, without notice to the Issuer or the Company, exercise any and all remedies afforded the Issuer under the Loan Agreement in its name or the name of the Issuer without the necessity of joining the Issuer.

(d) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than fifty-one percent (51%) in the aggregate principal amount of the Outstanding Bonds may, and if provided with the security and indemnity required by clause (xiv) of paragraph (b) of the section of the Indenture under the heading "Appointment of Trustee and Acceptance of Duties" shall, institute and maintain such suits and proceedings as advised by such Holders shall be necessary or expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing the Bonds, or to preserve or protect the interests of the Holders; provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders not making such request.

**Application of Moneys**

(a) The Net Proceeds received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall be deposited in the Bond Fund.

(b) All moneys in the Bond Fund following the occurrence of an Event of Default shall be applied to the payment of the reasonable fees and expenses of the Issuer and the Trustee and then:

(i) Unless the principal of all the Bonds shall have become due or shall have been declared due and payable,

FIRST - To the payment of all installments of the interest then due, 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 of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or preference.

SECOND - To the payment of the unpaid principal or Redemption Price 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 the Indenture), in order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Bonds became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the Persons entitled thereto without any discrimination or preference.

THIRD - To the payment of the principal or Redemption Price of and interest on the Bonds as the same become due and payable.

(ii) If the principal of all the Bonds shall have become due by declaration or otherwise, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon all of the Bonds, 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 discrimination or preference.

(iii) 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 the Indenture then, subject to the provisions of paragraph (b)(ii) of this summarized section in the event that the principal of all the Bonds shall later become due by declaration or otherwise, the moneys shall be applied in accordance with the provisions of clause (i) of paragraph (b) of this summarized section.

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this summarized section, such moneys shall be applied within five (5) Business Days of the Trustee's receipt of such moneys. On the date of a declaration of an acceleration of the Bonds, pursuant to paragraph (a) of the section of the Indenture under the heading "Acceleration", interest on the amount of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the application of any such moneys and of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

### Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Indenture or the Loan Agreement or under the Bonds may be enforced by the Trustee without the possession of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiff or defendant the Holders. Subject to the provisions of the section of the Indenture under the heading "Application of Moneys", any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

### Majority Bondholders Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture, provided that the Trustee is provided with the security and indemnity set forth in clause (xiv) of paragraph (b) of the section of the Indenture under the heading "Appointment of Trustee and Acceptance of Duties" and that such direction is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction, and provided further, that nothing in this summarized section shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

### Individual Holder Action Restricted

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(i) an Event of Default has occurred of which the Trustee has been notified as provided in clause (ix) of paragraph (b) of the section of the Indenture under the heading "Appointment of Trustee and Acceptance of Duties" or of which by said section the Trustee is deemed to have notice, and

(ii) the Holders of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and

(iii) such Holders shall have offered the Trustee indemnity as provided in clause (xiv) of paragraph (b) of the section of the Indenture under the heading "Appointment of Trustee and Acceptance of Duties", and

(iv) the Trustee shall have failed or refused to exercise the powers granted in the Indenture or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner provided in the Indenture and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or premium, if any, or interest on such Bond on or after the due date thereof, or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of the Indenture on the Trust Estate for the equal and ratable benefit of all Holders of Bonds.

**Rights of Guarantor**

(a) Payments with respect to claims for interest on and principal of Series 2018 Bonds disbursed by the Trustee from proceeds of draws on the Guaranty shall not be considered to discharge the obligation of the Issuer or the Company with respect to such Series 2018 Bonds, and the Guarantor shall become the owner of such unpaid Series 2018 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(b) Irrespective of whether any such assignment is executed and delivered, the Issuer, the Company and the Trustee agree for the benefit of the Guarantor that:

> (i) They recognize that to the extent the Guarantor makes payments directly or indirectly (*e.g.*, by paying through the Trustee), on account of principal of or interest on the Series 2018 Bonds, the Guarantor will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer and/or the Company, with interest thereon as provided and solely from the sources stated in the Indenture and the Series 2018 Bonds; and
>
> (ii) They will accordingly pay to the Guarantor the amount of such principal and interest, with interest thereon as provided in the Indenture and the Series 2018 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2018 Bonds to Holders, and will otherwise treat the Guarantor as the owner of such rights to the amount of such principal and interest.

**Supplemental Indentures Not Requiring Consent of Holders**

(a) Without the consent of or notice to any of the Holders, the Issuer and the Trustee may enter into one or more Supplemental Indentures, not inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

> (i) In connection with the issuance of Additional Bonds, to set forth such matters as are specifically required or permitted under the Indenture;
>
> (ii) To cure any ambiguity or formal defect or omission in the Indenture;
>
> (iii) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(iv) To add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed by the Issuer;

(v) To more precisely identify the Trust Estate;

(vi) To subject to the Lien of the Indenture additional revenue, receipts, Property or collateral;

(vii) To evidence the appointment of a successor Trustee;

(viii) To preserve the tax-exempt status of the Bonds; or

(ix) To effect any other change in the Indenture which, in the judgment of the Trustee based on an opinion of Independent Counsel, is not to the prejudice of the Trustee or the Holders.

(b) The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that any such Supplemental Indenture complies with the foregoing conditions and provisions.

**Supplemental Indentures Requiring Consent of Holders**

(a) Except as provided in the section of the Indenture under the heading "Supplemental Indentures Not Requiring Consent of Holders", the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such Supplemental Indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture or in any Supplemental Indenture or in the Bonds; provided, however, that nothing contained in this summarized section shall permit:

(i) a change in the terms of redemption or maturity of the principal or the time of payment of interest on any Outstanding Bond or a reduction in the principal amount of or premium, if any, on any Outstanding Bond or the rate of interest thereon, without the consent of the Holder of such Bond; or

(ii) the creation of a Lien upon the Trust Estate ranking prior to or on a parity with the Lien created by the Indenture, without the consent of the Holders of all Outstanding Bonds; or

(iii) the creation of a preference or priority of any Bond or Bonds over any other Bond or Bonds, without the consent of the Holders of all Outstanding Bonds; or

(iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, without the consent of the Holders of all Outstanding Bonds.

(b) If at any time the Issuer shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of paragraph (a) of this summarized section, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the proposed execution of such Supplemental Indenture to be sent to each Holder at the address of such Holder appearing on the bond register; provided, however, that the failure to give such notice or any defect therein shall not affect the validity of any proceeding taken pursuant to the Indenture. Such notice shall briefly summarize the contents of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Office of the Trustee for inspection by the Holders.

(c) If, within such period after the first mailing of the notice required by paragraph (b) of this summarized section as the Issuer shall prescribe, with the approval of the Trustee, the Issuer shall deliver to the Trustee an instrument or instruments executed by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds referring to the proposed Supplemental Indenture as described in such notice and consenting to and approving the execution thereof, the Trustee shall execute such Supplemental Indenture.

(d) If the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Indenture, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein or in any manner to question the propriety of the execution thereof or enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that (i) any Supplemental Indenture entered into by the Issuer and the Trustee and (ii) the evidence of requisite consent of the Holders thereto, comply with the provisions of this summarized section.

(f) The Trustee shall not be required to execute a Supplemental Indenture or amendment if such Supplemental Indenture or amendment adversely affects its duties, rights or immunities.

### Amendments to Loan Agreement

(a) Without the consent of or notice to the Holders, the Issuer and the Company may enter into, and the Trustee may consent to, any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions thereof or of the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission therein, (iii) for the purpose of issuing Additional Bonds under the Indenture, (iv) in connection with the description of the Project Facility, or (v) in connection with any other change therein, which, in the sole judgment of the Trustee based on an opinion of Independent Counsel, is not materially adverse to the Bondholders.

(b) Except for amendments, changes or modifications as provided in paragraph (a) of this summarized section, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement without notice thereof being given to the Holders in the manner provided in the section of the Indenture under the heading “Supplemental Indentures Requiring Consent of Holders” and the written approval or consent of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds procured and given in the manner set forth in the section of the Indenture under the heading “Supplemental Indentures Requiring Consent of Holders”; provided, however, that no such amendment shall be permitted which changes the terms of payment thereunder without the consent of the Holders of all Outstanding Bonds.

(c) The Trustee may rely on an opinion of Independent Counsel as conclusive evidence that any such amendment, change or modification and the evidence of requisite Holder consent comply with the requirements of this summarized section.

### Consent of Holders

(a) Any consent, request, direction, approval, objection or other instrument required or permitted by the Indenture to be signed and executed by the Holders may be in any number of writings of similar tenor and may be signed or executed by such Holders 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 and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Indenture and may be conclusively relied on by the Trustee with regard to any action taken thereunder:

(i) The fact and date of the execution by any Holder or his attorney of such instrument may be proved by (A) the certificate (which need not be acknowledged or verified) of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such instrument acknowledged to him the execution thereof on such date, or (B) by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation.

(ii) The ownership of any Bonds shall be proven by the bond register.

(b) Any request, consent or vote of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done or omitted to be done by the Issuer or the Trustee in accordance therewith, unless and until such request, consent or vote is revoked by the filing with the Trustee of a written instrument, signed and executed by the Holder of the Bond, in form and substance and within such time as shall be satisfactory to the Trustee.

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# APPENDIX E

# PROPOSED FORM OF OPINION OF BOND COUNSEL

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October 17, 2018

| | |
|---|---|
| Cumberland County Industrial Development<br>Authority<br>53 W South Street, #1<br>Carlisle, PA 17103 | The Bank of New York Mellon Trust Company,<br>N.A., as Trustee<br>10161 Centurion Parkway North<br>Jacksonville, FL 32256 |
| George K. Baum & Company<br>651 Holiday Drive, Suite 110<br>Pittsburgh, PA 15220 | Rider Musser Development, LLC<br>6 Kacey Court, Suite 204<br>Mechanicsburg, PA 17055 |

Re: $57,490,000 Cumberland County Industrial Development Authority Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018

Ladies and Gentlemen:

We have acted as Bond Counsel to the Cumberland County Industrial Development Authority (the “Issuer”) in connection with the issuance of $57,490,000 aggregate principal amount of its Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018 (the “Bonds”). The Bonds are issued under the Pennsylvania Economic Development Financing Law, Act of August 23, 1967, P.L. 251, as amended (the “Act”) and an Indenture of Trust (the “Indenture”) dated as of October 1, 2018 between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Bonds are being issued to provide funds to be loaned to Rider Musser Development, LLC (the “Company”) to finance certain costs of a project (the “Project”) consisting of: (i) the acquisition, construction and equipping of a 314-unit residential rental facility which comprises Phase I A and B of a planned residential neighborhood and business park to be located in Upper Allen Township, Cumberland County, Pennsylvania, (ii) the funding of capitalized interest on the Bonds, and (iii) the payment of costs of issuance of the Bonds.

The Issuer and the Company have entered into a Loan Agreement dated as of October 1, 2018 (the “Loan Agreement”) providing for the loan of the proceeds of the Bonds to the Company to pay certain costs of the Project. Under the Loan Agreement, the Company is unconditionally obligated to make loan payments in the amounts and at the times necessary to pay, when due, the principal or redemption price of and interest on the Bonds. The Issuer has assigned certain of its interests under the Loan Agreement, including its right to receive payments thereunder in respect of the Bonds, to the Trustee for the benefit of the holders of the Bonds.

In our capacity as Bond Counsel we have examined such documents, records of the Issuer and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Loan Agreement and the other documents listed in the Closing Index in respect of the Bonds filed with the Trustee. We also have examined an executed Bond and assume that all other Bonds have been similarly executed and have been authenticated by the Trustee.

Based on the foregoing, it is our opinion that:

1. The Issuer is a body corporate and politic validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority under the Act to undertake the financing of the Project, to execute, deliver and perform its obligations under the Loan Agreement and the Indenture, and to issue and sell the Bonds.

2. The Loan Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. The issuance and sale of the Bonds have been duly authorized by the Issuer and, on the assumption as to execution and authentication stated above, such Bonds have been duly executed and delivered by the Issuer and authenticated by the Trustee, and are legal, valid and binding limited obligations of the Issuer entitled to the benefit and security of the Indenture, except as the rights created thereunder and enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

4. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania, and interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

5. Interest on the Bonds is includible in gross income for federal income tax purposes.

We have not been engaged to express and do not express any opinion herein with respect to the adequacy of the security for the Bonds or the sources of payment for the Bonds or with respect to the accuracy or completeness of any offering document or other information pertaining to the offering for sale of the Bonds or as to any other matter not set forth herein.

We call your attention to the fact that the Bonds are limited obligations of the Issuer payable only out of payments to be made by the Company pursuant to the Loan Agreement and certain other moneys available therefor, and that the Bonds do not pledge the credit or taxing power of the County of Cumberland, the Commonwealth of Pennsylvania or any political subdivision thereof. The Issuer has no taxing power.

Very truly yours,

# APPENDIX F

# PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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# CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "***Disclosure Certificate***") is executed and delivered as of October 17, 2018, by RIDER MUSSER DEVELOPMENT, LLC, a Pennsylvania limited liability company (the "***Borrower***") and MESSIAH COLLEGE, a Pennsylvania nonprofit corporation (the "***College***"), in connection with the issuance by the Cumberland County Industrial Development Authority (the "***Issuer***") of its $57,490,000 Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018 (the "***Bonds***"). The Bonds are being issued pursuant to the terms of an Indenture of Trust dated as of October 1, 2018 (the "***Indenture***") between the Issuer and The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee for the holders of the Bonds (in such capacity, together with any successor trustee, the "***Trustee***"), and are being sold pursuant to a Bond Placement Agreement among the Borrower, the Issuer and George K. Baum & Company, dated October 11, 2018.

NOW THEREFORE, intending to be legally bound hereby, the Borrower hereby covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered for the benefit of the registered owners and Beneficial Owners (hereinafter defined) of the Bonds and in order to assist the Participating Underwriter (hereinafter defined) in complying with the Rule (hereinafter defined).

**SECTION 2. Definitions.** In addition to the capitalized terms defined above and the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined, the following capitalized terms shall have the following meanings:

"***Annual Report***" shall mean any Annual Report provided by the Borrower or the College pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"***Beneficial Owner***" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"***Business Day***" shall mean any day other than a Saturday, Sunday or a day on which the New York Stock Exchange is closed.

"***Commonwealth***" shall mean the Commonwealth of Pennsylvania.

"***Disclosure Representative***" shall mean (a) with respect to the Borrower, the President/CEO of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time, and (b) in the case of the College, the President of the College or his or her designee, or such other person as the College shall designate in writing to the Dissemination Agent from time to time.

"***Dissemination Agent***" shall mean the party appointed by the Borrower and the College pursuant to the provisions of this Disclosure Certificate to perform the duties described herein to ensure compliance with the provisions of the Rule. Initially, the Borrower and the College shall perform all duties of the Dissemination Agent hereunder with respect to their respective obligations hereunder, and no third party has been appointed by the Borrower and the College as Dissemination Agent. During any period in which the Borrower and the College are performing the duties of the Dissemination Agent hereunder, all references in this Disclosure Certificate to "Dissemination Agent" shall mean the Borrower and the College (as applicable) unless the context otherwise requires.

"***EMMA***" or the "***EMMA System***" shall mean the Electronic Municipal Market Access system maintained by the MSRB (or any successor electronic filing system established in accordance with the Rule for the submission of information required to be filed under the Rule). As of the date of this Disclosure Certificate, information regarding submissions to the MSRB through EMMA is available at http://emma.msrb.org/submission.

"***Generally Accepted Accounting Principles***" means (a) in the case of the Borrower, those accounting principles applicable in the preparation of financial statements of entities engaged in businesses comparable to the Borrower, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body, and (b) in the case of the College, those accounting principles applicable in the preparation of financial statements of educational institutions, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

"***Issuance Date***" means October 17, 2018, the date of issuance and delivery of the Bonds.

"***Listed Event***" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"***Loan Agreement***" shall mean the Loan Agreement, dated as of October 1, 2018, between the Borrower and the Issuer.

"***MSRB***" shall mean the Municipal Securities Rulemaking Board.

"***Obligated Person***" shall mean, at any applicable time, each "obligated person" (as that term is defined in paragraph (f)(10) of the Rule) with respect to the Bonds. As of the Issuance Date, "Obligated Person" means the Borrower and the College. The Borrower and the College have determined that as of the Issuance Date, there are no "obligated persons" with respect to the Bonds for purposes of the Rule other than the Borrower and the College, and that the Issuer is not an "obligated person" with respect to the Bonds for purposes of the Rule.

"***Offering Circular***" means the Limited Offering Circular relating to the Bonds, dated October 11, 2018.

"***Participating Underwriter***" shall mean George K. Baum & Company, as the placement agent for the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"***Repository***" shall mean each nationally recognized municipal securities information repository for purposes of the Rule. The SEC has appointed EMMA as the sole Repository effective as of July 1, 2009.

"***Rule***" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"***SEC***" shall mean the United States Securities and Exchange Commission.

## SECTION 3. Provision of Annual Reports.

(a) (i) In accordance with the requirements of the Rule, commencing with the Borrower's fiscal year ending December 31, 2018, the Borrower shall deliver, or shall provide to the Dissemination Agent and shall cause the Dissemination Agent to deliver, to each Repository not later than September 30 of each fiscal year, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the financial statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report, if submitted in accordance with the provisions of Section 4. If the fiscal year of the Borrower changes, the Borrower shall give notice of such change in the same manner as for a Listed Event under Section 5, and the deadline for the delivery of the Annual Report shall be changed to the date which is 270 days after the end of the new fiscal year.

(ii) In accordance with the requirements of the Rule, the College shall deliver, or shall provide to the Dissemination Agent and shall cause the Dissemination Agent to deliver, to each Repository not later than 60 days after the date on which the College's Board of Trustees shall have approved the College's audited financial statements for the preceding fiscal year, commencing with the College's fiscal year ending June 30, 2018, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, that, in no event will the College's audited financial statements be published by the College later than nine (9) months following the end of the related fiscal year. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the financial statements of the College may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report, if submitted in accordance with the provisions of Section 4. If the fiscal year of the Borrower changes, the College shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If the Dissemination Agent receives the Annual Report from the Borrower or the College and delivers the Annual Report to the Repository, the Dissemination Agent shall file a report with the Issuer and, if the Dissemination Agent is not the Trustee, with the Trustee (with a copy to the Borrower and the College) to the effect that the Annual Report has been so delivered pursuant to this Disclosure Certificate and stating the date it was delivered. If the Borrower or the College delivers the Annual Report directly to the Repository, it shall provide a report to the same effect to the Issuer, the Dissemination Agent and, if the Dissemination Agent is not the Trustee, to the Trustee.

(c) If the Borrower or the College fails either to (i) provide its Annual Report to the Dissemination Agent in a time, manner and condition sufficient for the Dissemination Agent to deliver such Annual Report in compliance with Section 3(a), or (ii) report to the Dissemination Agent that it has on its own so delivered such Annual Report, the Dissemination Agent shall send a notice to the Repository (and copies thereof to the Issuer, the Borrower and the College) in substantially the form attached as Exhibit A attached hereto.

**SECTION 4. Content of Annual Reports.** The Annual Reports shall contain or include by reference the following:

(a) As to the Borrower, the audited financial statements (or, for the Borrower's fiscal year ending December 31, 2018, internally prepared financial statements that have been reviewed by an independent certified public accountant) of the Borrower for the prior fiscal year prepared in accordance with Generally Accepted Accounting Principles. If such financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain preliminary financial statements in a format similar to the financial statements contained in the Offering Circular, and the final financial statements shall be filed in the same manner as the Annual Report when they become available. Notwithstanding the foregoing, the Borrower may change the accounting principles used for preparation of the audited financial statements so long as the Borrower includes, in its next Annual Report as part of the information set forth therein, a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles.

(b) As to the Borrower, the following operating data and financial information regarding the Borrower for the prior fiscal year: Commencing with the Borrower's fiscal year ending December 31, 2019, total number of units at the Project Facility available for occupancy; average occupancy of rental units at the Project Facility, by month; average monthly rent for units at the Project Facility; and a statement as to any rental increase which became effective during such fiscal year or was approved during such fiscal year but will take effect during the next succeeding fiscal year. The Annual Report for the Borrower's fiscal year ending December 31, 2018 shall not be required to include such operating data and financial information as no units in the Project Facility are expected to be available for occupancy during such fiscal year.

(c) As to the Borrower, the following operating data as of the last day of each calendar month commencing with the month ending November 30, 2018 and ending with the month immediately following the first month during which at least 90% of the units in the Project Facility have been leased, within 30 days after the end of such calendar month: summary of project costs invoiced compared to the construction budget for the Project Facility as of the date hereof; percentage of completion of construction of the Project Facility; and number of rental units at the Project Facility leased.

(d) As to the College, the audited financial statements of the College for the prior fiscal year prepared in accordance with Generally Accepted Accounting Principles. If such financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain preliminary financial statements in a format similar to the financial statements contained in the Offering Circular, and the final financial statements shall be filed in the same manner as the Annual Report when they become available. Notwithstanding the foregoing, the College may change the accounting principles used for preparation of the audited financial statements so long as the College includes, in its next Annual Report as part of the information set forth therein, a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles.

(e) As to the College, the operating data and financial information regarding the College for the prior fiscal year of the same type as included in the section of Appendix A to the Offering Circular captioned "MESSIAH COLLEGE" under the subheadings "Undergraduate Student Profile," "Messiah College Undergraduate Tuition, Fees, Room and Board," "Graduate Student Profile," and "Summary Financial Information."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Borrower or the College (as applicable) is an Obligated Person, which have been filed with the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Borrower or the College (as applicable) shall clearly identify each such other document so included by reference. In the event the financial statements of the Borrower or the College for a fiscal year which have been provided pursuant to Section 3 of this Disclosure Certificate together with financial statements for other fiscal years which have been filed with the Repository or SEC contain any of the information described in clause (b) above, the related requirement of this Section 4 shall be deemed to be satisfied with respect to including such information in the Annual Report or the College (as applicable).

**SECTION 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each, a "***Listed Event***") in a timely manner not in excess of ten (10) Business Days after the occurrence of the Listed Event:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, if any, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of the registered owners and Beneficial Owners of the Bonds, if material;

(viii) Bond calls (other than mandatory sinking fund redemption), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower;

(xiii) 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

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

The Listed Events listed in clauses (i) through (xiv) above are quoted from the Rule. Not all Listed Events listed above may be applicable to the Bonds.

(b) Pursuant to the provisions of this Section 5, the College shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each, a "***Listed Event***") in a timely manner not in excess of ten (10) Business Days after the occurrence of the Listed Event, provided that except for the Listed Events in clauses (xi), (xii) and (xiii) below, the College shall be obligated to give notice of a Listed Event only if the Disclosure Representative of the College has actual knowledge of the occurrence of such Listed Event

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, if any, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of the registered owners and Beneficial Owners of the Bonds, if material;

(viii) Bond calls (other than mandatory sinking fund redemption), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the College;

(xiii) The consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, 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

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

The Listed Events listed in clauses (i) through (xiv) above are quoted from the Rule. Not all Listed Events listed above may be applicable to the Bonds.

(c) Whenever the Borrower or the College obtains knowledge of the occurrence of a Listed Event, the Borrower and/or the College (as applicable) shall promptly prepare a notice describing the Listed Event and notify the Dissemination Agent, if any, and the Issuer in writing, and either report or instruct the Dissemination Agent to report, the occurrence to the Repository, or to the MSRB. Promptly upon receipt of such notice, the Dissemination Agent shall file it with the Repository, or with the MSRB, as instructed in writing by the Borrower and the College, with a copy to the Issuer and, if the Dissemination Agent is not the Trustee, with the Trustee.

**SECTION 6. Termination of Reporting Obligations.** The obligations of the Borrower and College under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Loan Agreement or the College's obligations under the Guaranty are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Borrower or the College (as applicable) and the Borrower or the College (as applicable) shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower and the College shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5.

**SECTION 7. Dissemination Agent.** Initially the Borrower and the College have not appointed a third party Dissemination Agent, but instead shall comply with all of the requirements of this Disclosure Certificate. In the event the Borrower and the College appoint a third party to serve as Dissemination Agent, the provisions of Section 12 hereof and the following provisions shall apply to such Dissemination Agent:

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report, including, without limitation, any Annual Report, prepared by the Borrower or the College pursuant to this Disclosure Certificate.

(b) The Borrower and the College may, from time to time, appoint or engage a new Dissemination Agent, and may discharge any such Dissemination Agent, upon the appointment of a successor Dissemination Agent which shall be evidenced and be effective upon such successor Dissemination Agent's execution and delivery to the Issuer and the existing Dissemination Agent of a Form of Acceptance of Dissemination Agent's Duties substantially in the form attached hereto as Exhibit B.

(c) The Borrower and the College shall be responsible for all fees and associated expenses of the Dissemination Agent.

**SECTION 8. The Issuer.** The Issuer shall not have any responsibility or liability in connection with the Borrower's compliance with the Rule, its filing or other obligations under this Disclosure Certificate, or in connection with the contents of any such filings. The Borrower and the College covenant and agree to indemnify and save the Issuer, and its members, officers, employees and agents, harmless against any loss, expense (including reasonable attorneys' fees) or liability arising out of (i) any breach by the Borrower or the College of their respective obligations under this Disclosure Certificate, or (ii) any Annual Report or notices or other information provided under this Disclosure Certificate or any omissions therefrom.

**SECTION 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Borrower, the College and the Dissemination Agent (if any) may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, provided that no amendment shall subject the Issuer to any additional obligations or liabilities, and, provided further, that unless otherwise permitted by the Rule, the following conditions are satisfied:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds (including, but not limited to, affiliations, mergers, acquisitions, divestitures or dispositions affecting the Borrower or the College), or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized disclosure counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the registered owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of registered owners, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially adversely affect the interests of the registered owners or Beneficial Owners of the Bonds.

In addition, in the event the Borrower and the College appoint a third party to serve as Dissemination Agent, this Disclosure Certificate may be amended to include such provisions relating to the duties and rights of the Dissemination Agent as may be agreed to by the Borrower, the College and the Dissemination Agent.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Borrower and the College shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower or the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Borrower or the College from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Borrower or the College chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Borrower or the College (as applicable) shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 11. Default.** In the event of a failure of the Borrower or the College to comply with any provision of this Disclosure Certificate, the Issuer or any third party serving as Dissemination Agent may, or at the written request of the Participating Underwriter or the registered owners of at least 25% of the aggregate principal amount of outstanding Bonds and the provision of indemnification satisfactory to it, the Dissemination Agent shall, or any registered owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the College to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, the Loan Agreement or the Guaranty, and the sole remedy under this Disclosure Certificate in the event of any failure of the Borrower, the College or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent.** In the event the Borrower and the College have appointed a third party to serve as Dissemination Agent, Article IX of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture and applicable to the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no further duties or responsibilities shall be implied. The Dissemination Agent shall not have any liability under, nor duty to inquire into the terms and provisions of, any agreement or instructions, other than as outlined in this Disclosure Certificate. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Dissemination Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Dissemination Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that the Dissemination Agent's negligent or willful misconduct was the primary cause of any loss to the Borrower. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the Borrower or the College. In the administration of this Disclosure Certificate, the Dissemination Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Dissemination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Dissemination Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the

Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Disclosure Certificate without further act. The Borrower and the College covenant and agree to hold the Dissemination Agent and its directors, officers, agents and employees (collectively, the "***Indemnitees***") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("***Losses***") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Dissemination Agent is authorized to rely pursuant to the terms of this Disclosure Certificate. In addition to and not in limitation of the immediately preceding sentence, the Borrower and the College also covenant and agree to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Dissemination Agent's performance under this Disclosure Certificate provided the Dissemination Agent has not acted with gross negligence or engaged in willful misconduct. Anything in this Disclosure Certificate to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The obligations of the Borrower and the College under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 13. <u>Notices</u>.** Any notices or communications to or between the parties to this Disclosure Certificate shall be deemed sufficiently given if sent by registered or certified United States mail, return receipt requested, postage prepaid, by overnight delivery service providing positive tracking or by telecopier with a duplicate hard copy sent by overnight delivery service providing positive tracking as follows:

To the Borrower:

Rider Musser Development, LLC
6 Kacey Court, Suite 204
Mechanicsburg, PA 17055
Attention: Donald R. Burgard
Director of Finance
Telecopier Number:

To the College:

Messiah College
One College Avenue
Mechanicsburg, PA 17055
Attention: David Walker
Vice President for Finance & Planning
Telecopier Number: 717-691-2315

To the Trustee:

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
10161 Centurion Parkway, North
Jacksonville, Florida 32256
Attn: Tammy Stegall
Telecopier Number: (904) 645-1998

To the Issuer:

Cumberland County Industrial Development Authority
53 W. South Street, #1
Carlisle, PA 17103
Attention: Chairman

Any party may, by written notice to the other parties, designate a different address or telecopier number to which subsequent notices or communications should be sent.

**SECTION 14. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Borrower, the College, the Dissemination Agent, the Issuer, the Participating Underwriter, and registered owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 15. Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which will be regarded as an original, and all of which will constitute one and the same document.

**SECTION 16. Governing Law**. This Disclosure Certificate shall be governed by the laws of the Commonwealth of Pennsylvania.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Continuing Disclosure Certificate on the date first above written.

RIDER MUSSER DEVELOPMENT, LLC

By:________________________________________
Title: President/CEO

MESSIAH COLLEGE

By:________________________________________
Title: Vice President for Finance & Planning

This execution page is part of the Continuing Disclosure Certificate dated as of October 17, 2018 executed and delivered by Rider Musser Development, LLC and Messiah College respecting the Cumberland County Industrial Development Authority Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018.

# EXHIBIT A

# NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | Cumberland County Industrial Development Authority |
| Name of Bond Issue: | $57,490,000 Cumberland County Industrial Development Authority Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018 |
| CUSIP: | |
| Date of Issuance: | October 17, 2018 |

NOTICE IS HEREBY GIVEN that [Rider Musser Development, LLC] [Messiah College] has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of October 17, 2018.

Dated: ___________________________

cc: [Rider Musser Development, LLC]
[Messiah College]
Cumberland County Industrial Development Authority

# EXHIBIT B

## FORM OF ACCEPTANCE OF DISSEMINATION AGENT'S DUTIES

__________________________ hereby accepts and assumes all of the duties and obligations as Dissemination Agent under that certain Continuing Disclosure Certificate, dated as of October 17, 2018, executed and delivered by Rider Musser Development, LLC and Messiah College respecting the Cumberland County Industrial Development Authority Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018.

[NAME OF SUCCESSOR
DISSEMINATION AGENT]

By:_________________________________________
Authorized Officer

Dated: _______________________

cc: Rider Musser Development, LLC
Cumberland County Industrial Development Authority
Messiah College

# APPENDIX G

# PROPOSED FORM OF INVESTOR LETTER

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# INVESTOR LETTER

_________________, 201__

Cumberland County Industrial Development Authority
Carlisle, Pennsylvania

Rider Musser Development, LLC
Mechanicsburg, Pennsylvania

Messiah College
Mechanicsburg, Pennsylvania

The Bank of New York Mellon Trust Company, N.A.
Jacksonville, Florida

George K. Baum & Company
Pittsburgh, Pennsylvania

Re: Cumberland County Industrial Development Authority Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018 (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being a purchaser of the above-referenced bonds identified on the signature page hereof (the "Bonds"), does hereby certify, represent and warrant for the benefit of the Cumberland County Industrial Development Authority (the "Issuer"), Rider Musser Development, LLC (the "Company"), Messiah College (the "College"), George K. Baum & Company (the "Placement Agent") and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), that:

(a) It is purchasing the Bonds for its own account or an account with respect to which it exercises discretion required by Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act"), and that it and any such account is a "Qualified Institutional Buyer" (as defined in Rule 144A) (a "QIB"), and that the sale to it is being made in reliance on Rule 144A.

(b) It understands that the Bonds have not been registered under the Securities Act or under any state securities laws and may not be offered or sold except as set forth below. The Purchaser understands that the Bonds will be issued in minimum denominations of $5,000 or any integral multiple thereof.

(c) If it should resell or otherwise transfer any of the Bonds prior to **October 17, 2019**, it will do so only to a QIB in compliance with Rule 144A and in compliance with applicable state securities laws and the securities laws of any applicable jurisdiction.

(d) It will deliver to each person to whom it transfers any of the Bonds prior to **October 17, 2019** a notice of the restrictions on transfer of the Bonds.

(e) It acknowledges that the sale of the Bonds to it is made in reliance upon the truth and accuracy of the foregoing certifications, acknowledgments, representations and warranties by the addressees hereto, and, if any of the certifications, acknowledgments, representations and warranties deemed to have been made by it by its purchase of Bonds are no longer accurate, it shall promptly notify the Issuer, the Company and the College.

(f) If it is acquiring any Bond as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(g) The Bonds will bear the legend set forth in the Indenture of Trust dated as of October 1, 2018 between the Issuer and the Trustee (the "Indenture"), pursuant to which the Bonds are being issued.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

_______________________________________
Print/Type Name of Purchaser

("PURCHASER")

By: ____________________________________

Printed Name: ______________________________

Title: ____________________________________

Principal Business Address:

____________________________________

____________________________________

____________________________________

**SUMMARY OF INVESTMENT**

Principal Amount: $_________________________

CUSIP Number:______________________________

[Signature page to Investor Letter - Cumberland County Industrial Development Authority
Taxable Revenue Bonds (Rider Musser Development, LLC Project), Series 2018]

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DEVELOPMENT

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