NEW ISSUE – BOOK ENTRY ONLY

RATING: Standard & Poor's: "A"
Stable Outlook
See: "RATING" herein

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not a preference item for purposes of the individual federal alternative minimum tax; however, interest paid to certain corporate holders of the Bonds may be subject indirectly to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Pennsylvania, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania. See "TAX MATTERS" herein.

MESSIAH COLLEGE

$5,500,000

CUMBERLAND COUNTY MUNICIPAL AUTHORITY

(Commonwealth of Pennsylvania)

Revenue Bonds
(AICUP Financing Program – Messiah College Project)
Series 2018 QQ2

Dated: Date of Delivery **Due: May 1, as shown on inside cover**

The Cumberland County Municipal Authority (the "Authority") will issue $5,500,000 aggregate principal amount of its Revenue Bonds (AICUP Financing Program – Messiah College Project) Series 2018 QQ2 (the "Bonds") in denominations of $5,000 or any whole multiple thereof. The Bonds will be registered in the name of Cede & Co. as the registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York.

The principal of and premium, if any, on the Bonds will be payable to the registered owner at the designated corporate trust agency office of The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as trustee (the "Trustee") for the Bonds, or the designated corporate trust office of any successor Trustee. The Bonds will bear interest at the rates shown on the inside cover hereof. Interest on the Bonds will be payable semiannually on May 1 and November 1, commencing November 1, 2018, in each case by the Trustee to the registered owners by check, or by wire transfer at the request of holders of at least $1,000,000 aggregate principal amount of such Bonds.

The Bonds are payable solely from, and are secured by an assignment and a pledge of, payments and other revenues to be received by the Authority under a Loan Agreement between the Authority and Messiah College (the "Borrower"), and from Bond proceeds and other moneys pledged to or held by the Trustee under the Trust Indenture between the Authority and the Trustee pursuant to which the Bonds are issued and secured.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH SUCH BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY 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 BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY 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 AUTHORITY HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Authority, subject to prior sale, withdrawal or modification of the offer without any notice, and to the approving opinion of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon by Martson Law Offices, Carlisle, Pennsylvania, as counsel to the Authority; by McGlynn & Moore, Johnstown, Pennsylvania, as counsel to the Borrower; and by Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania, as counsel to the Underwriter. It is expected that Bonds in definitive form will be delivered to DTC in New York, New York, on or about June 28, 2018.

George K. Baum & Company

This Official Statement is dated June 19, 2018.

CUMBERLAND COUNTY MUNICIPAL AUTHORITY
(Commonwealth of Pennsylvania)
REVENUE BONDS
(AICUP FINANCING PROGRAM - MESSIAH COLLEGE PROJECT)
SERIES 2018 QQ2

MATURITY SCHEDULE

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2048	$3,750,000	5.000%	3.920%	108.743%†	230614MR7
2048	1,750,000	5.250%	3.650%	113.124%†	230614MS5

---

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority, the College or the Underwriter, 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 Authority, the College or the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

† Priced to the first optional redemption date of May 1, 2028.

CUMBERLAND COUNTY MUNICIPAL AUTHORITY

BOARD OF AUTHORITY

Virginia Anderson Kane	Chairperson
Stephen C. Oldt	Vice Chairman
Michael Snyder	Treasurer
Mollie A. McCurdy	Secretary
Timothy Scott	Assistant Treasurer/Assistant Secretary

AUTHORITY SOLICITOR
Martson Law Offices
Carlisle, Pennsylvania

BOND COUNSEL
Ballard Spahr LLP
Philadelphia, Pennsylvania

BORROWER
Messiah College
Mechanicsburg, Pennsylvania

COUNSEL TO THE BORROWER
McGlynn & Moore, Esq.
Johnstown, Pennsylvania

TRUSTEE
The Bank of New York Mellon Trust Company, N.A.
Philadelphia, Pennsylvania

UNDERWRITER
George K. Baum & Company
Pittsburgh, Pennsylvania

COUNSEL TO THE UNDERWRITER
Eckert Seamans Cherin & Mellott, LLC
Pittsburgh, Pennsylvania

No dealer, broker, salesperson or other person has been authorized by the Authority, the Borrower, the Program Sponsor or the Underwriter (hereinafter defined) to give any information or to make any representations with respect to the Bonds other than those in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be a sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Except for the information concerning the Authority, the information contained herein is not to be construed as a representation by the Authority.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Borrower, or in any other matter described herein, since the date hereof or the dates of the information contained herein.

The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices hereto, must be considered in its entirety.

The offering of the Bonds is made only by means of the entire Official Statement. This Official Statement is deemed "final" by the Authority and the Borrower within the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934, as amended.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN THE OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained in this Official Statement, to which reference should be made for a complete statement thereof. The Bonds are offered to potential investors only by means of the entire Official Statement, which includes the cover page and reverse thereof, this Summary, and the Appendices hereto. No person is authorized to detach this Summary from the Official Statement or otherwise use it without the entire Official Statement, including the cover page and reverse thereof, this Summary, and the Appendices hereto.

The Authority

Cumberland County Municipal Authority (the "Authority") is a body corporate and politic created by the Board of Commissioners of Cumberland County, Pennsylvania, pursuant to the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. Cons. Stat. §§5601-5622, as amended and supplemented (the "Act"). The Authority is authorized under the Act, among other things, to issue bonds or other obligations to finance projects for "eligible educational institutions" (as defined in the Act). The Bonds are being issued pursuant to the Act and a resolution adopted by the Authority.

The Program Sponsor

The financing program pursuant to which the Bonds will be issued is sponsored by the Association of Independent Colleges and Universities of Pennsylvania ("AICUP"), a nonprofit corporation located in Harrisburg, Pennsylvania, currently providing services and programs to 92 institutions of higher education in Pennsylvania. See "THE PROGRAM SPONSOR" herein.

The Borrower

Messiah College (the "Borrower") is a Pennsylvania nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Borrower's main campus is located in Grantham, Cumberland and York Counties, Pennsylvania. For more information regarding the Borrower, see Appendices A and B hereto.

The Trustee

The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania has been appointed to serve as the trustee under the Indenture.

The Project

The proceeds of the sale of the Bonds will be used, together with other available funds, to finance the costs of a project (the "Project") for the benefit of the Borrower consisting of (i) certain renovations to Witmer Student Residence, (ii) a portion of the cost of construction and equipping of a new Welcome and Admissions Center, (iii) miscellaneous capital expenditures on the College’s campus, (iv) paying capitalized interest on the Bonds, and (v) the payment of certain costs of issuing the Bonds (as defined herein). See "THE PROJECT" herein.

Authorized Denominations; Book-Entry Only

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Individual purchases of Bonds will be made in book-entry form, in the authorized denomination of $5,000 and any whole multiple thereof. So long as Cede & Co. or any successor nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders, Holders, holders, owners or registered owners shall mean Cede & Co., or such successor nominee, and shall not mean the Beneficial Owners (hereinafter defined) of the Bonds. Principal and interest on the Bonds are payable by the Trustee to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. (See "THE BONDS -- Book Entry Only System" herein).

Security for Bonds

The Bonds are limited obligations of the Authority payable solely from pledged revenues and other moneys assigned and pledged under the Indenture to secure such payment, including (i) the loan payments required to be made by the Borrower under the Loan Agreement, and (ii) moneys and obligations held by the Trustee in certain funds established under the Indenture. (See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" herein.)

The Loan Agreement is the general obligation of the Borrower and the full faith and credit of the Borrower is pledged to secure the payments required thereunder. The Borrower's obligations under the Loan Agreement are secured by a pledge of the Pledged Revenues of the Borrower (as further described under "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Pledged Revenues" below). For a summary of certain provisions of the Loan Agreement, see "THE LOAN AGREEMENT" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY 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 BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY 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 AUTHORITY HAS NO TAXING POWER.

Redemption Provisions

The Bonds are subject to optional and mandatory redemption as set forth herein. (See "THE BONDS -- Redemption Prior to Maturity" herein.)

OFFICIAL STATEMENT

$5,500,000
CUMBERLAND COUNTY MUNICIPAL AUTHORITY
(Commonwealth of Pennsylvania)
REVENUE BONDS
(AICUP FINANCING PROGRAM - MESSIAH COLLEGE PROJECT)
SERIES 2018 QQ2

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and reverse thereof, the table of contents page, the Official Statement Summary and the Appendices hereto, is provided to furnish information with respect to the $5,500,000 aggregate principal amount of Revenue Bonds (AICUP Financing Program - Messiah College Project) Series 2018 QQ2 (the "Bonds") being issued by the Cumberland County Municipal Authority (the "Authority") under a Trust Indenture, dated as of June 1, 2018 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., a national banking association, Philadelphia, Pennsylvania, as trustee (the "Trustee"). The Bonds will be dated the date of their initial delivery, will mature on the date or dates set forth on the inside cover hereof, and will be subject to redemption prior to maturity as described herein under "THE BONDS -- Redemption Prior to Maturity."

The Authority will loan the proceeds of the Bonds to Messiah College, a Pennsylvania nonprofit corporation (the "Borrower"), pursuant to a Loan Agreement dated as of June 1, 2018, between the Authority and the Borrower (the "Loan Agreement"). The Borrower is a private institution of higher education located in the Commonwealth of Pennsylvania, which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Additional information respecting the Borrower, including certain financial statements, is set forth in Appendices A and B to this Official Statement.

The proceeds of the sale of the Bonds will be used, together with other available funds, to finance the costs of a project (the "Project") for the benefit of the Borrower consisting of the financing of (i) certain renovations to Witmer Student Residence, (ii) a portion of the cost of construction and equipping of a new Welcome and Admissions Center, (iii) miscellaneous capital expenditures on the College's campus, (iv) paying capitalized interest on the Bonds; and (v) the payment of certain costs of issuing the Bonds. See "THE PROJECT" herein.

The Bonds are limited obligations of the Authority, and the principal thereof and premium, if any, and interest thereon will be payable solely from the revenues and other moneys assigned and pledged under the Indenture to secure such payment, including (i) the loan payments required to be made by the Borrower under the Loan Agreement, and (ii) moneys and obligations held by the Trustee in certain funds established under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" herein.

There follow herein brief descriptions of the Authority, the Program Sponsor, the Bonds and the Project, together with summaries of the Loan Agreement and the Indenture. Certain information regarding the Borrower, including certain financial statements, is set forth in Appendices A and B hereto. The form of the Continuing Disclosure Certificate is set forth in Appendix C, and the form of opinion of Bond Counsel is set forth in Appendix D. The description and summaries of the Loan Agreement, the Indenture and other documents contained herein do not purport to be comprehensive and are qualified in their entirety by reference to such documents, and all references to the Bonds are qualified in their entirety by the definitive form thereof included in the Indenture. Words and terms defined in such documents and not defined herein shall have the meanings set forth in such documents. Copies of such documents will be available for inspection during the initial offering period at the offices of George K. Baum & Company, the Underwriter, 651 Holiday Drive, Suite 110, Pittsburgh, Pennsylvania 15220, and thereafter, will be available for inspection at the corporate trust office of the Trustee in Philadelphia, Pennsylvania or at the designated corporate trust office of any successor Trustee.

THE AUTHORITY

General

The Authority, created in 1987 by the Board of Commissioners of Cumberland County, pursuant to the provisions of the Act, is a body politic and corporate of the Commonwealth of Pennsylvania organized and existing under the Act. The Authority's existence will continue until November 12, 2059, unless extended. The purposes of the Authority, as stated in the Act, include financing certain kinds of projects, including projects for "eligible educational institutions," by making loans; borrowing money, making and issuing negotiable notes, bonds, refunding bonds and other evidences of indebtedness or obligations ("bonds"); securing the payment of the bonds by pledge or deed of trust of revenues and receipts; making arrangements with the purchasers or holders of the bonds or with others in connection with any bonds; and in general providing for the security for the bonds and the rights of the bondholders. The Authority has the power to exercise any and all powers granted under the Act.

Membership

The governing body of the Authority consists of a board of five (5) members appointed by the Board of Commissioners of Cumberland County. Members of the Authority's board are appointed for staggered five-year terms and may be reappointed. The present members of the Authority board and the offices they hold are shown below:

Member	Office
Virginia Anderson Kane	Chairperson
Stephen C. Oldt	Vice Chairman
Michael Snyder	Treasurer
Mollie A. McCurdy	Secretary
Timothy Scott	Assistant Treasurer/Assistant Secretary

The Authority has issued, and may continue to issue, other series of revenue bonds and notes for the purposes of financing other projects as permitted by the Act. None of the Authority's outstanding revenue bonds or notes, other than the Bonds, is payable from or secured by the revenues of the Borrower or other monies securing the Bonds.

Authority Not Liable on the Bonds

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED GENERAL OBLIGATIONS OF THE AUTHORITY 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 BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY 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 AUTHORITY HAS NO TAXING POWER.

The Authority has not prepared or assisted in the preparation of this Official Statement, except the statements with respect to the Authority contained under the captions "THE AUTHORITY" and "LITIGATION," and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Authority disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

The Authority does not and will not in the future monitor the financial condition of the Borrower, the operations of the Project Facilities or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. The responsibility of the operation of the Project Facilities will rest entirely with the Borrower and not with the Authority. The Authority will rely entirely upon the Trustee and the Borrower to carry out their respective responsibilities under the Indenture and the Loan Agreement and with respect to the Project Facilities.

THE PROGRAM SPONSOR

The Association of Independent Colleges and Universities of Pennsylvania ("AICUP" or the "Program Sponsor") is a nonprofit corporation located in Harrisburg, Pennsylvania. The Program Sponsor sponsors and administers services and programs for its membership, which currently is comprised of 92 institutions of higher education in the Commonwealth. The current members of AICUP are listed on the inside back cover of this Official Statement.

The Program Sponsor is sponsoring this bond financing program (the "Program"), pursuant to which the Bonds and other series of bonds are being issued, in order to provide both an efficient and cost effective source of funding for projects of its members or their supporting organizations. In connection with the Program, the Program Sponsor, among other things, will monitor the participation of individual members in the Program. The Program Sponsor will be paid a fee from bond proceeds in connection with the Program activities. Neither the Program Sponsor nor any member of AICUP (other than any AICUP member in its individual capacity as a borrower of proceeds of a particular series of bonds) has any liability for the repayment of any series of bonds, or the loan of bond proceeds to any entity, including the Borrower.

THE BONDS

General

The Bonds will be dated, and will bear interest from, the date of their initial delivery. The Bonds will mature, unless previously called for redemption, on the dates and in the amounts set forth on the inside cover hereof, and will bear interest at the rates set forth on the inside cover hereof. Interest will be payable on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing November 1, 2018. The Bonds will be issued as fully registered Bonds without coupons and will be in the denomination of $5,000 or any whole multiple thereof.

The principal or redemption price of the Bonds will be payable upon presentation and surrender of the Bonds at the designated corporate trust agency office of the initial Trustee or any successor Trustee and interest on the Bonds will be paid on the applicable Interest Payment Date by check mailed to the owners of Bonds shown as the registered owners on the registration books maintained by the Trustee as registrar at the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date. The interest and the principal or redemption price becoming due on the Bonds shall, at the written request of the registered owner of at least $1,000,000 aggregate principal amount of the Bonds received by the Trustee at least two Business Days before the corresponding Regular Record Date or maturity or redemption date, be paid by wire transfer within the continental United States in immediately available funds to the bank account number of the registered owner specified in such request and entered by the Trustee on the register, but, in the case of principal or redemption price, only upon presentation and surrender of the Bonds at a designated corporate trust office of the Trustee. (See "THE BONDS -- Book Entry Only System" below.)

The Bank of New York Mellon Trust Company, N.A. has been appointed as Trustee under the Indenture and has a corporate trust office in Philadelphia, Pennsylvania. The Trustee shall act as registrar, paying agent and transfer agent for the Bonds.

As used herein, "Business Day" means any day other than a Saturday or Sunday or a day on which banks located in Philadelphia, Pennsylvania, New York, New York, or any other city in which the Payment Office of the Trustee is located are authorized or required by law or executive order to close or a day on which DTC is closed.

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 Authority, the Underwriter or the Borrower. DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and all certificates will be deposited with DTC or pursuant to its instructions.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 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 purchases. 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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent by the Trustee to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date with respect to any request for consent or vote. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose account the respective 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 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 Authority or Trustee, on each 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 Participants and not of DTC, the Trustee, the Authority or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or to such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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 is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may determine to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered as described in the Indenture.

For every transfer and exchange of ownership interests in Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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 AUTHORITY NOR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

THE AUTHORITY, THE TRUSTEE AND THE BORROWER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, (2) CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN THE BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE 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 OFFICIAL STATEMENT. 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 AUTHORITY, THE TRUSTEE, NOR THE BORROWER 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 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 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 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE BONDS.

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

Redemption Prior to Maturity

The Bonds will be subject to redemption prior to maturity as follows:

Optional Redemption. The Bonds are subject to optional redemption prior to maturity by the Authority, at the direction of the Borrower, on or after May 1, 2028, in whole or in part at any time. Any such redemption shall be made at a redemption price equal to 100% of the stated principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption prior to maturity in part by lot at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date on May 1 of the years and in the respective principal amounts set forth below:

Bonds Due May 1, 2048 (5.000% Term Bond)

Year	Principal Amount	
2033	$110,000	
2034	115,000	
2035	120,000	
2036	125,000	
2037	135,000	
2038	140,000	
2039	145,000	
2040	155,000	
2041	160,000	
2042	170,000	
2043	180,000	
2044	185,000	
2045	200,000	
2046	210,000	
2047	215,000	
2048	1,385,000	(final maturity)

Bonds Due May 1, 2048 (5.250% Term Bond)

Year	Principal Amount	
2033	$10,000	
2034	10,000	
2035	10,000	
2036	10,000	
2037	10,000	
2038	10,000	
2039	10,000	
2040	10,000	
2041	10,000	
2042	10,000	
2043	10,000	
2044	15,000	
2045	10,000	
2046	15,000	
2047	15,000	
2048	1,585,000	(final maturity)

In the event that any Bonds are redeemed (other than through mandatory sinking fund redemption pursuant to the Indenture) and are canceled by the Trustee, the Trustee shall cause the Authority to receive a credit against its mandatory sinking fund redemption obligations in the aggregate principal amount of the Bonds so redeemed, such credits to be given in such order of maturity as may be directed in writing by the Borrower. Also, at its option, the Borrower may deliver to the Trustee for cancellation Bonds purchased by the Borrower pursuant to the Indenture. The Bonds so purchased, delivered and canceled shall be credited by the Trustee at 100% of the principal amount thereof against the sinking fund redemption obligations of the Authority in such order of maturity as may be directed in writing by the Borrower.

Purchase in Lieu of Redemption. The Borrower shall have the option to purchase Bonds otherwise callable for optional redemption (the "Callable Bonds") in lieu of redemption. Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the redemption date of written notice from the Borrower specifying that the Callable Bonds shall not be redeemed, but instead shall be purchased as described in this paragraph. Upon delivery of such notice from the Borrower, the Callable Bonds shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Bonds. The Borrower's option to purchase pursuant to this provision shall be effective whether or not the notice of redemption sent to Holders of such Bonds indicates that the Borrower has exercised, or intends to exercise, such option. No further or additional notice to Holders of such Bonds shall be required in connection with the purchase in lieu of redemption. Callable Bonds purchased pursuant to this paragraph (i) shall not be cancelled or retired, but shall continue to be Outstanding, (ii) shall be registered in the name of, or as directed by, the Borrower, and (iii) shall continue to bear interest at the rate provided for in such Bonds.

Procedure for and Notice of Redemption

The Trustee is required to cause notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, to be sent by first class mail, not more than 60 days and not less than 30 days prior to the date set for redemption of all or part of such Bonds, to the registered owner of each Bond to be redeemed at such owner's registered address. So long as the Bonds or any portion thereof are held by DTC, the Trustee shall send each notice of redemption of such Bonds to DTC. Failure to mail any such notice or defect in the mailing thereof in respect of any Bond shall not affect the validity of the redemption of any other Bond with respect to which notice is properly 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 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such redemption moneys with the Trustee not later than the opening of business on the redemption date, in which case such notice shall be of no effect unless moneys are so deposited. Optional redemptions may be made subject to other conditions if so directed and specified by the Borrower and if such conditions are not met the redemption shall not occur and the notice of redemption may be rescinded and shall be of no force and effect.

If less than all Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected from the maturities designated by the Borrower and within a maturity by any method determined by the Trustee to be fair and reasonable; provided that if any Bond is to be redeemed in part, the principal portion to remain outstanding must be in an authorized denomination. In the case of a partial redemption of Bonds, when Bonds of denominations greater than $5,000 are then Outstanding, each $5,000 unit of face value of principal thereof shall be treated as if it were a separate Bond of the denomination of $5,000.

THE PROJECT

The proceeds from the sale of the Bonds, together with other available funds, will be used to finance a project for the benefit of the Borrower consisting of the financing of (i) certain renovations to Witmer Student Residence, (ii) a portion of the cost of construction and equipping of a new Welcome and Admissions Center, (iii) miscellaneous capital expenditures on the College's campus, (iv) paying capitalized interest on the Bonds; and (v) the payment of certain costs of issuing the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the Bonds:

Sources of Funds

Par Amount of Bonds	$5,500,000.00
Original Issue Premium	557,532.50
TOTAL SOURCES OF FUNDS	$6,057,532.50

Uses of Funds

Deposit to Project Fund	$5,938,245.10
Costs of Issuance (1)	119,287.40
TOTAL USES OF FUNDS	$6,057,532.50

(1) Includes amounts to be paid for Authority related fees, Trustee fees, rating agency fees, legal counsel fees, printing costs, Program Sponsor fee, and other fees and expenses, including the Underwriter's discount.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will constitute limited obligations of the Authority payable solely from, and secured by, the revenues and other moneys pledged and assigned by the Indenture to secure that payment. Those revenues and other moneys include the payments required to be made by the Borrower under the Loan Agreement (other than certain fees and indemnification payments required to be made to the Authority); all other moneys receivable by the Authority, or by the Trustee for the account of the Authority, in respect of repayment of the loan of the proceeds of the Bonds; and certain monies and securities in the funds and accounts held by the Trustee under the Indenture (collectively, the "Revenues").

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE INDENTURE PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY 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 BONDS, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY 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 AUTHORITY HAS NO TAXING POWER.

The Indenture

The Bonds will be issued under and secured by the Indenture. The Indenture provides that all Bonds issued thereunder will be limited obligations of the Authority, payable solely from the sources identified therein, which include: (i) payments required to be made by the Borrower under the Loan Agreement (other than certain fees and indemnification payments required to be paid to the Authority or to the Trustee), and (ii) certain moneys and securities held by the Trustee under the Indenture and investment earnings thereon (but excluding the Rebate Fund). See "THE INDENTURE" below for a summary of certain provisions of the Indenture.

The Loan Agreement

Under the Loan Agreement, the Borrower will be obligated to make loan payments in amounts necessary to provide for the payment as and when due of the principal or redemption price of, and interest on, the Bonds, any amounts that may be required to make up any deficiency that may occur in any funds and accounts established under the Indenture, and to provide for certain other payments required by the Indenture. The Authority will assign the Loan Agreement, including its right to receive loan payments thereunder (other than certain fees, expenses and indemnification payments required to be paid to the Authority or to the Trustee) to the Trustee as security for the Bonds.

The Loan Agreement is the general obligation of the Borrower and the full faith and credit of the Borrower is pledged to secure the payments required thereunder. The Borrower's obligations under the Loan Agreement are secured by a pledge of the Pledged Revenues of the Borrower (as further described under "Pledged Revenues" below). For a summary of certain provisions of the Loan Agreement, see "THE LOAN AGREEMENT" herein.

Pledged Revenues

To secure its obligations under the Loan Agreement, the Borrower will grant to the Trustee (as the assignee of the Authority) a lien on and security interest in its Pledged Revenues (the "Parity Lien"), on a parity with any lien on and security interest in the Pledged Revenues heretofore or hereafter granted by the Borrower to secure the Borrower's obligations respecting any Parity Indebtedness incurred by or for the benefit of the Borrower (see "Other Bonds" below). The term "Pledged Revenues" is defined under the caption "DEFINITIONS OF CERTAIN TERMS" herein. The existence of such lien and security interest in the Pledged Revenues of the Borrower will not prevent the Borrower from expending, depositing or commingling such funds so long as the Borrower is not in default under the Loan Agreement and any agreements pertaining to any applicable Parity Indebtedness.

To the extent that a security interest can be perfected in the Pledged Revenues of the Borrower by filing of financing statements, such action will be taken. The security interest in the Pledged Revenues of the Borrower may not be enforceable against third parties unless such Pledged Revenues of the Borrower are actually transferred to the Trustee or are subject to exceptions under the Uniform Commercial Code (the "UCC") as enacted in the Commonwealth of Pennsylvania. Under current law, such security interest may be further limited by the following: (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 Commonwealth of Pennsylvania or Federal statutes or regulations; (4) constructive trusts, equitable liens or other rights impressed or conferred by any Commonwealth of Pennsylvania or Federal court in the exercise of its equitable jurisdiction; (5) Federal bankruptcy laws; and (6) the filing of appropriate continuation statements pursuant to UCC provisions as from time to time in effect.

Other Bonds

The following revenue bonds heretofore issued for the benefit of the Borrower (the "Other Bonds") will remain outstanding after the issuance of the Bonds: (i) Pennsylvania Higher Educational Facilities Authority Revenue Bonds (Association of Independent Colleges and Universities of Pennsylvania Financing Program – Messiah College Project) Series 2001 I3, of which $9,000,000 principal amount is currently outstanding; (ii) Pennsylvania Higher Educational Facilities Authority Revenue Bonds (Association of Independent Colleges and Universities of Pennsylvania Financing Program – Messiah College Project) Series 2001 I4, of which $13,600,000 principal amount is currently outstanding; (iii) Pennsylvania Higher Educational Facilities Authority Revenue Bonds (AICUP Financing Program – Messiah College Project) Series 2012 LL3, of which $7,960,000 principal amount is currently outstanding; (iv) $4,500,000 outstanding principal amount of Cumberland County Municipal Authority Multi-Mode Revenue Bonds (AICUP Financing Program - Messiah College Project) Series 2014 T1; (v) the Cumberland County Municipal Authority Revenue Bonds (AICUP Financing Program - Messiah College Project) Series 2015 NN1, of which $11,385,000 in principal amount is currently outstanding; and (vi) the Cumberland County Municipal Authority Revenue Bonds (AICUP Financing Program - Messiah College Project) Series 2016 OO1, of which $16,655,000 in principal amount is currently outstanding. The agreements entered into by the Borrower to secure its obligations respecting the Other Bonds, and all supplements and amendments thereto, are collectively referred to herein as the "Other Debt Documents."

The Other Debt Documents contain various covenants and agreements, solely for the benefit of the holders of the Other Bonds, which will be in effect so long as any of the Other Bonds remain outstanding. A default by the Borrower in its obligations under the Other Debt Documents could result in a default under the Indenture that secures the Bonds. Prior to the closing for the issuance of the Bonds, copies of the Other Debt Documents may be obtained upon request to the Financial Advisor.

The Other Bonds are secured by a lien on and security interest in the Pledged Revenues of the Borrower on a parity with the lien on and security interest in such Pledged Revenues that will be granted by the Borrower to secure its obligations under the Loan Agreement.

Rate Covenant

Under the Loan Agreement, the Borrower covenants that it will establish, charge and collect tuition, student fees and charges for services provided by the Borrower such that Net Revenues Available for Debt Service (defined under "THE LOAN AGREEMENT" below) will equal or exceed, in each fiscal year, 105% of the Debt Service Requirement for such fiscal year. See "THE LOAN AGREEMENT – Rate Covenant" below.

Liens on Pledged Revenues and Other Properties

Except as described above under "Pledged Revenues," the Borrower has not given or granted a mortgage lien or other security interest or encumbrance upon any property of the Borrower to secure its payment obligations under the Loan Agreement. In the Loan Agreement, the Borrower covenants and agrees that it shall not grant any liens on its Pledged Revenues or any of its other property (whether real or personal, and whether owned as of the date of issuance of the Bonds or acquired thereafter) except for Permitted Encumbrances (defined below).

Additional Indebtedness

The Borrower may incur, guaranty or assume additional indebtedness upon compliance with specified requirements and limitations contained in the Loan Agreement and the Parity Debt Documents. To the extent permitted under the Loan Agreement and the Parity Debt Documents, such additional indebtedness may be secured by liens on and security interests in property of the Borrower, including a lien on and security interest in the Pledged Revenues on a parity with the lien on and security interest in the Pledged Revenues granted to secure the Bonds and any Parity Indebtedness of the Borrower. See "THE LOAN AGREEMENT – "Incurrence of Additional Indebtedness" and "Security for Indebtedness"" herein for a description of the requirements and limitations relating to the incurrence of and security for additional indebtedness which may be incurred by the Borrower.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the summaries of the Loan Agreement and Indenture set forth below. All capitalized terms used herein and not otherwise defined in this Official Statement, shall have the same meanings as set forth in the Indenture or Loan Agreement.

"**Audited Financial Statements**" means financial statements prepared in accordance with GAAP which have been examined and reported on by an independent certified public accountant.

"**Balloon Debt**" means debt 25% or more of the principal amount of which comes or may come due in any one Fiscal Year by maturity, mandatory sinking fund redemption or optional or mandatory tender by the holder thereof.

"**Bond Counsel**" means an attorney-at-law or a firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"**Bond Documents**" means the Loan Agreement, the Indenture, the Bonds and all other documents executed by the Borrower or the Authority in connection therewith, including but not limited to any Continuing Disclosure Certificate entered into by the Borrower.

"**Bondholder**" or **"Holder"** or **"Registered Owner"** or **"Owner"** of Bonds means the registered owner of any Bond.

"**Borrower Facilities**" shall mean the buildings, structures, real estate and any appurtenant facilities, equipment and fixtures currently owned or hereafter acquired by the Borrower, used by the Borrower in connection with its functioning as an institution of higher learning.

"**Certificate**" means a certificate or report, in form and substance reasonably satisfactory to the Authority and the Trustee, executed: (a) in the case of an Authority Certificate, by an Authority Representative; (b) in the case of a Borrower Certificate, by a Borrower Representative; and (c) in the case of a Certificate of any other Person, by such Person, if an individual, and otherwise by an officer, partner or other authorized representative of such Person; provided that in no event shall any individual be permitted to execute any Certificate in more than one capacity.

"**Consultant**" shall mean a Person, who shall be Independent, appointed by the Borrower or the Authority, as the case may be, generally recognized as qualified to pass upon the matters under consideration and having a favorable reputation for skill and experience in such matters.

"**Core Campus**" shall mean the Borrower's main campus, including an approximate 471-acre parcel located in Grantham, Cumberland and York Counties, Pennsylvania and all buildings, facilities and personal property of the Borrower now or hereafter located thereon.

"**Debt Service Requirement,**" with reference to a specified period, shall mean:

a. interest payable on Long-Term Indebtedness during the period, excluding (i) interest funded from the proceeds thereof and (ii) interest on Long-Term Indebtedness to be redeemed during such period through any sinking fund account which would otherwise accrue after the redemption date;

b. amounts required to be paid into any mandatory sinking fund account for Long-Term Indebtedness during the period;

c. amounts required to pay the principal of Long-Term Indebtedness maturing during the period and not to be redeemed prior to maturity through any mandatory sinking fund account; and

d. in the case of Long-Term Indebtedness in the form of a lease capitalized under GAAP, the lease rentals payable during the period;

provided, however, that (i) in the case of Variable Rate Debt, interest shall be calculated, in any projection of Debt Service Requirement for a future period, (A) if the debt has been outstanding for at least 24 months, at 120% of the average interest rate on such debt during the most recent 24-month period, (B) if such debt has been outstanding for at least 12 months but less than 24 months, at the higher of 100% of the average interest rate on such debt for the most recent 12-month period or the rate in effect on the date of calculation, and (C) if such debt has been outstanding for less than 12 months, at a rate equal to 100% of (1) the average SIFMA Municipal Swap Index for the preceding 24 months, if such debt is tax-exempt debt, and (2) the average rate for one-month LIBOR (or a comparable index) for the preceding 24 months, if such debt is taxable debt, (ii) in the case of Balloon Debt, such debt shall be assumed to amortize on a level debt service basis over a period of 20 years or the actual remaining term to maturity, whichever is less, unless a binding commitment to refinance such debt upon maturity has been provided by a financial institution rated at least "A2" from Moody's or "A" from S&P, in which case such debt will be assumed to mature in accordance with the terms of such binding commitment, (iii) interest payable shall be reduced by the amount of any interest subsidy which a Federal, state or local government is irrevocably committed to pay for the period in question, and (iv) the Debt Service Requirement on any Long Term Indebtedness in the form of a guaranty of the indebtedness of others shall be deemed equal to (A) 25% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service at least equal to 150% of the annual debt service on its long-term debt in its latest fiscal year, (B) 50% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service at least equal to 125% but less than 150% of the annual debt service on its long-term debt in its latest fiscal year, (C) 75% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service at least equal to 110% but less than 125% of the annual debt service on its long-term debt in its latest fiscal year, and (D) 100% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Net Revenues Available for Debt Service below 110% of the annual debt service on its long-term debt in its latest fiscal year or if the Borrower has made a payment on the guaranteed entity's debt during any of the last three Fiscal Years.

"**GAAP**" means generally accepted accounting principles as defined more specifically in the Loan Agreement.

"**Government Obligations**" means (i) U.S. Treasury certificates, notes and bonds (including State and Local Government Series (SLGS)), (ii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury, and (iii) obligations issued by the following agencies which are backed by the full faith and credit of the United States of America: U.S. Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration, Federal Financing Bank, General Services Administration (participation certificates), U.S. Maritime Administration (guaranteed Title XI financing), and U.S. Department of Housing and Urban Development (project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds).

"**Intercreditor Agreement**" means the Intercreditor Agreement (Amended and Restated) and Security Agreement, dated as of September 1, 2015, among the Trustee, The Bank of New York Mellon Trust Company, N.A., as trustee for the Other Bonds, and the Borrower, as amended and supplemented by Supplement No. 1 dated as of May 1, 2016 and Supplement No. 2 dated as of June 1, 2018 and as further amended and supplemented from time to time, or any other intercreditor agreement entered into with respect to the Bonds and any Parity Indebtedness.

"**Loan Payments**" means the amounts required to be paid by the Borrower in repayment of the loan of Bond proceeds pursuant to the Loan Agreement.

"**Long-Term Indebtedness**" shall mean all obligations for the payment of money (including, without limitation, all Bonds), incurred, assumed or guaranteed by the Borrower, whether due and payable in all events, or upon the performance of work, the possession of property as lessee or the rendering of services by others, except:

a. Short-Term Indebtedness;

b. current obligations payable out of current revenues, including current payments for the funding of pension plans;

c. obligations under contracts for supplies, services, and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered, or the pensions paid;

d. rentals payable in future years under leases not required to be capitalized under GAAP;

e. Non-Recourse Indebtedness (as described under the heading "THE LOAN AGREEMENT – Incurrence of Additional Indebtedness") or any other obligation secured solely by and paid solely from sources other than Pledged Revenues; and

f. Student Loan Guarantees complying with the requirements described under the heading "THE LOAN AGREEMENT – Student Loan Guarantees," except to the extent includable as Long-Term Indebtedness under the provisions thereof.

"**Maximum Annual Debt Service Requirement**" shall mean, with respect to any Long-Term Indebtedness, the maximum Debt Service Requirement for any one Fiscal Year during the remaining life of such Long-Term Indebtedness.

"**Moody's**" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the Borrower.

"**Net Revenues Available for Debt Service**" shall mean, for any period, the sum of (i) unrestricted revenues (operating and nonoperating) less unrestricted expenses (operating and nonoperating), exclusive of unrealized and realized gains and losses on long-term investments, (ii) all interest expense of the Borrower for such period with respect to Long-Term Indebtedness, and (iii) all depreciation expense for such period; provided that no determination of Net Revenues Available for Debt Service shall take into account any disposition of capital assets not in the ordinary course of business to the extent otherwise included in the foregoing calculations of revenue and expenses, any other gains or losses resulting from changes in accounting principles not involving the receipt or expenditure of cash, or any other non-operating, non-cash expenses.

"**Other Bonds**" means the revenue bonds so defined under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Other Bonds."

"**Outstanding**" in connection with the Bonds, means, as of the time in question, all Bonds authenticated and delivered under the Indenture, except: (i) bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption at or prior to that time; (ii) bonds paid pursuant to the Indenture; (iii) bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and (iv) bonds in substitution for which other Bonds have been authenticated under the Indenture. In determining whether the owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, only Bonds which a Responsible Officer of the Trustee actually knows held by or on behalf of the Borrower shall be disregarded for the purpose of any such determination, unless 100% of the Bonds are so held, in which case all of the Bonds shall be deemed Outstanding.

"**Parity Indebtedness**" means the existing indebtedness as of the date of issuance of the Bonds that is described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Other Bonds" and subject to the Intercreditor Agreement, and any additional indebtedness secured on a parity with the Bonds in accordance with the Loan Agreement.

"**Permitted Encumbrances**" shall mean, with respect to the Pledged Revenues and the Borrower Facilities as of any particular time, (i) liens arising by reason of good faith deposits by the Borrower in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Borrower to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (ii) liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose as required by law or regulation (A) as a condition to the transaction of any business or the exercise of any privilege or license, or (B) to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, or pension or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for companies participating in such arrangements; (iii) any judgment lien against the Borrower, so long as the finality of such judgment is being contested and execution thereon is stayed and (A) provision for payment of the judgment has been made in accordance with applicable law or by the deposit of cash or investments with a commercial bank or trust company or (B) adequate insurance coverage is available to satisfy such judgment; (iv) such defects, irregularities, encumbrances, utility easements, access and other easements and rights of way, restrictions, exceptions and clouds on title which do not have a material and adverse effect on the interests of the holders of Bonds and do not materially interfere with or impair the operations of the Borrower; (v) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in good faith; (vi) such minor defects and irregularities of title as normally exist with respect to facilities similar in character to the Borrower Facilities and which do not have a material and adverse effect on the value of, or materially impair, the Borrower Facilities affected thereby for the purpose for which they were acquired or are held by the Borrower; (vii) zoning laws and similar restrictions which are not violated by the Borrower Facilities affected thereby; (viii) all right, title and interest of the Commonwealth, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way; (ix) liens on property received by the Borrower through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests or property or income thereon; (x) liens for taxes, special assessments, or other governmental charges not then delinquent or being contested in good faith; (xi) liens and encumbrances permitted as described herein under the heading "THE LOAN AGREEMENT – Security for Indebtedness;" (xii) liens on goods and equipment as normally exist with respect to facilities similar in character to the Borrower Facilities; and (xiii) liens and encumbrances securing indebtedness existing on the date of issuance of the Bonds and identified on an Exhibit attached to the Loan Agreement.

"**Permitted Investments**" means any of the following investments, if and to the extent the same are at the time legal for investment of the funds held under the Indenture:

(i) Government Obligations.

(ii) obligations issued or guaranteed by any of the following agencies (stripped securities are only permitted if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (participation certificates or senior debt obligations), Federal National Mortgage Association (mortgage-backed securities and senior debt obligations), Student Loan Marketing Association (senior debt obligations), Resolution Funding Corp., and Farm Credit System (consolidated system-wide bonds and notes).

(iii) Certificates of deposit issued by commercial banks, savings and loan associations or mutual savings banks which certificates of deposit are secured at all times by collateral consisting of Government Obligations, including those of the Trustee or any of its affiliates. Such collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(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 Borrower, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates.

(v) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "P-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(vi) Obligations of a state, a territory, or a possession of the United States, or any political subdivision of any of the foregoing or of the District of Columbia as described in Section 103(a) of the Code if such obligations are rated by Moody's and S&P in one of the two highest rating categories assigned by such rating agencies.

(vii) Commercial paper rated, at the time of purchase, not less than P-1 by Moody's or A-1 by S&P.

(viii) Any money market mutual fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating at the time of investment by S&P of AAAm-G, AAA-m, or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, or analogous ratings if such ratings are no longer being used by S&P or Moody's, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Trustee or an affiliate of the Trustee receives and retains fees for services provided to such funds, (2) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (3) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

(ix) Investment agreements with, or which are guaranteed by, a financial institution which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the two highest rating categories by Moody's or S&P, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, including any affiliate of the Trustee provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with the Interest Payment Dates, (ii) moneys invested thereunder may be withdrawn for any purpose required under the Indenture without any penalty, premium or charge upon not more than seven days' notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date), (iii) the agreement is not subordinated to any other obligations of such financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

"**Person**" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, a governmental unit or agency, a political subdivision or instrumentality thereof, or any other group or organization of individuals.

"**Pledged Revenues**" shall mean all receipts, revenues, income and other moneys received by or on behalf of the Borrower from the operation, ownership or leasing of all Borrower Facilities (except those Borrower Facilities securing permitted Non-Recourse Indebtedness, if any), all gifts, grants, bequests, donations and contributions received by the Borrower, and all rights to receive the same whether in the form of accounts, accounts receivable, contract rights, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, including any insurance proceeds and any condemnation awards derived therefrom, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Borrower in connection with the Borrower Facilities; provided, however, that there shall be excluded from Pledged Revenues: gifts, grants, bequests, donations and contributions heretofore or hereafter made, the application of the proceeds of which is designated or restricted at the time of making thereof by the donor, payor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of Loan Payments under the Loan Agreement or not subject to pledge, or subsequent to the receipt thereof, so designated or restricted by the Borrower in order to meet the requirements of any challenge grant received by the Borrower, and the income derived therefrom to the extent that it is permanently restricted in or by such designation or restriction or by law.

"**Project Costs**" means costs of the Project permitted under the Act, including, but not limited to, the following:

(a) Costs incurred in acquisition, construction, renovation, installation, equipment or improvement of the Project Facilities and the other portions of the Project, including costs incurred for preliminary planning and studies; architectural, engineering, accounting, consulting, legal and other professional fees and expenses; labor, services and materials;

(b) Fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including without limitation bond discount, printing expense, title insurance, recording fees and the initial fees and expenses of the Trustee and the Authority;

(c) Payment of interest on the Bonds and fees and expenses of the Trustee accruing during the period when the Project Facilities are under construction;

(d) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, installation, equipment or improvement of the Project; and

(e) Costs and expenses involved in repaying any Person that provided interim financing to the Borrower in order to pay any of the costs described in clauses (a) through (d) above in connection with the Project.

"**Project Facilities**" means the facilities financed or refinanced with proceeds of the Bonds.

"**Project Fund**" means the fund so designated established pursuant to the Indenture.

"**Property**" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated.

"**Rating Service**" means Moody's, if the Bonds are rated by such at the time, and Standard & Poor's, if the Bonds are rated by such at the time, and their successors and assigns, or if either shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated by the Authority and satisfactory to the Trustee.

"**Refunding Indebtedness**" means indebtedness issued for the purpose of refunding other Long-Term Indebtedness.

“**Responsible Officer**” means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate or other officer of the Trustee within the Designated Office and having direct responsibility for the administration of the Indenture.

"**Short-Term Indebtedness**" shall mean all obligations of the Borrower for the repayment of borrowed money having a final maturity of less than one year from the date incurred, excluding the current portion of any Long-Term Indebtedness.

"**Standard & Poor's**" or "S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, its successors and assigns, and, if such rating agency shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the Borrower.

"**Student Loan Guarantees**" shall mean any guarantees by the Borrower of the primary obligations of students enrolled at the Borrower to repay loans made to them, or any guarantee by the Borrower of obligations incurred by other parties to finance loans to or for the benefit of such students.

"**Total Operating Revenues**" means the aggregate of all unrestricted operating revenues of the Borrower less applicable deductions from unrestricted operating revenues (but before deduction of operating expenses) as determined in accordance with GAAP.

"**Trust Estate**" means the Loan Agreement, the Loan Payments, the Funds and Accounts created under the Indenture, Revenues (as defined in the Indenture, and which include certain investment income), and the other right, title and interest assigned, transferred and pledged or intended so to be to the Trustee under the Indenture.

"**Variable Rate Debt**" shall mean indebtedness which bears interest at a variable, adjustable, or floating rate.

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, a copy of which is on file at the corporate trust office of the Trustee in Philadelphia, Pennsylvania, for a complete statement of these provisions and other provisions which are not summarized in this Official Statement.

General

The Loan Agreement provides for the financing by the Authority of the Project and a loan of the proceeds of the Bonds from the Authority to the Borrower. Under the Loan Agreement, the Authority, at the request of the Borrower, will obtain funds necessary to finance the Project through the issuance and sale of the Bonds and concurrently therewith, the proceeds shall be deposited in the Project Fund and applied to the costs of the Project. The Borrower agrees to repay the loan in installments corresponding to the principal or redemption price of and interest on the Bonds.

Loan Payments

To provide funds to pay the principal or redemption price of and interest on the Bonds when due, the Borrower will make loan payments to the Trustee corresponding, as to amounts, to the principal or redemption price of and interest on the Bonds, such payments to be made at least ten days before the corresponding dates for payments on the Bonds. The Borrower will also pay the administrative fees and expenses of the Authority and the Trustee as provided in the Loan Agreement. The Borrower shall also be entitled to credits against the loan payments as and to the extent provided in the Indenture.

Pledge of Revenues

As security for the Borrower's obligation to make payments required under the Loan Agreement and to make all other payments due and perform all other obligations under the Loan Agreement, the Borrower pledges, assigns and grants to the Trustee, as assignee of the Authority, a lien on and a security interest in its Pledged Revenues, on a parity with the liens and security interests previously granted to secure Parity Indebtedness. (See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Other Bonds.") The existence of such pledge and security interest will not prevent the expenditure, deposit or commingling of the Pledged Revenues by the Borrower so long as all required payments under the Loan Agreement are made when due. Subject to the terms of the Intercreditor Agreement, if any required payment is not made when due or an Event of Default shall have occurred under the Loan Agreement, any Pledged Revenues subject to such security interest which are then on hand and not yet commingled with other funds of the Borrower, and any such Pledged Revenues thereafter received, shall not be commingled or deposited but shall immediately be paid over to the Trustee.

Any moneys in the Project Fund (including the earnings from investments therein) remaining after the date of completion of the Project Facilities and payment, or provision for payment, in full of the Project Costs shall, at the written direction of a Borrower Representative and following delivery to the Trustee of a Certificate of the Borrower certifying that the Project has been completed, be transferred to the Bond Fund and applied as provided in the Indenture; provided that (i) any such transfer and application shall be made only to the extent that such use or application will not, in the opinion of Bond Counsel, cause the interest on the Bonds to become included in the gross income of the Holders for federal income tax purposes, and (ii) unless there shall be delivered to the Trustee a similar opinion of Bond Counsel, such remaining moneys shall not be invested by the Borrower in "investment property" (as defined in Section 148 of the Code) at a yield in excess of the yield on the Bonds. The Borrower shall not give the Trustee any investment direction that violates the provisions of the foregoing provisions.

Maintenance of Existence

The Borrower shall do all things necessary to preserve and keep in full force and effect its existence as a not-for-profit corporation under the laws of the Commonwealth and shall not (i) dissolve or otherwise sell, transfer or dispose of all, or substantially all, of its assets or (ii) consolidate with or merge into any other entity; provided that, subject to certain provisions of the Loan Agreement relating to the tax-exempt status of the Borrower and the Bonds, the preceding restrictions shall not apply to a transaction to which the Authority consents in writing if the transferee or the surviving or resulting entity, if other than the Borrower, by written instrument satisfactory to the Authority and the Trustee, irrevocably and unconditionally assumes and agrees to perform and observe the agreements and obligations of the Borrower under the Loan Agreement and the provisions of the Loan Agreement described below under the heading "Assignment" are satisfied.

The Borrower covenants that it will maintain the necessary accreditation to enable it to maintain its authority to operate as an institution of higher education in the Commonwealth of Pennsylvania within the meaning of the Act.

Compliance with Laws; Commencement and Continuation of Operations at Project Facilities; No Sale, Removal or Demolition of Project Facilities

The Borrower will operate and maintain the Project Facilities in such manner as to comply with the Act and all applicable requirements of federal, state and local laws and the regulations, rules and orders of any federal, state or local agency, board, commission or court having jurisdiction over the Project Facilities or the operation thereof, including without limitation applicable zoning, planning, building and environmental laws, regulations, rules and orders; provided that the Borrower shall be deemed in compliance with this covenant so long as it is contesting in good faith any such requirement by appropriate legal proceedings. The Borrower will not sell, assign or otherwise dispose of (whether in one transaction or in a series of transactions) its interest in the Project Facilities or any material portion thereof (other than as described above under the heading "Maintenance of Existence" and other than leases permitted as described below under the heading "Lease by Borrower") or undertake or permit the demolition or removal of the Project Facilities or any material portion thereof without the prior written consent of the Authority; provided that the Borrower shall be permitted to sell, transfer, assign or otherwise dispose of or remove any portion of the Project Facilities which is retired or replaced in the ordinary course of business.

Lease by Borrower

The Borrower may, subject to certain provisions of the Loan Agreement, including provisions relating to the tax-exempt status of the Borrower and the Bonds, lease the Project Facilities, in whole or in part, to one or more other Persons, provided that: (a) no such lease shall relieve the Borrower from its obligations under the Loan Agreement; (b) in connection with any such lease the Borrower shall retain such rights and interests as will permit it to comply with its obligations under the Loan Agreement; (c) no such lease shall impair materially the accomplishment of the purposes of the Act to be accomplished by operation of the Project Facilities as herein provided; (d) any such lease shall require the lessee to operate the Project Facilities as a "project" under the Act as long as the Bonds are outstanding; (e) in the case of a lease to a new lessee or an assignment of an existing lease to a new lessee of substantially all of the Project Facilities, such new lessee shall have been approved by the Authority (such approval not to be unreasonably withheld); and (f) the lessees under any such leases, including any leases in force on the date of issuance of the Bonds, shall be subject to certain terms and conditions of the Loan Agreement relating to the tax-exempt status of the Borrower and the Bonds.

Financial Statements

The Borrower shall cause its Annual Financial Statements for each Fiscal Year to be examined by an independent Certified Public Accountant. A copy of such financial statements and the independent Certified Public Accountant's report thereon shall be provided to the Authority and the Trustee within 30 days after release of such audited financial statements by the Borrower's Board of Trustees. The Trustee shall have no duty to examine or review such financial statements, shall not be considered to have notice of the contents of such statements or of a default or Event of Default under the Loan Agreement or under any other document based on such content and shall have no duty to verify the accuracy of such statements.

Taxes, Other Governmental Charges and Utility Charges

The Borrower shall pay, or cause to be paid before the same become delinquent, all taxes, assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project Facilities, including any equipment or related property installed or bought by the Borrower therein or thereon, and all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project Facilities. With respect to special assessments or other governmental charges that lawfully may be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as are required to be paid during the term of the Loan Agreement. The Borrower may, at its expense, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Authority or the Trustee shall notify the Borrower that, in the opinion of counsel selected by the Authority or the Trustee, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The Borrower shall also comply at its own cost and expense with all notices received from public authorities with respect to the Project.

Insurance

The Borrower covenants and agrees that it will continuously maintain insurance on its properties and facilities against such risks (including casualty, accident and worker's compensation) , in such amounts and with such deductibles, as are consistent with customary coverage, as from time to time in effect, in connection with the operation of properties of type and size comparable to properties and facilities as maintained by entities similar to the Borrower; provided, that property and casualty coverage shall at all times be maintained in an amount at least equal to the outstanding principal amount of the Bonds.

In the event the property and liability insurance required by the preceding paragraph is not commercially available at a reasonable cost or has been otherwise provided, the Borrower may accept such substituted coverage, including coverage from a captive insurance company or a consortium, as is recommended by an independent insurance consultant, provided, however, that no Event of Default shall occur under the Loan Agreement if such substitute coverage is unavailable, and the Borrower makes a continuing good faith effort to secure the insurance or such substitute coverage, including self-insurance. For purposes of the foregoing provision, "independent insurance consultant" means a nationally recognized firm of insurance agents, brokers or consultants with experience and expertise in assessing the property and casualty and liability risks of the Borrower and, if applicable, assessing the risks associated with such substitute insurance coverage, and if the Borrower has coverage through a captive insurance company or a consortium, includes an independent insurance consultant retained by such captive insurance company or consortium.

The Borrower may self-insure solely for professional liability, employee health insurance, workers compensation insurance, unemployment insurance, commercial general liability insurance, automobile insurance, student health and accident insurance, directors and officers insurance, travel insurance, broadcasters liability insurance, publishers liability insurance, and excess liability insurance, so long as the Borrower's self-insurance plan provides for (i) the establishment by the Borrower of a separate segregated self-insurance fund funded in an amount confirmed as to sufficiency through the annual auditing process by an independent auditor or an insurance consultant or nationally recognized independent actuarial consultant employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program. If the Borrower elects to self-insure for professional liability, the Borrower shall within 150 days after the end of each Fiscal Year cause an independent insurance consultant or nationally recognized independent actuarial consultant to submit a report to the Trustee to the effect that such self-insurance plan maintains adequate reserves and has been adequately funded.

Damage to or Condemnation of Project Facilities

In the event of damage, destruction or condemnation of part or all of the Project Facilities, the Borrower will either: (i) restore the Project Facilities, (ii) if permitted by the terms of the Bonds, direct the Authority to call the Bonds for optional redemption pursuant to the Indenture, or (iii) apply any insurance proceeds or condemnation awards received with respect to such damage, destruction or condemnation to any other purpose specified in a Borrower Certificate delivered to the Trustee and accompanied by an opinion of Bond Counsel to the effect that such application will not result in the interest on the Bonds becoming included in the gross income of the Holders for federal income tax purposes. Damage to, destruction of or condemnation of all or a portion of the Project Facilities shall not terminate the Loan Agreement or cause any abatement of or reduction in the payments to be made by the Borrower under the Loan Agreement.

Rate Covenant

The Borrower covenants that it will establish, charge and collect tuition, student fees and charges for services provided by the Borrower such that Net Revenues Available for Debt Service will equal or exceed, in each Fiscal Year, 105% of the Debt Service Requirement for such Fiscal Year.

If, in any Fiscal Year, the Borrower fails to meet the foregoing covenant, it shall promptly retain a Consultant to make a report and recommendation with respect to such tuition, student fees and other charges, and with regard to operations of the Borrower. The Borrower further covenants that upon receipt of such report and recommendation from the Consultant, the Borrower shall cause copies thereof to be filed with the Trustee, and the Borrower shall within 60 days of the receipt of such report and recommendation describe in writing to the Trustee what action, if any, the Borrower shall take upon the report and recommendation of the Consultant. So long as the Borrower takes the foregoing steps with respect to a Consultant's report, the failure to meet the rate covenant set forth in the preceding paragraph with respect to any Fiscal Year will not be deemed to constitute an Event of Default unless the Borrower's cash and cash equivalents (including cash held in a debt service fund but not cash held in a debt service reserve fund) and investments, as shown on the audited financial statements for such Fiscal Year, are less than 150% of the total Long-Term Indebtedness outstanding at the end of such Fiscal Year.

Incurrence of Additional Indebtedness

The Borrower covenants that it will not incur or assume additional Long-Term Indebtedness unless there is no Event of Default under the Loan Agreement or under the Indenture that has occurred and is continuing, and the Borrower delivers to the Trustee prior to such incurrence either (i) a Borrower Certificate in form acceptable to the Trustee demonstrating that, for each of the two most recent Fiscal Years for which Audited Financial Statements are available, the sum of Net Revenues Available for Debt Service plus, in the case of Long-Term Indebtedness incurred to finance the acquisition or construction of additional student residence facilities or other revenue producing facilities, an amount in each such Fiscal Year equal to the additional annual revenues in the form of room and board or other charges associated with such new facilities which are projected to be received following completion of such acquisition or construction, equaled or exceeded 125% of the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness outstanding during such Fiscal Years and for the Long-Term Indebtedness proposed to be incurred, or (ii) a Borrower Certificate demonstrating (A) that for each of the two most recent Fiscal Years for which Audited Financial Statements are available, Net Revenues Available for Debt Service equaled or exceeded 105% of the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness outstanding during such Fiscal Years and (B) that for each of the first two full Fiscal Years following the incurrence of such Long-Term Indebtedness, Net Revenues Available for Debt Service are projected to equal or exceed 105% of the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness expected to be outstanding during such Fiscal Years, or (iii) a Borrower Certificate demonstrating that the Maximum Annual Debt Service Requirement for all Long-Term Indebtedness expected to be outstanding immediately following the incurrence of such Indebtedness is less than 12% of the Borrower's unrestricted revenues as shown on the Borrower's Audited Financial Statements for the most recent Fiscal Year for which Audited Financial Statements are available.

Notwithstanding the foregoing, the following types of indebtedness may be incurred without meeting the foregoing requirements:

Refunding Indebtedness. Refunding Indebtedness may be incurred without limitation.

Short-Term Indebtedness. The Borrower may, from time to time, incur or assume Short-Term Indebtedness in the ordinary course of business in any amount up to 20% of Total Operating Revenues for the preceding Fiscal Year, less any Short-Term Indebtedness then outstanding; provided, however, that no Short-Term Indebtedness shall be outstanding for a period of at least 15 consecutive calendar days in each Fiscal Year.

Student Loan Guarantees. The Borrower may incur indebtedness in the form of Student Loan Guarantees as described below under the heading "Student Loan Guarantees."

Non-Recourse Indebtedness. The Borrower may, from time to time, incur debt which is (i) incurred to finance additional capital projects; and (ii) is nonrecourse debt secured solely by a lien on and security interest in the property financed by such debt and/or the revenues therefrom.

Purchase Money Financings. The Borrower may, from time to time, incur debt without complying with the debt incurring tests described above if such debt (i) is issued to finance the acquisition of machinery or equipment; (ii) is unsecured or secured solely by a purchase money security interest in the acquired machinery or equipment; and (iii) is in a principal amount which, when added to the total amount of indebtedness incurred pursuant to this paragraph and outstanding immediately after the incurrence of the new debt, is less than or equal to 15% of the Total Operating Revenues for the then most recently completed Fiscal Year.

Security for Indebtedness

Any Long-Term Indebtedness or Short-Term Indebtedness hereafter incurred or assumed as described above under the caption "Incurrence of Additional Indebtedness" may be secured only as follows:

(i) In the case of Parity Indebtedness: (a) by a lien on and security interest in the Pledged Revenues ranking on a parity with the lien and security interest granted under the Loan Agreement as confirmed by the execution and delivery by the lender or holder of such debt of a joinder or other agreement by which such lender or holder shall be bound by the terms of the Intercreditor Agreement; or (b) by a lien or mortgage on and/or security interest in Borrower Facilities, provided that, if the Borrower grants a mortgage on or security interest in any part of the Project Facilities, the Borrower shall grant to the Trustee a mortgage of equal priority on and/or security interest in the same property to secure the Loan Agreement.

(ii) In the case of nonrecourse debt, solely by a lien on and/or security interest in the property financed with such debt and/or the revenues therefrom.

(iii) In the case of purchase money financings, solely by a purchase money security interest in machinery or equipment financed with such debt.

(iv) In the case of Student Loan Guarantees, solely by a lien or pledge upon Pledged Revenues subordinate and junior to the pledge of Pledged Revenues under the Loan Agreement.

(v) In the case of other Long-Term Indebtedness:

(A) by a lien, on and security interest in any property or interest in tangible property, real, personal, or mixed, other than the Borrower's Core Campus or the Pledged Revenues; or

(B) by a purchase money security interest in any real property, fixtures, machinery and equipment made part of the Borrower Facilities; or

(C) by a lien on and security interest in the Pledged Revenues subordinate to the lien and security interest granted under the Loan Agreement; provided, however, that no such permitted indebtedness shall be secured by the moneys and investments held by the Trustee in any Funds created under the Indenture.

(vi) Any Short-Term Indebtedness incurred pursuant to the Loan Agreement may be secured solely:

(A) by a purchase money security interest in personal property acquired with the proceeds thereof; or

(B) by a lien on or mortgage against any real or personal property not constituting Borrower Facilities; or

(C) by a lien on and security interest in the Pledged Revenues ranking on a parity with or subordinate to that granted under the Loan Agreement; provided, however, that (i) no such permitted indebtedness shall be secured by the moneys and investments in any Funds held by the Trustee under the Indenture; and (ii) if such lien and security interest shall rank on a parity with that granted under the Loan Agreement, the holder or a trustee acting on behalf of such holder shall have confirmed such parity lien and security interest by the execution and delivery of a joinder or other agreement by which such holder or trustee shall be bound by the terms of the Intercreditor Agreement.

Student Loan Guarantees

The Borrower may incur obligations in the form of Student Loan Guarantees which meet the following criteria upon compliance with the following requirements:

(i) The loans to students shall be made pursuant to a program, whether governmental or privately sponsored, for the purpose of providing aid to students for tuition, room and/or board, or other expenses associated with the attendance by the student at the Borrower's institution and which program shall require that the Borrower execute its Student Loan Guarantee.

(ii) In the case of a program which is fully funded, no part of the obligations guaranteed by the Borrower shall constitute Long-Term Indebtedness of the Borrower. A program shall be deemed to be "fully-funded" if the assets of the program are at least equal to its liabilities, without regard to the guarantee by the Borrower. In determining the assets of the program, full effect must be given to estimated anticipated losses on student repayments to the extent not insured and due provision shall have been made to cover any shortfall between the principal amount of the obligations and the proceeds thereof (i.e., "nonasset bonds"). The plan may be made fully-funded by deposits, bank letters of credit or other credit support facilities provided by the Borrower or others.

(iii) To the extent that a program is not fully funded as provided above, the amount by which the liabilities exceed the assets shall be determined and such amount shall constitute Long-Term Indebtedness of the Borrower for all purposes of the Loan Agreement and the proportionate part of the debt service requirements on such obligations represented by such deficiency shall be deemed to be part of the Debt Service Requirement. A program which at its commencement is not fully funded may nonetheless be demonstrated to have become fully funded at a later date at which time there shall cease to be any Long-Term Indebtedness attributable to such Student Loan Guarantees so long as it continues to be fully-funded.

(iv) The fully funded status of a program or the extent to which a program is not fully funded shall be determined by a Certificate of the Pennsylvania Higher Education Assistance Authority or other issuing governmental authority if such Certificate be obtainable, or in the alternative, shall be certified to by a Consultant, which may be the Certified Public Accountant regularly retained by the Borrower, which Certificate in any case shall set forth in full the basis of its determination.

(v) If a Consultant's Certificate or Certificate of the issuing agency is not available, as provided above, the extent to which the principal amount of the Student Loan Guarantees shall be considered Long-Term Indebtedness shall be determined by multiplying the principal amount of such Student Loan Guarantees by the average default ratio, during the three Fiscal Years preceding such Student Loan Guarantees, for university students participating in United States Government guaranteed student loans programs.

(vi) The guarantee by the Borrower may be secured only by a lien or pledge upon Pledged Revenues subordinate and junior to the pledge of Pledged Revenues under the Loan Agreement.

No Liens or Encumbrances

The Borrower covenants and agrees that it will not grant any liens on the Pledged Revenues or the Borrower Facilities (whether real or personal, and whether owned as of the date of the Loan Agreement or acquired thereafter) except for Permitted Encumbrances.

Disposition of Assets

The Borrower covenants and agrees that it will not sell, transfer or otherwise dispose of any Property (other than transfers of current assets or investments in payment for property, goods or services, or as an investment of funds) except as follows:

(i) The Borrower may transfer property constituting a portion of the Borrower Facilities having a net book value of not more than 5% of the Borrower's total unrestricted net assets shown on its most recent audited financial statements, provided that the Trustee receives a Borrower Certificate which states the Borrower's intended use of the proceeds of such transfer and that such transfer will not adversely affect the ability of the Borrower to meet its payment obligations under the Loan Agreement; or

(ii) If no Event of Default under the Loan Agreement shall have occurred and be continuing, the Borrower may, with or without consideration:

(A) transfer easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Borrower Facilities, or release existing easements, licenses, rights of way and other rights or privileges, all upon such terms and conditions as the Borrower shall determine; or

(B) transfer any property which has been replaced in the ordinary course of operations; or

(C) transfer tangible or intangible personal property, fixtures, or equipment from the Borrower Facilities in the ordinary course of business; or

(D) transfer real estate at any one time or during any Fiscal Year having a net book value alone or in the aggregate not in excess of 10% of the Borrower's net property, plant, and equipment as so determined; or

(E) transfer any property at any one time or during any Fiscal Year having a net book value alone or in the aggregate in excess of the amounts set forth in (i) and (ii)(D) above or not in the ordinary course of business, if the Borrower shall file with the Trustee a Certificate showing that the Borrower's total unrestricted net assets immediately after such transfer shall not be less than 90% of such total unrestricted net assets before such transfer, and stating that such transfer will not adversely affect the ability of the Borrower to meet its payment obligations under the Loan Agreement.

Tax Covenants of Borrower and Authority

The Borrower covenants in the Loan Agreement that it will at all times do and perform all acts and things necessary or desirable and within its reasonable control in order to assure that interest paid on the Bonds shall be excludable from the gross income of the Holders thereof for federal income tax purposes and that it shall not take or omit to take, or permit to be taken on its behalf, any actions which, if taken or omitted, would adversely affect the excludability from the gross income of the Holders of interest paid on the Bonds for federal income tax purposes.

The Authority and the Borrower mutually covenant for the benefit of the Holders of the Bonds that they will not use the proceeds of the Bonds, any moneys derived, directly or indirectly, from the use or investment thereof or any other moneys on deposit in any fund or account maintained in respect of the Bonds in a manner which would cause such Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or would otherwise violate the provisions of the Indenture relating to arbitrage.

The Borrower has covenanted that it will comply with various requirements of the Code pertaining to the excludability of interest on the Bonds from gross income of Holders thereof for federal income tax purposes, including, without limitation, that:

(a) It will take whatever actions are necessary for it to continue to be organized and operated in a manner which will preserve and maintain its status as an organization which is described in Section 501(c)(3) of the Code, exempt from federal income taxes under Section 501(a) of the Code and not a private foundation under Section 509(a) of the Code (or corresponding provisions of prior law), and it will not perform any acts nor enter into any agreements which would cause any revocation or adverse modification of such federal income tax status; and

(b) The Borrower will make such payments to the Trustee as are required of it under the Indenture in connection with the requirements of Section 148 of the Code concerning arbitrage bonds including Section 148(f), which requires generally rebate payments to the United States of arbitrage profits, and to pay the costs and expenses of any Financial Consultant engaged in accordance with the Indenture to assist in calculating the amount of such rebate payments, if any.

Environmental Matters

The Borrower covenants to comply in all material respects with all applicable federal, state and local laws, ordinances, rules and regulations pertaining to the environment (collectively, "Environmental Laws"), including, without limitation, those regulating hazardous or toxic wastes and substances (as such phrases may be defined in any Environmental Law), and to give prompt written notice to the Trustee and the Authority of any material violation or alleged material violation of any Environmental Law with respect to the Borrower's property. The Borrower will indemnify and defend the Authority and the Trustee and their respective directors, officers, employees and agents (the "Indemnified Parties"), and hold the Indemnified Parties harmless from, any loss, liability, damage, claim, fine, penalty, action or cause of action, including, without limitation, out-of-pocket and incidental expenses and court costs and reasonable attorney's fees, costs and expenses and the allocated costs of in-house counsel and legal staff, consultants' fees and any clean-up or remediation costs, arising from any violation or alleged violation by the Borrower of any Environmental Law with respect to the Borrower's property.

Borrower's Use of the Project Facilities

The Borrower will use the Project Facilities only in furtherance of the lawful purposes of the Borrower.

The Borrower further agrees that it will use the Project Facilities for secular instruction and will not use the Project as a facility used primarily in connection with any part of a program of a school or department of divinity for any religious denomination for the training of ministers, priests, rabbis or other similar persons in the field of religion or in a manner which would violate the First Amendment to the Constitution of the United States of America, including the decisions of the United States Supreme Court interpreting the same, or any comparable provisions of the Constitution of the Commonwealth, including the decisions of the Supreme Court of the Commonwealth interpreting the same. Notwithstanding the termination of the Loan Agreement, the Borrower agrees that it will continue to comply with the restriction stated in the preceding sentence on the sectarian use of the Project Facilities. To the extent required by law, the Borrower will permit the Authority to inspect the Project Facilities solely in order to determine whether the Borrower has complied with the provisions of this paragraph and such right of inspection shall survive the termination of the Loan Agreement.

The Borrower further agrees that it will not use the Project Facilities, or permit the Project Facilities to be used, in such manner as would result in the loss of any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled.

Events of Default

Each of the following shall constitute an Event of Default under the Loan Agreement:

(a) if the Borrower fails to make any payments required under the Loan Agreement with respect to the principal or redemption price of and interest on the Bonds on or prior to the second Business Day preceding the date the corresponding debt service payment on the Bonds is due or

(b) if the Borrower fails to make any other payment or deposit required under the Loan Agreement within thirty (30) days of the due date thereof; or

(c) if the Borrower fails to perform any of its other covenants, conditions or provisions under the Loan Agreement and such failure continues for thirty (30) days after the Authority or the Trustee gives the Borrower written notice thereof; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Borrower shall commence such performance within such thirty (30) day period and shall diligently and continuously prosecute the same to completion; or

(d) if the Borrower admits in writing its inability to pay its debts generally as they become due, or proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Borrower or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangements of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Borrower and if such is not vacated, dismissed or stayed on appeal within sixty (60) days; or

(e) if for any reason any of the Bonds shall be declared due and payable by acceleration in accordance with the terms of the Indenture; or

(f) if the Borrower shall default in the payment of any indebtedness (other than amounts due under the Loan Agreement) with a principal amount in excess of $1,000,000, and any period of grace with respect thereto shall have expired and as a result of such default such indebtedness shall have been declared or shall become immediately due and payable; or

(g) the occurrence of any default with respect to Parity Indebtedness subject to the Intercreditor Agreement, if any, as a result of which such Parity Indebtedness is declared immediately due and payable.

Remedies

If acceleration of the principal amount of the Bonds has been declared pursuant to the Indenture, the Trustee shall declare all loan payments to be immediately due and payable, whereupon the same shall become immediately due and payable. In addition, if an Event of Default under the Loan Agreement has occurred and is continuing, the Trustee, as assignee of the Authority, may, at its option, in addition to its other rights and remedies as may be provided in the Loan Agreement or may exist at the time at law or in equity, exercise any one or more of the following remedies:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its duties under the Act or the Loan Agreement; or

(b) by action or suit in equity require the Borrower to account as if it were the trustee of an express trust for the Authority; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or

(d) upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate, with such powers as the court making such appointment shall confer; or

(e) upon notice to the Borrower, accelerate the due dates of all sums due or to become due under the Loan Agreement.

In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in Loan Agreement concerning Events of Default and remedies, it shall not be necessary to give any notice, other than such notice as may be therein expressly required. Such rights and remedies as are given the Authority thereunder shall also extend to the Trustee. For so long as any Bonds remain Outstanding under the Indenture, and except with respect to the Borrower's obligations in respect of the Authority's rights to notices, payments of fees and expenses and indemnification rights and the Borrower's obligations to comply with the Act, the Trustee, as the assignee of the Authority, shall have the sole right to exercise rights and remedies against the Borrower upon the occurrence of any Event of Default under the Loan Agreement, and the exercise by the Trustee of such rights and remedies shall be subject to all applicable provisions of the Indenture, the Loan Agreement and the Act. To the extent necessary or appropriate and requested by the Trustee, the Authority shall cooperate with the Trustee in connection with the exercise by the Trustee of such rights and remedies against the Borrower.

Amendments

The Authority and the Borrower may enter into any amendments and supplements to the Loan Agreement without the consent of Bondholders, but with prior notice to the Trustee, for the following purposes:

(a) To cure any ambiguity, inconsistency, defect or omission in the Loan Agreement or in any amendment thereto;

(b) To modify, eliminate or add to the provisions of the Loan Agreement to such extent as shall be necessary to obtain, maintain or improve a rating of the Bonds;

(c) To add covenants of the Borrower or surrender rights or powers of the Borrower;

(d) To make such additions, deletions or modifications as may be necessary in the case of any Bonds to assure compliance with Section 148(f) of the Code relating to the required rebate of certain investment earnings to the United States government or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds; or

(e) In connection with any other change in the Loan Agreement if in the judgment of the Trustee in reliance on an opinion of Counsel (which may be Bond Counsel), the proposed change does not materially adversely affect the rights of the Holders of any Bonds.

Except for amendments, changes or modifications as provided in clauses (a) through (e) above, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement or waive any obligation or duty of the Borrower under the Loan Agreement without the written consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby; provided, however, that no such waiver, amendment, change or modification shall permit termination or cancellation of the Loan Agreement or any reduction of the amounts payable under the Loan Agreement with respect to debt service on the Bonds or change the date when such payments are due without the consent of the Holders of all the Bonds then Outstanding who are adversely affected thereby.

Assignment

The Borrower will not assign the Loan Agreement or any interest of the Borrower therein, either in whole or in part, without the prior written consent of the Trustee, which consent shall be given if the following conditions are fulfilled: (i) the assignee assumes in writing all of the obligations of the Borrower under the Loan Agreement; (ii) in the opinion of Borrower's counsel, neither the validity nor the enforceability of the Loan Agreement will be adversely affected by such assignment; (iii) the Project shall continue in the opinion of Bond Counsel to be a "project" as such term is defined in the Act after such assignment; (iv) such assignment will not, in the opinion of Bond Counsel, have an adverse effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds; and (v) consent by the Authority, which consent shall not be unreasonably withheld.

THE INDENTURE

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, a copy of which is on file at the corporate trust office of the Trustee in Philadelphia, Pennsylvania, for a complete statement of these provisions and other provisions which are not summarized in this Official Statement.

Pledge of Trust Estate

In order to secure the payment of the principal of, premium, if any, on and interest on the Bonds and the performance of the Authority's covenants in respect of the Bonds, the Authority assigns and pledges to the Trustee pursuant to the Indenture:

(i) all right, title and interest (but not the obligations) of the Authority under and pursuant to the terms of the Loan Agreement, all Loan Payments and all other payments, revenues and receipts receivable by the Authority thereunder (except for the "Unassigned Rights" as defined in the Loan Agreement); and

(ii) all of the right, title and interest of the Authority in and to all funds (other than the Rebate Fund) and accounts established under the Indenture and all moneys and investments now or hereafter held therein and all present and future Revenues (as defined in the Indenture).

Project Fund

A Project Fund will be established and maintained with the Trustee under the Indenture. Proceeds of the Bonds will be deposited in the Project Fund and disbursed to pay costs of the Project in accordance with provisions set forth in the Loan Agreement. Until applied in accordance with the Loan Agreement and the Indenture, moneys in the Project Fund shall be held as security as described above.

Bond Fund

A Bond Fund will be established and maintained with the Trustee under the Indenture. Moneys in the Bond Fund will be used to pay (i) the principal or redemption price of Bonds as they mature or become due, upon redemption or acceleration, or otherwise upon surrender thereof, and (ii) the interest on Bonds as it becomes payable whether at maturity, upon redemption or acceleration or otherwise.

Investments

Any moneys held as a part of the Funds established under the Indenture shall be invested by the Trustee in Permitted Investments as provided in the Indenture. Any such investments shall mature or be subject to redemption by the holder at not less than the principal amount thereof, and all deposits in time accounts shall be subject to withdrawal without penalty, not later than the date when the amounts will foreseeably be needed for purposes of the Indenture.

Events of Default and Remedies

The Indenture provides that each of the following shall be an "Event of Default":

(a) Failure to pay the principal or redemption price of any Bond when due and payable, whether at the stated maturity thereof, by redemption, by acceleration or otherwise;

(b) Failure to pay any interest on any Bond when due and payable;

(c) Failure by the Authority to comply with the provisions of the Act relating to the Bonds or the Project or to perform or observe any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or the Bonds, which failure shall have continued for a period of 60 days after written notice has been given by registered or certified mail to the Authority and the Borrower as provided in the Indenture, which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding; or

(d) The occurrence and continuance of an "Event of Default" as defined in the Loan Agreement (see "THE LOAN AGREEMENT -- "Events of Default" herein).

The Indenture provides that if an Event of Default occurs, the Trustee may and shall upon the written request of the Owners of 25% in principal amount of all Bonds then outstanding (100% in principal amount of all Bonds then outstanding in the case of an Event of Default described in clause (c) above), declare the principal of all Bonds then outstanding to be immediately due and payable and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable to the Owners. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately exercise such rights as it may have as the assignee of the Loan Agreement to declare all payments under the Loan Agreement to be due and payable immediately.

Within five calendar days of the occurrence of any such acceleration, the Trustee shall notify, by first class mail, postage prepaid, the owners of all Bonds then outstanding of the occurrence of such acceleration, the date through which interest has accrued and the time and place of payment.

In addition, upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of principal or redemption price of and interest on the Bonds.

The provisions described above are subject to the condition that if, after the principal of all Bonds has been so declared to be due and payable, all arrears of interest on the Bonds are paid by the Authority, and the Authority performs all other things in respect to which it may have been in default under the Indenture and pays the reasonable charges of the Trustee and of the Owners of the Bonds, including reasonable attorneys' fees, then Owners of a majority in principal amount of the Bonds then outstanding, by notice to the Authority and to the Trustee, may annul such declaration and its consequences.

The Owners of a majority in principal of the Bonds then Outstanding will have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, except that such direction may not (i) be in conflict with the provisions of law and of the Indenture, (ii) unduly prejudice the rights of minority Owners or (iii) involve the Trustee in personal liability against which indemnity would not be satisfactory.

No Bondholder shall have any right to pursue any remedy under the Indenture or the Loan Agreement unless:

(a) The Trustee shall have been given written notice of an Event of Default,

(b) The Holders of at least 25% in principal amount of all Bonds then Outstanding shall have requested the Trustee, in writing, to exercise the powers granted in the Indenture or to pursue such remedy in its or their name or names,

(c) The Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities (including attorney's fees, costs and expenses), and

(d) The Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions or any other provision of the Indenture, the obligation of the Authority shall be absolute and unconditional to pay or cause to be paid, but solely from the revenues and other funds pledged under the Indenture, the principal or redemption price of and interest on, the Bonds to the respective Holders thereof on the respective due dates thereof, and nothing in the Indenture shall affect or impair the right of action, which is absolute and unconditional, of such holders to enforce such payment.

Modifications and Amendments

The Indenture provides that it may be amended or supplemented at any time without notice to or the consent of any of the Owners of the Bonds, by a supplemental indenture consented to by the Borrower, authorized by the Authority and filed with the Trustee for any one or more of the following purposes:

(a) To add additional covenants of the Authority or to surrender any right or power conferred upon the Authority in the Indenture;

(b) For any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision of the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision in the Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture and which shall not adversely affect the interests of the holders of the Bonds, including the appointment and duties of a bond registrar or authenticating agent;

(c) To modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939 or under any similar Federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as from time to time amended;

(d) To modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to obtain, maintain or improve a rating of the Bonds;

(e) To grant to or confer or impose upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(f) To permit the Bonds to be converted to, or from, certificateless securities or securities represented by a master certificate held in trust, ownership of which, in either case, is evidenced by book entries on the books of the Securities Depository, for any period of time;

(g) To permit the appointment of a co-trustee under the Indenture;

(h) To authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different authorized denominations, redemption of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(i) To modify, alter, supplement or amend the Indenture to comply with changes in the Code affecting the status of interest on the Bonds as excluded from gross income for Federal income tax purposes or the obligations of the Authority or the Borrower in respect of Section 148 of the Code;

(j) To modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Owners of the Bonds.

The Indenture may be amended from time to time, except with respect to (i) the principal or interest payable upon any of the Bonds, (ii) the Interest Payment Dates, the dates of maturity or the redemption provisions of any of the Bonds, and (iii) the provisions relating to amendments of the Indenture and the Loan Agreement, in each case by a supplemental indenture consented to by the Borrower and approved by the Owners of at least a majority in aggregate principal amount of the Bonds then outstanding which would be affected by the action proposed to be taken. The Indenture may be amended with respect to the matters enumerated in clauses (i) through (iii) of the immediately preceding sentence with the unanimous consent of all Owners and the Borrower, if the latter's consent is required by the immediately preceding sentence.

Discharge of Indenture

When interest on, and principal or redemption price (as the case may be) of, all Bonds issued under the Indenture have been paid, or there shall have been deposited with the Trustee (i) cash in an amount sufficient to pay in full the principal or redemption price of and interest on the Bonds, and all other sums payable under the Indenture by the Authority, (ii) "defeasance obligations" (as defined below), the principal of and interest on which, when due, will provide sufficient moneys without reinvestment to pay in full the principal or redemption price of and interest on the Bonds, as well as all other sums payable under the Indenture by the Authority, or (iii) any combination of the foregoing, then upon receipt by the Trustee of (a) all of its necessary and proper fees, compensation and expenses, (b) an opinion of Bond Counsel that all conditions precedent to the defeasance of the lien of the Indenture have been complied with, (c) unless the Bonds will be paid in full within 90 days of the date of deposit of any defeasance obligations, a verification report in form and substance satisfactory to the Trustee from an independent certified public accountant or a nationally recognized firm with experience in preparing verification reports to the effect that the cash and defeasance obligations delivered will be sufficient to provide for the payment of the Bonds as aforesaid, and (d) other assurances from the Authority that the Trustee may deem necessary or appropriate, the right, title and interest of the Trustee in the Loan Agreement and the Trust Estate shall thereupon cease and the Trustee, on demand of the Authority, shall release the Loan Agreement and the Trust Estate from the lien and security interest created by the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority or the Borrower and shall turn over to the Borrower or to such Person as may be entitled to receive the same, as it shall be directed in writing by the Borrower all balances remaining in any funds (other than the Rebate Fund) under the Indenture and the Trustee's right, title and interest to and under the Loan Agreement. For the purposes of this paragraph, "defeasance obligations" shall mean the following, but only to the extent they are Permitted Investments at the time of delivery to the Trustee: (1) Government Obligations; and (2) pre-refunded debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that such debt obligations are rated at least "AA" by S&P or at least "Aa" by Moody's.

The foregoing requirements may also be met with respect to any portion of the Bonds, as designated by the Borrower, by depositing with the Trustee cash, defeasance obligations, or any combination thereof sufficient to pay or provide for the payment of such Bonds, as described in the preceding paragraph. Upon such deposit, the Bonds for which such deposit has been made shall no longer be deemed Outstanding under the Indenture.

The Trustee

The obligations and duties of the Trustee are described in the Indenture and, except upon an Event of Default, the Trustee has undertaken only those obligations and duties which are expressly set out in the Indenture. If any Event of Default of which the Trustee has been notified or is deemed to have notice under the Indenture has occurred and is continuing, the Trustee is obligated to exercise such of the rights and remedies vested in it by the Indenture and to use the same degree of care in its exercise as a prudent person would exercise or use in the circumstances in the conduct of his own affairs; provided that if in the opinion of the Trustee such action may tend to involve expense or liability, it will not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

The Indenture expressly provides that the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

Under the terms of the Indenture, the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the terms of the Indenture, the Trustee shall not be deemed to have notice of an Event of Default, other than the failure to pay principal of or interest on the Bonds when due, unless the Trustee has been notified in writing of such events by the Authority or the holders of at least 25% in aggregate principal amount of the Bonds then Outstanding. In the absence of delivery of such notices satisfying these requirements, the Trustee may assume conclusively that there is no such default. The summary of the Trustee's rights, duties, obligations and immunities contained herein is not intended to be a complete summary, and reference must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

The Trustee may resign and be discharged by written resignation filed with the Authority (and a copy to the Borrower) not less than 30 days prior to the date the resignation is to take effect. Such resignation will take effect only upon the appointment of, and acceptance of such appointment by, a successor trustee. In addition, the Trustee may be removed at any time by an instrument appointing a successor to the Trustee so removed, executed (i) by the Authority at the direction of the Holders of a majority in principal amount of the Bonds then Outstanding, or (ii) so long as no Event of Default has occurred and is continuing, by the Authority or by the Borrower with the written consent of the Authority

Any successor trustee must be a national banking association or a state bank with trust powers or a bank and trust company having capital and surplus of at least $50,000,000, if there is one able and willing to accept the trust on reasonable and customary terms.

Limitation of Rights; No Personal Recourse.

With the exception of rights conferred expressly in the Indenture, nothing in the Indenture expressed or implied is intended or shall be construed to give to any person other than the parties thereto, the Borrower and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to the Indenture or any covenants, agreements, conditions and provisions contained therein.

The Indenture does not pledge the general credit of the Authority or the general credit or the taxing power of Cumberland County, the Commonwealth of Pennsylvania or any political subdivision thereof. The liability of the Authority shall be limited to and payable solely from the sources described herein under "SECURITY AND SOURCES OF PAYMENT FOR BONDS".

No recourse shall be had for any claim based on the Indenture or the Bonds, including but not limited to the payment of the principal or redemption price of, or interest on, the Bonds, against the Authority or any member, officer, agent or employee, past, present or future, of the Authority or of any successor body, as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise. The obligations and liabilities of the Authority arising under the Indenture shall be payable solely from the Revenues. The Program Sponsor shall have no liability hereunder, under the Bonds or under the Loan Agreement.

BONDHOLDERS' RISKS

General

The Bonds are limited obligations of the Authority and are payable solely from payments made pursuant to the Loan Agreement and from certain funds held by the Trustee under the Indenture. No representation or assurance can be given that the Borrower will generate sufficient revenues to meet the Borrower's payment obligations under the Loan Agreement. Future legislation, regulatory actions, economic conditions, changes in the number of students in attendance at the Borrower, or other factors could adversely affect the Borrower's ability to generate such revenues. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any such factors will have an adverse impact on the revenues of the Borrower.

Covenant to Maintain Tax-Exempt Status of the Bonds

The tax-exempt status of the Bonds is based on the continued compliance by the Authority and the Borrower with certain covenants contained in the Indenture, the Loan Agreement and the other documents executed by the Authority, the Borrower and the Trustee. These covenants relate generally to restrictions on use of facilities financed with proceeds of the Bonds, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure by the Authority and/or the Borrower to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

Enforceability of Remedies

The remedies available to Bondholders upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial action, which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the Bankruptcy Code, the remedies specified in the Indenture and the Loan Agreement may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions to be delivered concurrently with the original delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

State and Federal Legislation

Legislation has been proposed in the past, and may be proposed again in the future, affecting tax-exempt bonds, including legislation that could eliminate the tax-exempt status of bonds issued to finance educational facilities or limit the use of tax-exempt bonds, or prevent certain holders of tax-exempt bonds from realizing the full benefit of the tax exemption of interest on such bonds. For example, the recent federal tax legislation that was enacted on December 22, 2017 reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax (for taxable years beginning after December 31, 2017) and eliminates tax-exempt advance refunding bonds, among other things. Any such limitation on the use of tax-exempt bonds to finance educational facilities or generally could reduce the ability of the Borrower to finance its future capital needs. Additionally, investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The effect on the Borrower of proposed laws and regulations and of future changes in federal and state laws and policies cannot be fully or accurately determined at this time.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of the Borrower to an extent that cannot be determined at this time:

(1) Loss of accreditation for the Borrower or key academic programs, or changes in accreditation standards which could adversely affect the Borrower'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 Borrower 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 Borrower 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 Borrower 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 Borrower.

(12) Reduced future Borrower 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 Borrower 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 Borrower.

(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 Borrower or from Federal or state sources.

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

NO PERSONAL RECOURSE

No covenant or agreement contained in the Indenture, the Bonds or the Loan Agreement shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Authority or the Program Sponsor in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Authority or the Program Sponsor past, present or future, or their successors or assigns, as such, either directly or through the Authority or the Program Sponsor, or any successor corporations, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

LITIGATION

As of the date hereof, there is no litigation of any nature pending or, to the Authority's knowledge, as to the Authority, or the Borrower's knowledge, threatened against the Authority or the Borrower to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the application of the proceeds thereof as herein described, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, the pledge or application of any monies or security for the Bonds or the existence or powers of the Authority.

As of the date hereof, to the knowledge of the Borrower, there is no litigation pending or threatened against the Borrower wherein an unfavorable decision would adversely affect the ability of the Borrower to carry out its obligations under the Indenture or the Loan Agreement, or would have a material adverse impact on the financial position or operations of the Borrower.

CONTINUING DISCLOSURE

On or before the date of issuance of the Bonds, the Borrower will execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in substantially the form set forth in Appendix C hereto. Pursuant to the Continuing Disclosure Certificate, the Borrower will agree to provide certain continuing disclosure for the benefit of the holders of the 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 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 Borrower. However, breach of the provisions of the Continuing Disclosure Certificate will not be considered an Event of Default under the Indenture or the Loan Agreement 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 the Borrower's noncompliance with its obligations under the Continuing Disclosure Certificate.

The Borrower 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 Borrower. While the Borrower 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 Borrower did not file notices of such late filings or failures to include all required operating data. Corrective filings to bring the Borrower's prior filings into conformity with the requirements of the Rule and the Continuing Disclosure Undertakings have been made by the Borrower. The Borrower has adopted written policies and procedures governing the Borrower's compliance with its continuing disclosure undertakings.

TAX MATTERS

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Authority and the Borrower and continuing compliance by the Authority and the Borrower with the requirements of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. The corporate alternative minimum tax was repealed by legislation enacted on December 22, 2017 (known as the "Tax Cuts and Jobs Act"), effective for tax years beginning after December 31, 2017. For tax years beginning on or before December 31, 2017 interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject indirectly to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

Bond Counsel expresses no opinion regarding other Federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Bonds are offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel. A signed copy of their opinion, dated and premised on facts existing and law in effect as of the date of original issuance and delivery of the Bonds, will be delivered to the Trustee at the time of such original issuance.

Certain legal matters will be passed upon by Martson Law Offices, Carlisle, Pennsylvania, as counsel to the Authority; by McGlynn & Moore, Johnstown, Pennsylvania, as counsel to the Borrower; and by Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania, as counsel to the Underwriter.

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" to the Bonds, accompanied by a Stable Outlook, based on the creditworthiness of the Borrower.

Certain information and materials not included in this Official Statement 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 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 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 Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by George K. Baum & Company (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $6,030,032.50 (which includes original issue premium of $557,532.50). The initial public offering prices set forth on the inside cover page of this Official Statement may be changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter reserves the right to join with other dealers in offering the Bonds to the public. The Bonds may be offered and sold to other dealers (including Bonds for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices other than the public offering prices stated on the inside cover page of this Official Statement.

INDEPENDENT AUDITORS

The financial statements of the Borrower 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.

CERTAIN RELATIONSHIPS

An Executive Vice President of George K. Baum & Company, which is acting as the Underwriter for the Bonds, is a member of the Board of Trustees of the Borrower. She did not participate in the passage of the resolutions adopted by the Board of Trustees or the Executive Committee of the Board to approve the issuance of the Bonds and the Borrower’s obligations respecting the Bonds.

OTHER MATTERS

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement. The Appendices are integral parts of this Official Statement and should be read in their entirety together with the other sections of this Official Statement.

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Project, the Loan Agreement and the Indenture, and all references to other materials not stated to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Copies of the Loan Agreement and the Indenture may be obtained from the Financial Advisor as set forth herein under "INTRODUCTORY STATEMENT."

The information set forth in this Official Statement, and in the Appendices hereto, should not be construed as representing all of the conditions affecting the Authority, the Borrower, or the Bonds.

Statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of facts. All projections, estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

If and when included in this Official Statement, 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 financial condition and results of operations of the Borrower include, among other things, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Borrower. Such forward-looking statements speak only as of the date of this Official Statement. The Borrower disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Borrower's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The distribution of this Official Statement has been duly authorized by the Authority and the Borrower. The Authority has not assisted in the preparation of this Official Statement, except for the statements pertaining to the Authority under the captions "THE AUTHORITY" and "LITIGATION" herein and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

CUMBERLAND COUNTY MUNICIPAL
AUTHORITY

By: /s/ Stephen C. Oldt
Vice Chairperson

APPENDIX A

INFORMATION CONCERNING MESSIAH COLLEGE

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

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. Founded by the Brethren in Christ Church, its orientation to Christian service is reflected in its first name—Messiah Bible School and Missionary Training Home. Originally located in Harrisburg, the school was moved to nearby Grantham in 1911 following the construction of Old Main. This building is on land donated by the College's first president, Samuel Rogers Smith. In the early years, the school offered a high school curriculum and several Bible programs. By 1921 it had also become a junior college, making it the second junior college in Pennsylvania. To reflect this development, the school's name was changed to Messiah Bible School. By the early 1950s the school had developed four-year college programs in religious education and theology. Another change of name—to Messiah College—again intentionally reflected this academic advance of the College. During the 1950s, the College added degree programs in the liberal arts and in 1959 discontinued the secondary school program. 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 the academic program. The College now offers over 75 academic undergraduate majors, complimented by 9 graduate degrees. Contributing to the increase in numbers of students was the College's policy, declared in its earliest official statements, of welcoming non-Brethren in Christ people as members of the student body. From a first-year total of 12 students, the student body has grown to over 3,000, representing more than 60 denominations. Facilities have also increased from one building—Old Main—to a campus of 471 acres, offering students a breadth of well equipped, high-quality academic, co-curricular, and residential facilities.

In 1965, Upland College, a Brethren in Christ school in California, merged with Messiah College. In 1983, the College became the senior educational partner with Daystar Institute (now Daystar University) in Nairobi, Kenya. Messiah College played a leading role in the founding of the Christian College Consortium in 1971, and later, the Council for Christian Colleges and Universities. In 1972 the legal ties between the College and the Brethren in Christ Church were replaced with a covenant relationship in which legal ownership of the College was placed with a self-perpetuating Board of Trustees.

In December 2004, the College elected its eighth president, Kim S. Phipps, who is widely recognized as a leader in the Christian higher education community, for her many accomplishments as an educator. She is also a past Chair of the Council for Christian Colleges and Universities, a national organization.

In 2009, the College celebrated its 100th anniversary and also launched graduate studies. The tremendous growth of graduate programs has resulted in the formation of its own school—the School of Graduate Studies—that includes more than 600 students; multiple degrees, certificates and program options; the College's first doctoral launch; and even a new facility, Winding Hill.

Location

Grantham Campus: The main campus of Messiah College is located in Grantham, Pennsylvania, a small 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 471 acres. Campus buildings comprise 1.5 million square feet, most of which were constructed or renovated in the past 20 years.

Harrisburg Campus: The College's service-based program at its Harrisburg Institute is charged with encouraging residents to practice community life, engage meaningfully with the city of Harrisburg, and examine their role in society through the lens of service.

Accreditations

- 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 #4 "Best Regional College" in the northern United States by U.S. News and World Report rankings in 2017.
- 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 among "Programs to Look For" in the categories of "Internships" and "Study Abroad" in 2017.
- The College was named the #1 Best Business Degree Program for 2017 by Christian Universities Online – for both its undergraduate and graduate level programs.
- In 2016, Messiah accounting students' CPA exam pass rate was 83.8%, ranking Messiah College as #1 in PA, #1 for medium-sized programs in the nation, and #10 in the nation overall.
- In the past decade Messiah graduates have distinguished themselves as Rhodes, Fulbright, Carnegie, Truman, and Boren Scholars.
- In 2015, named as one of the institutions receiving Community Engagement Classification from the Carnegie Foundation.
- 97% of 2017 alumni who responded to the College's annual Career Center survey were attending graduate programs or employed 6 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.

- Share Faith Magazine recently named Messiah among its top 20 colleges and universities to earn a degree in worship ministry.
- Messiah's graduate program in counseling was recently ranked #3 for the Master's in Clinical Mental Health Counseling and #4 for the Master's in Marriage and Family Therapy.
- Christian Universities Online ranked Messiah in the top 50 Christian Colleges Exceeding Expectations for 2016.
- Named a top college in PA for return on investment by AffordableCollegesOnline.org

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 6 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. Previously he was 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

Residential Life Profile

The College campus is residential in nature. 95.0 percent of the College's beds on the Grantham and Harrisburg campuses were occupied in the 2017-18 fiscal year. The following table lists the annual bed rates and increases for a double room.

Fiscal Year	Rate	% Change
FY 2018/2019	$5,570	2.96% Increase
FY 2017/2018	$5,410	3.05% Increase
FY 2016/2017	$5,250	2.94% Increase
FY 2015/2016	$5,100	3.03% Increase
FY 2014/2015	$4,950	3.13% Increase

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 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 6th 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.

[remainder of page intentionally left blank]

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 2012-13 through 2017-18:

	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Applications Submitted	3,153	2,836	2,472	2,469	2,596	2,558
Applications Accepted	2,023	1,869	1,977	1,950	2,064	1,970
Selectivity Rate	64.2%	65.9%	80.0%	79.0%	79.5%	77.0%
New Students Enrolled	708	648	696	691	685	665
Matriculation Rate	35.0%	34.7%	35.2%	35.4%	33.2%	33.8%

	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Student Quality						
Average SAT Scores	1156	1135	1150	1127	1146	1206

2018-19 Enrollment Update. The data shown below reflects **first-year** admissions activity vs. goal as of May 15, 2018.

First-Year Students	**Fall 2018 (As of May 15, 2018)**	**% of Goal**
Applications	2,501	96%
Acceptances	1,971	
Active Deposits	649	100%

Shown below are the College's freshman to sophomore retention rates for the five academic years ending with the Fall 2016 cohort.

	Retention Rate
Fall 2012	86.6%
Fall 2013	87.5%
Fall 2014	88.1%
Fall 2015	85.4%
Fall 2016	88.0%

Transfer Students. The following tables show applications, acceptances and other admission statistics for transfer students in the academic years 2012-13 through 2017-18:

	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Applications Submitted	317	356	244	265	283	318
Applications Accepted	164	181	161	185	203	205
Selectivity Rate	51.7%	50.8%	66.0%	69.8%	71.7%	64.5%
New Students Enrolled	73	100	81	83	80	93
Matriculation Rate	44.5%	55.2%	50.3%	44.9%	39.4%	45.4%

	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Student Quality						
Average Transfer GPA	3.28	3.34	3.31	3.31	3.34	3.35

2018-19 Enrollment Update. The data shown below reflects **transfer** admissions activity vs. goal as of May 15, 2018.

Transfers	**Fall 2018 (As of May 15, 2018)**	**% of Goal**
Applications	231	80%
Acceptances	144	
Active Deposits	57	63%

Shown below is the College undergraduate headcount for the past six academic years:

	Head Count	**Full-Time Equivalents**
Fall 2012	2,798	2,739
Fall 2013	2,772	2,725
Fall 2014	2,789	2,716
Fall 2015	2,819	2,727
Fall 2016	2,788	2,695
Fall 2017	2,759	2,676

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, listed alphabetically, 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

Source: Collegeboard.org and respective institution websites.

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:

	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Tuition	$29,650	$30,510	$31,410	$32,350	$33,320	$34,320
Student Fees	820	830	830	830	840	840
Room Fee	4,800	4,950	5,100	5,250	5,410	5,570
Board Fee	4,270	4,400	4,530	4,670	4,810	4,950
Total	$39,540	$40,690	$41,870	$43,100	$44,380	$45,680

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	773
Credit Hours	5,565	7,184	7,998	8,762	10,427
New Students Enrolled	252	279	247	279	324

* as of May 31, 2018

Endowment

At April 30, 2018 approximately 70% of the College's endowment/long-term 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 Endowment Market Values (shown in thousands) for the past 10 years are shown below:

Year	Endowment Market Value ($000s)
FY 2009	$96,966
FY 2010	$111,630
FY 2011	$126,435
FY 2012	$120,274
FY 2013	$123,525
FY 2014	$136,765
FY 2015	$131,124
FY 2016	$126,050
FY 2017	$134,182
FY 2018*	$136,796

* April 30, 2018 value

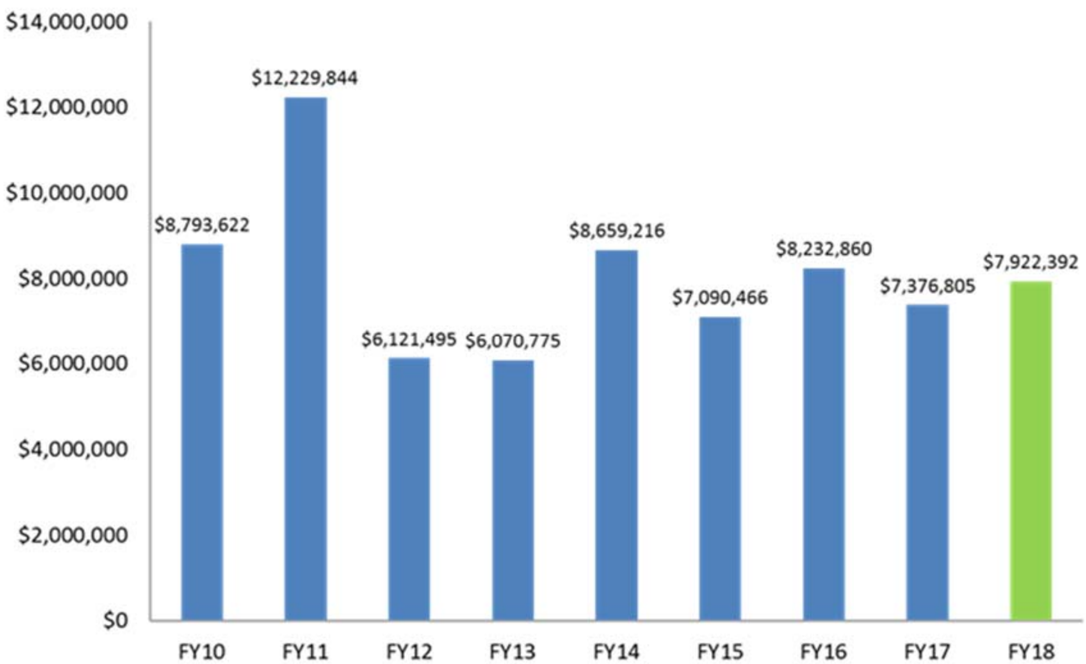
The College's Cash and Investments (shown in thousands) are shown below for the years specified:

Year	Cash & Investments ($000s)
FY 2013	$144,966
FY 2014	$159,353
FY 2015	$159,893
FY 2016	$154,519
FY 2017	$159,343
FY 2018*	$174,188

* March 31, 2018 value

Development

As shown in the chart below, the College has exhibited solid fundraising for specific projects and annual fund related gifts averaging over $7.5 million annually between fiscal year 2014 and 2017. Fiscal year 2018 total gifts to date totaled nearly $8.0 million as of May 8, 2018.



Totals associated with the College's most recent comprehensive campaign (which concluded on 12/31/2012), the "Centennial Campaign," are shown below:

High Center for Worship and the Performing Arts	$19,320,716
Scholarship Endowment	$11,432,268
Annual Fund	$7,160,518
NEH Challenge Grant	$805,498
Student Enhancements	$7,484,428
Centennial Campaign - $40,000,000 Goal	**$46,203,428**

Totals associated with the College's other project specific campaigns between 2012 - 2018 are shown below:

Martin Dining Project	$3,561,671
Anderson Field Resurface	$151,825
Campaign for Wellness	$6,598,242
Ralph S. Larsen Finance Lab	$808,300
Phipps Admissions & Welcome Center*	$8,404,816

* As of May 2018; deadline is October 2018 for $10,000,000 goal.

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 Official Statement 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.

[remainder of page intentionally left blank]

Summary Financial Information

For the fiscal years ended June 30, 2013 through 2017, the financial information presented below has been derived from the audited financial statements of the College.

Messiah College
Consolidated Statements of Financial Position
For Years Ended 2013-2017

	2013	2014	2015	2016	2017
ASSETS					
Cash and Cash Equivalents	$ 13,011,964	$ 14,808,725	$ 13,209,707	$ 10,463,456	$ 12,660,903
Notes and Accounts Receivable, Net	1,928,456	1,603,005	1,687,035	1,761,191	2,016,420
Promises to Give, Net	4,024,205	5,079,515	4,736,176	4,219,055	2,362,073
Interest Receivable	157,462	156,043	163,090	189,973	193,844
Inventories	795,955	804,460	591,226	546,231	572,691
Prepaid Expenses and Other Assets	678,436	766,588	1,360,202	1,548,289	1,244,491
Investments	131,954,350	144,544,301	-	-	-
Investments, Endowment	-	-	130,595,508	125,981,119	134,182,388
Investments, Gift Annuities and Trusts	-	-	12,697,883	10,444,508	6,600,837
Investments, Other	-	-	3,390,443	7,630,085	5,899,203
Assets Held in Trust	9,140,077	9,890,230	-	-	-
Loans Receivable, Students	2,667,135	2,854,757	2,786,575	2,854,373	2,854,785
Deposits with Trustee under Debt Agreements	-	3,900,592	595,129	14,525,852	220
Beneficial Interest in Perpetual Trusts	3,591,523	4,169,465	3,995,453	3,703,469	3,925,146
Property and Equipment, Net	134,205,883	131,272,491	134,980,680	145,320,181	157,577,323
TOTAL ASSETS	$ 302,155,446	$ 319,850,172	$ 310,789,107	$ 329,187,782	$ 330,090,324
LIABILITIES					
Accounts Payable and Accrued Expenses	$ 6,031,941	$ 5,517,099	$ 6,259,429	$ 8,962,506	$ 8,597,786
Student Deposits	1,282,013	1,682,170	1,612,712	1,595,432	1,671,115
Funds Held in Custody for Others	119,433	123,297	145,753	50,941	33,867
Deferred Revenue	922,936	1,129,932	1,108,857	1,243,432	1,442,096
Annuities Payable	7,143,419	7,787,662	7,341,206	6,272,011	3,853,412
Funds Held in Trust for Others	1,677,084	1,818,907	1,499,136	818,554	501,216
Long-Term Debt	45,458,902	46,838,847	43,372,327	66,915,535	64,871,598
U.S. Government Grants Refundable	2,376,069	2,383,031	2,409,848	2,435,219	2,502,162
Other Liabilities	2,467,829	2,604,041	2,748,329	2,808,878	2,899,118
TOTAL LIABILITIES	$ 67,479,626	$ 69,884,986	$ 66,497,597	$ 91,102,508	$ 86,372,370
NET ASSETS					
Unrestricted	$ 195,502,503	$ 203,212,706	$ 196,812,240	$ 189,870,463	$ 193,954,585
Temporarily Restricted	11,568,505	15,218,852	14,896,032	13,877,672	13,045,825
Permanently Restricted	27,604,812	31,533,628	32,583,238	34,337,139	36,717,544
TOTAL NET ASSETS	$ 234,675,820	$ 249,965,186	$ 244,291,510	$ 238,085,274	$ 243,717,954
TOTAL LIABILITIES AND NET ASSETS	$ 302,155,446	$ 319,850,172	$ 310,789,107	$ 329,187,782	$ 330,090,324

Messiah College
Consolidated Statements of Activities
For Years Ended 2013-2017

	2013	2014	2015	2016	2017
UNRESTRICTED OPERATING REVENUES					
Student Tuition and Fees	$ 84,672,808	$ 88,024,240	$ 90,254,804	$ 93,411,383	$ 95,597,092
Less: Financial Aid	(32,652,750)	(34,186,639)	(36,039,377)	(37,894,005)	(38,958,899)
Net Tuition and Fees	52,020,058	53,837,601	54,215,427	55,517,378	56,638,193
Government Grants and Appropriations	1,348,254	793,772	831,986	842,594	864,778
Gifts and Grants	1,077,140	2,184,286	1,325,482	2,401,993	1,676,254
Capital Gifts and Grants	-	20,800	10,100	-	-
Endowment Return Designated for Operations	5,605,274	5,553,796	5,629,894	5,608,895	5,550,376
Investment Income	769,193	956,139	643,389	633,016	1,122,416
Other Sources	3,738,796	3,660,777	3,451,027	3,779,455	4,063,694
Auxiliary Enterprises	21,865,259	20,693,148	21,655,818	21,064,588	20,685,752
Gain on Disposal of Fixed Assets	-	8,502	-	-	-
Net Assets Released from Restrictions, Capital	-	593,239	1,284,263	876,740	3,758,881
Net Assets Released from Restrictions	2,050,086	3,153,414	3,098,356	3,540,281	3,221,503
TOTAL OPERATING REVENUES	88,474,060	91,455,474	92,145,742	94,264,940	97,581,847
UNRESTRICTED OPERATING EXPENSES					
Educational Program Services:					
Instructional	31,634,405	32,994,088	32,401,580	35,016,014	37,584,786
Academic Support	8,793,479	9,012,924	9,437,926	9,512,018	9,204,048
Student Services	15,703,565	16,181,201	16,944,335	17,717,693	19,027,658
Public Service	2,047,027	2,395,963	2,273,361	2,616,693	2,330,424
Auxiliary Enterprises	16,845,474	17,023,541	16,695,726	15,230,371	15,440,360
Supporting Services, Institutional Support:	13,022,714	13,529,802	14,190,963	14,147,722	14,127,262
TOTAL OPERATING EXPENSES	88,046,664	91,137,519	91,943,891	94,240,511	97,714,538
CHANGE IN NET ASSETS FROM OPERATIONS	427,396	317,955	201,851	24,429	(132,691)
UNRESTRICTED NON-OPERATING CHANGES					
Private Gifts and Grants	71,475	-	-	-	-
Endowment and Life Income Gifts	91,962	12,684	-	16,138	8,368
Edowment Investment Return, Net	1,131,682	7,399,773	(6,542,564)	(6,887,387)	3,257,722
Change in Value of Beneficial Interest in Perpetual Trusts	-	-	-	-	-
Other Non-Operating Income	(207,341)	(38,488)	-	-	-
Investment Return for Trusts and Gift Annuities	131,882	232,270	41,822	16,863	99,302
Change in Value of Split-Interest Agreements	514,628	(213,991)	(101,575)	(111,820)	851,421
Net Assets Released from Restriction	1,360,359	-	-	-	-
TOTAL NON-OPERATING CHANGES	3,094,647	7,392,248	(6,602,317)	(6,966,206)	4,216,813
CHANGES IN UNRESTRICTED NET ASSETS	3,522,043	7,710,203	(6,400,466)	(6,941,777)	4,084,122
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	1,645,423	3,650,347	(322,820)	(1,018,360)	(831,847)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS	2,147,021	3,928,816	1,049,610	1,753,901	2,380,405
NET ASSETS, BEGINNING	227,361,333	234,675,820	249,965,186	244,291,510	238,085,274
NET ASSETS, ENDING	$ 234,675,820	$ 249,965,186	$ 244,291,510	$ 238,085,274	$ 243,717,954

College Indebtedness

The table below illustrates the College's fiscal year estimated debt service requirements after issuance of the 2018 Bonds.

DATE	Series 2001 I3	Series 2001 I4	Series 2012 LL3	Series 2014 T1	Series 2015 NN1	Series 2016 OO1	Series 2018 QQ2	TOTAL
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	4,196,841.89
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	4,246,476.26
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	4,303,476.26
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	4,377,956.26
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	3,864,006.26
06/30/2024	783,000.00	1,688,500.00	-	135,000.00	432,506.26	526,875.00	279,375.00	3,845,256.26
06/30/2025	863,500.00	1,649,500.00	-	135,000.00	432,506.26	526,875.00	279,375.00	3,886,756.26
06/30/2026	842,500.00	1,610,500.00	-	135,000.00	432,506.26	526,875.00	279,375.00	3,826,756.26
06/30/2027	821,500.00	1,670,000.00	-	135,000.00	432,506.26	526,875.00	279,375.00	3,865,256.26
06/30/2028	800,500.00	1,726,500.00	-	135,000.00	432,506.26	526,875.00	279,375.00	3,900,756.26
06/30/2029	779,500.00	1,780,000.00	-	135,000.00	432,506.26	526,875.00	279,375.00	3,933,256.26
06/30/2030	758,500.00	1,830,500.00	-	135,000.00	604,553.14	526,875.00	279,375.00	4,134,803.14
06/30/2031	836,000.00	1,779,500.00	-	135,000.00	608,478.14	526,875.00	279,375.00	4,165,228.14
06/30/2032	812,000.00	1,827,000.00	-	135,000.00	607,150.01	526,875.00	279,375.00	4,187,400.01
06/30/2033	-	-	-	455,000.00	954,318.76	1,324,725.00	399,375.00	3,133,418.76
06/30/2034	-	-	-	455,400.00	954,718.76	1,325,050.00	398,350.00	3,133,518.76
06/30/2035	-	-	-	455,500.00	954,050.01	1,324,625.00	397,075.00	3,131,250.01
06/30/2036	-	-	-	455,300.00	952,300.01	1,328,375.00	395,550.00	3,131,525.01
06/30/2037	-	-	-	454,800.00	954,734.38	1,321,375.00	398,775.00	3,129,684.38
06/30/2038	-	-	-	449,000.00	955,850.00	1,327,959.38	396,500.00	3,129,309.38
06/30/2039	-	-	-	453,050.00	955,631.25	1,323,037.51	393,975.00	3,125,693.76
06/30/2040	-	-	-	451,650.00	954,475.00	1,327,178.13	396,200.00	3,129,503.13
06/30/2041	-	-	-	449,950.00	952,381.25	1,329,575.00	392,925.00	3,124,831.25
06/30/2042	-	-	-	447,950.00	953,300.00	1,330,206.25	394,400.00	3,125,856.25
06/30/2043	-	-	-	445,650.00	952,100.00	1,329,700.00	395,375.00	3,122,825.00
06/30/2044	-	-	-	448,050.00	954,600.00	1,323,137.50	395,850.00	3,121,637.50
06/30/2045	-	-	-	-	955,700.00	1,773,043.75	395,812.50	3,124,556.25
06/30/2046	-	-	-	-	955,400.00	1,769,093.75	400,287.50	3,124,781.25
06/30/2047	-	-	-	-	953,700.00	1,773,356.25	394,000.00	3,121,056.25
06/30/2048	-	-	-	-	-	-	3,122,462.50	3,122,462.50
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**	**$106,766,135.22**

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 rate that exceeds historical rates associated with the College's multi-mode indebtedness.

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.

Management's Discussion

Niche Programs and Christian Identity:

Messiah had traditionally been a four-year institution with strong niche programs that have helped to create its identity. Approximately nine years ago the College introduced graduate programs in counseling, conducting, and nursing. The College's undergraduate accounting graduates boast exceptionally high pass rates among those who take the CPA exam, and its nursing graduates maintain consistently high passing rates on nursing certification exams. Nationally known as an academically strong Christian institution, Messiah has experienced stable enrollment throughout its history, with a strong connection to many Christian faiths. The College currently enrolls students from more than 40 different faiths. The College believes that its niche programs and Christian identity also contribute to a historically strong matriculation rate which has consistently been above 30% and was approximately 34% for the 2017-18 academic year.

Recent Additions to Campus:

In 2013 the College opened its new Calvin and Janet High Center for Worship and Performing Arts, which was funded entirely with gifts and internal funds. During the past five years, the College raised 100% of the funding for its new artificial turf field for lacrosse and soccer, as well as the Martin Dining Commons, a 4,800 square foot addition to the College's dining hall. The College is exceedingly proud of its ability to successfully raise funds for project specific facilities as needs arise. Although Messiah recently celebrated its 100th anniversary in 2009, 80% of its alumni (living & deceased) graduated during the most recent thirty years. The College has been the recipient of many generous contributions from both alumni and a greater community of friends despite its youth.

Calvin and Janet High Center for Worship and Performing Arts

Martin Dining Commons

Anderson Field

In 2015 the College issued tax-exempt bonds to fund its conversion to natural gas, and renovations of 32,000 square feet of leased space at 401 East Winding Hill Road, Mechanicsburg near campus into academic classrooms and labs for graduate health science programs. This location, prominently bearing the Messiah College name, is highly visible from a major highway.

The proceeds of the 2016 Bonds were used to construct new facilities and additions to existing buildings associated with the recreational, wellness and fitness activities of the College. In addition to sports management and other health and wellness related academic programs, non-student athletes and students participating in Messiah's 22 formal athletic teams are actively using the updated facilities. Messiah is an NCAA Division III institution, participating in the Middle Atlantic Conference. Messiah's athletic accomplishments include nearly 50 women's and more than 30 men's conference titles as well as the following national championships:

National Division III National Championships
Women's Soccer - 5
Women's Track & Field - 4
Women's Softball – 1
Women's Field Hockey – 1
Men's Soccer - 10
Men's Wrestling - 5
Men's Track & Field – 1

Projects Funded by the Proceeds of the 2018 Bonds:

The majority of proceeds associated with the College's 2018 Bonds are planned to substantially renovate the College's Witmer Residence for first-year students, currently accommodating 300 freshmen in separately designated men and women only areas. The remainder of proceeds will fund miscellaneous capital expenditures.

College Investment in Rider Musser Development:

For more than 20 years, the College strategically acquired nearby land intended one day for third party development, which could produce a unique stream of recurring revenues back to the College. In 2014 Rider Musser Development, LLC ("RMD") was formed as a for-profit corporation to develop the Rider, Musser & Mummau tracts of land in Mechanicsburg, PA (Upper Allen Twp.), originally purchased by Messiah College, now owned by RMD. Messiah College is the sole member of RMD, and has invested both land & funds in RMD as part of its real estate asset class, in the College's long term investment portfolio. RMD is in the process of developing a new residential neighborhood and commercial business park. The initial residential phase of the development is expected to be funded with the proceeds of long term, fixed rate, taxable bonds. The bonds will be an obligation of RMD and the College will not be obligated to make payments with respect to debt service on the bonds; however, the College has agreed to provide a 50% construction completion guarantee with respect to construction of the facility.

Balance Sheet Resources, Results from Operations and Conclusion:

80% of Messiah's approximately $159 million of balance sheet resources as of June 30, 2017 (cash and investments) are unrestricted. For the majority of the past eight years, the College has generated cash flow surpluses from operations in excess of $1 million. Results from operations produced a cash flow surplus of $0.75 million for FY'17. FY'18 operating results are expected to largely mirror FY'17. The College expects operating performance on a full accrual basis to be negative in FY'18 (similar to FY'17), a function of lower than expected undergraduate net tuition revenue and growth of depreciation expense associated with new additions to campus in recent years. Messiah College is well poised for its second century, firm in its tradition, with a strong commitment to solid academic offerings, in an environment of hospitality and Christian fellowship, with a foundation of solid financial resources and a history of successful fundraising.

APPENDIX B

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Messiah College

Financial Statements

June 30, 2017 and 2016

BAKER TILLY

Candor. Insight. Results.

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

See notes to financial statements

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

See notes to financial statements

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "***Disclosure Certificate***") is executed and delivered as of June 28, 2018, by MESSIAH COLLEGE, a Pennsylvania nonprofit corporation (the "***Borrower***"), in connection with the issuance by the Cumberland County Municipal Authority (the "***Issuer***") of its $5,550,000 Revenue Bonds (AICUP Financing Program – Messiah College Project) Series 2018 QQ2 (the "***Bonds***"). The Bonds are being issued pursuant to the terms of a Trust Indenture dated as of June 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 Purchase Agreement among the Borrower, the Issuer and the George K. Baum & Company, dated June 19, 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 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 the President 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.

"***Dissemination Agent***" shall mean the party appointed by the Borrower 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 shall perform all duties of the Dissemination Agent hereunder and no third party has been appointed by the Borrower as Dissemination Agent. During any period in which the Borrower is performing the duties of the Dissemination Agent hereunder, all references in this Disclosure Certificate to "Dissemination Agent" shall mean the Borrower 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 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 June 28, 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 June 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. The Borrower has 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 that the Issuer is not an "obligated person" with respect to the Bonds for purposes of the Rule.

"***Official Statement***" means the Official Statement relating to the Bonds, dated June 19, 2018.

"***Participating Underwriter***" shall mean George K. Baum & Company, as the underwriter of 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) In accordance with the requirements of the Rule, 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 60 days after the date on which the Borrower's Board of Trustees shall have approved the Borrower's audited financial statements for the preceding fiscal year, commencing with the 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 Borrower's audited financial statements be published by the Borrower 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 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.

(b) If the Dissemination Agent receives the Annual Report from the Borrower 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) 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 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 fails either to (i) provide the Annual Report to the Dissemination Agent in a time, manner and condition sufficient for the Dissemination Agent to deliver the Annual Report in compliance with Section 3(a), or (ii) report to the Dissemination Agent that it has on its own so delivered the Annual Report, the Dissemination Agent shall send a notice to the Repository (and copies thereof to the Issuer and the Borrower) 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) The audited financial statements 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 Official Statement, 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) Operating data and financial information regarding the Borrower for the prior fiscal year of the same type as included in Appendix A to the Official Statement under the headings "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 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 shall clearly identify each such other document so included by reference. In the event the Borrower's audited financial statements for the fiscal year which have been provided pursuant to Section 3 of this Disclosure Certificate together with audited 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 Borrower's Annual Report.

SECTION 5. <u>Reporting of Significant Events</u>.

(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) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event, the Borrower 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, 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 Borrower's obligations 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 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 and the Borrower shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower 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 has 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 appoints 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 pursuant to this Disclosure Certificate.

(b) The Borrower 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 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 covenants and agrees 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 of its 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 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 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 appoints 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 and the Dissemination Agent.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Borrower 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. 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. <u>Additional Information</u>. Nothing in this Disclosure Certificate shall be deemed to prevent the Borrower 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 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 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. <u>Default</u>. In the event of a failure of the Borrower 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 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 or the Loan Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Borrower 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 has appointed a third party to serve as Dissemination Agent, Article X 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. 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 covenants and agrees 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 also covenants and agrees 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 under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. 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:

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
1735 Market Street, 9th Floor AIM No. 193-0950
Philadelphia, PA 19103
Attention: Noreen Wichert
Telecopier Number: 215-553-6915/6919

To the Issuer:

Cumberland County Municipal Authority
c/o Hubert X. Gilroy, Esq.
Martson Law Offices
10 East High Street
Carlisle, PA 17013
Telecopier Number: 717-243-1807

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 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.

MESSIAH COLLEGE

By:____
Title: Vice President for Finance & Planning

This execution page is part of the Continuing Disclosure Certificate dated as of June __, 2018 executed and delivered by Messiah College respecting the Cumberland County Municipal Authority Revenue Bonds (AICUP Financing Program – Messiah College Project) Series 2018 QQ2.

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Cumberland County Municipal Authority
Name of Bond Issue:	$5,550,000 Cumberland County Municipal Authority Revenue Bonds (AICUP Financing Program – Messiah College Project) Series 2018 QQ2
CUSIP:	
Date of Issuance:	June 28, 2018

NOTICE IS HEREBY GIVEN that 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 June 28, 2018.

Dated: ___________________________

cc: Messiah College
Cumberland County Municipal 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 June 28, 2018, executed and delivered by Messiah College respecting the Cumberland County Municipal Authority Revenue Bonds (AICUP Financing Program – Messiah College Project) Series 2018 QQ2.

[NAME OF SUCCESSOR
DISSEMINATION AGENT]

By:____
Authorized Officer

Dated: ________________________

cc: Cumberland County Municipal Authority
Messiah College

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF PROPOSED OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

[PROPOSED FORM OF BOND COUNSEL OPINION]

Re: $5,500,000 Cumberland County Municipal Authority Revenue Bonds
(AICUP Financing Program – Messiah College Project), Series 2018 QQ2

Ladies and Gentlemen:

We have acted as Bond Counsel to the Cumberland County Municipal Authority (the "Issuer") in connection with the issuance of $5,500,000 aggregate principal amount of its Revenue Bonds (AICUP Financing Program – Messiah College Project), Series 2018 QQ2 (the "Bonds"). The Bonds are issued under and pursuant to the provisions of the Pennsylvania Municipality Authorities Act, PA.C.S.A. §5601 *et seq*., as amended (the "Act") and a Trust Indenture (the "Indenture") dated as of June 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 pursuant to a financing program sponsored by the Association of Independent Colleges and Universities of Pennsylvania to provide funds to be loaned to Messiah College (the "College") to finance certain costs of a project (the "Project") consisting of: (i) certain renovations to Witmer Student Residence, (ii) a portion of the cost of construction and equipping of a new Welcome and Admissions Center, (iii) miscellaneous capital expenditures on the College's campus; (iv) capitalized interest on the Bonds; and (v) certain costs of issuing the Bonds.

The Issuer and the College have entered into a Loan Agreement dated as of June 1, 2018 (the "Loan Agreement") providing for the loan of the proceeds of the Bonds to the College to pay certain costs of the Project. Under the Loan Agreement the College 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.

The College has represented in the Loan Agreement that it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), is not a "private foundation" within the meaning of Section 509(a) of the Code, and is exempt from federal income tax under Section 501(a) of the Code. The College has covenanted that it will maintain its status as a 501(c)(3) organization under the Code and will take whatever actions are necessary to continue to be organized and operated in a manner which will preserve and maintain its status as an organization which is described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (except as to unrelated business income).

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to remain excludable from the gross income of the owners of the Bonds for federal income tax purposes. The Issuer and the College have covenanted to comply with such requirements. Noncompliance with such requirements may cause the interest on the Bonds to be includible in the gross income of the owners of the Bonds for federal income tax purposes, retroactive to the date of issuance of the Bonds or as of some later date. Under the Loan Agreement, the College has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103(a) of the Code. For the purposes of the opinions set forth below, we have assumed that the Issuer and the College will comply with the covenants set forth in the Loan Agreement relating to the tax-exempt status of the Bonds.

An officer of the Issuer responsible for issuing the Bonds and an authorized officer of the College have executed a certificate stating the reasonable expectations of the Issuer and the College on the date of issue of the Bonds as to future events that are material for the purposes of Section 148 of the Code pertaining to arbitrage bonds. Also, the Issuer has caused or will cause to be filed with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on 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 Memorandum 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. Assuming the accuracy of the certifications of the Issuer and the College and their continuing compliance with the requirements of the Code, interest on the Bonds is excludable from gross income for purposes of federal income taxation under existing laws as enacted and construed on the date hereof. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. The corporate alternative minimum tax was repealed by legislation enacted on

December 22, 2017 (known as the "Tax Cuts and Jobs Act"), effective for tax years beginning after December 31, 2017. For tax years beginning on or before December 31, 2017 interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject indirectly to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Bonds were offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss.

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 College 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,

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES OF PENNSYLVANIA*

Albright College
Allegheny College
Alvernia College
Arcadia University
Bryn Athyn College
Bryn Mawr College
Bucknell University
Cabrini University
Cairn University
Carlow University
Carnegie Mellon University
Cedar Crest College
Chatham University
Chestnut Hill College
Clarks Summit University
Delaware Valley University
DeSales University
Dickinson College
Drexel University
Duquesne University
Eastern University
Elizabethtown College
Franklin & Marshall College
Gannon University
Geisenger Commonwealth School of Medicine
Geneva College
Gettysburg College
Gratz College
Grove City College
Gwynedd Mercy University
Harcum College
Harrisburg University of Science and Technology
Haverford College
Holy Family University
Immaculata University
Jefferson (Philadelphia University + Thomas Jefferson University
Johnson College
Juniata College
Keystone College
King's College
LaRoche College
LaSalle University
Lackawanna College
Lafayette College
Lake Erie College of Osteopathic Medicine
Lancaster Bible College
Lebanon Valley College
Lehigh University
Lycoming College
Manor College
Marywood University
Mercyhurst University
Messiah College
Misericordia University
Moore College of Art & Design
Moravian College
Mount Aloysius College
Muhlenberg College
Neumann University
Peirce College
Pennsylvania Academy of the Fine Arts
Pennsylvania College of Art & Design
Pennsylvania College of Health Sciences
Pennsylvania Institute of Technology
Philadelphia College of Osteopathic Medicine
Point Park University
Robert Morris University
Rosemont College
Saint Francis University
Saint Joseph's University
Saint Vincent College
Salus University
Seton Hill University
Summit University of Pennsylvania
Susquehanna University
Swarthmore College
Thiel College
University of Pennsylvania
University of the Sciences
The University of Scranton
The University of the Arts
Ursinus College
Valley Forge Military College
Villanova University
Washington & Jefferson College
Waynesburg University
Westminster College
Widener University
Wilkes University
Wilmington University
Wilson College
The Wistar Institute
York College of Pennsylvania

* Neither AICUP nor any AICUP member, other than any AICUP member in its individual capacity as the borrower of proceeds of a particular series of bonds issued in this financing program, has any liability for the repayment of any such series of bonds, or the loan of bond proceeds to the borrower.

MESSIAH COLLEGE®