

1. When reviewing the Messiah College 2018 Q2 OS I noticed on Page A-20 that the College did not intend to provide a debt service guaranty, but rather a 50% construction completion guarantee. Can you provide detail as to why the College revised its thinking on this point? What was the catalyst for the College moving to a full debt service guaranty? **The rating and related borrowing rates associated with the debt service payment guaranty is expected to be more helpful to project operations.**

2. An investor on the call asked about the break-even occupancy for the Development project – has a calculation been completed on what level of units must be filled in order for the project to meet 1.0x debt service? Can you provide a break-down between the total MADS associated with the Rider project versus the College itself? Also, can the College provide an estimate of annual operating revenues and operating expenses assumed for the Rider project upon the build out of Phase 1A and Phase 1B? **According to Rider Musser staff, at approximately 88% occupancy, the debt service coverage ratio is 1.0x, which equates to 38 vacant units out of a total of 314. According to the feasibility study provided in the PLOC, the current vacancy rate in the project's multi-family rental market is 0.8%. The College's debt service is provided on page A-21 of the PLOC with approximate principal amortization for the Project. The College's MADS occurs in FY 2022 at approximately \$4.378 million. MADS for the combined College/Project would occur in FY 3032 at approximately \$7.768 million.**

3. What is the status on the commercial development parcel? Will Rider pursue moving forward with the development of Parcel 1C while 1A and 1B are under construction or will they wait for stabilization? **The commercial project status is currently vacant land and Rider Musser has no immediate plans to start the land development process with the Township. Rider is evaluating 1c but does not intend to move forward until A and B are fully stabilized.**

4. Does the College intend to fund any equity for Phase 1C or is the land contribution the only form of equity expected for this phase of development? **No, the land contribution is the only equity the College is expected to provide for this phase of the Project.**

5. Will the College market the Rider Musser apartments on its website for graduate students? Will Messiah graduate students receive any sort of discount or will all units be rented at the market rate? **The College is not expecting to market the Rider Musser apartments on its website to graduate students and all of the apartments are expected to be rented at a market rate.**

6. Has Messiah College determined an optimal headcount range for its undergraduate and graduate programs? What does future growth in graduate level programs look like over the next 5 years? **Undergraduate headcount is expected to be flat over the next 3-5 years, however, graduate programs are anticipated to grow by 30 students annually over this same time horizon.**

7. Per the request on the investor call, can you provide the breakeven occupancy for the housing project? **According to Rider Musser staff, at approximately 88% occupancy, the debt service coverage ratio is 1.0x, which equates to 38 vacant units out of a total of 314. According to the feasibility study provided in the PLOC, the current vacancy rate in the project's multi-family rental market is 0.8%.**

8. Given the 350 competitor units, combined with the 314 units for this project, the market will have to absorb a lot of capacity over the next few years. Can the second phase of the project be scaled back/delayed if fill-up is slower than expected on the first phase opening in 2019? **Yes, Rider Musser's**

preferred plan would be to continue with the site work/infrastructure time line for Phase1B (since it provides some economies of scale with site work contractors already on site) but RM would look to delay each of the 3 buildings that make up Phase 1B and would pace the construction of each building based on market demand/absorption recommendations from our professional advisors. However, the RPRG report has indicated that there is still enough net demand after taking all of these units into account.

9. The feasibility study recommended offering garage parking to compete with other luxury properties. Will this be included in the project? **Yes, Rider Musser does hope to build up to a total of 40 preferred garage units and submarket rents indicate monthly rental rates in our submarket of \$110 per month. RM is doing break even analysis on various design/re-engineered variations currently.**

10. As discussed on the investor call, the college's FY18 margins were somewhat weaker than prior years. Does management expect margins to expand or contract relative to FY18? Does the college have a budget prepared for the current fiscal year and how does it compare to prior years? **The College's budget indicates break-even on a cashflow basis (including debt service payments on the College's debt).**

11. Messiah College's Historical Debt Service Coverage Ratios:

<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
2.92x	2.53x	2.45x	2.41x

Each of these debt service coverage ratios has been calculated by removing the "Net assets released from restrictions, Capital" from the Operating Revenues.