

APPENDIX E

FORM OF COMPLIANCE CERTIFICATE

The undersigned duly authorized officer of Stevenson University, Inc. (the “Institution”) hereby certifies as follows to demonstrate compliance with the Loan Agreement dated as of August 1, 2013 between Maryland Health and Higher Educational Facilities Authority (the “Authority”) and the Institution, as amended and supplemented (as so amended and supplemented from time to time, the “Loan Agreement”) and the Financing Agreement dated as of May 1, 2024 (the “Financing Agreement”) among the Authority, the Institution, EagleBank, and Manufacturers and Traders Trust Company, as Trustee:

Fiscal Year ended June 30, 2024

(Unless otherwise indicated, all calculations shall be made in accordance with accounting principles generally accepted in the United States of America.)

Capitalized terms used herein and not otherwise defined in this Certificate shall have the meanings set forth in the Loan Agreement.

(a) Days’ Cash on Hand

Unrestricted Cash and Marketable Securities

Total Operating Expenses

Deduct:

Depreciation and amortization and other non-cash items.....

Losses due to impairment of goodwill, intangible assets or other long-lived assets.....

Unrealized gains and losses on any investments, including (without limitation) any permanent impairment resulting from such loss.....

Unrealized gains/losses on Hedging Transactions.....

Nonoperating losses on the sale or disposition of any asset (other than any investment security) or on the extinguishment of debt, including (without limitation) any loss on the termination of any Hedging Transaction

Unrestricted Cash and Marketable Securities (A).....	<u>\$ 65,801,138</u>
Total operating expenses for Fiscal Year / 365 or 366 (B)	<u>\$ 241,316</u>
Liquidity Covenant (A/B)	<u>273 Days</u>

(b) Debt Service Coverage Ratio

The Coverage Ratio for such Fiscal Year was not less than 1.00 as shown below:

Excess of unrestricted operating and nonoperating revenues and any investment income, gains and funds functioning as endowment funds used to support operations pursuant to the Institution's Board-approved endowment spending policy over unrestricted expenses	<u>\$ 3,903,871</u>
Add: Depreciation and amortization	<u>\$ 8,079,347</u>
Interest expense	<u>\$ 4,866,567</u>
Add (Deduct):	
Revenues and expenses from or in connection with any property securing Non-Recourse Indebtedness	_____
Any other non-cash items of a non-recurring nature... ..	_____
Nonoperating (gains) or losses on the sale or disposition of any asset	_____
Nonoperating (gains) or losses on the extinguishment of debt.....	_____
Losses due to impairment of goodwill, intangible assets or other long-lived assets	_____
Unrealized gains and losses on investments and Hedging Transactions, including (without limitation) any permanent impairment resulting from such loss	<u>\$ 1,630,249</u>
Net Income Available for Debt Service (A).....	<u>\$18,480,034</u>
Maximum Annual Debt Service on Outstanding Long-Term Indebtedness (B)	<u>\$ 8,351,910</u>
Coverage Ratio (A/B)	<u>2.21</u>

ⁱ To the extent required in the calculation of Debt Service Requirements of such Indebtedness.

(c) Dispositions of Assets

Total Book Value of property disposed of during Fiscal Year,
other than property sold or leased in the ordinary course of
business or at fair market value:

\$ -0-

(d) Indebtedness

Outstanding principal amount of:

Short-term debt (may not exceed 15% of Total Operating
Revenues and subject to annual clean out)

\$ -0-

Non-recourse debt (may not exceed 15% of Total Operating
Revenues and subject to annual clean out)

\$ -0-

Other non-Bond debt (not permitted unless certain
requirements of the Loan Agreement are met)

\$ 154,448

Guaranteed debt (other than guaranties of debt)

\$ -0-

(e) Liens

Has the Institution granted liens securing any
Hedging Transaction?

 (Y) X (N)

Total Book Value of property subject to liens, other than liens
securing Parity Debt:

\$ NA

(f) Gifts, Grants and Fundraising

The Institution currently has on hand funds restricted to the
payment of costs of the projects financed with 2024 Bond
proceeds or to the payment of debt service on such Bonds in the amount of: \$ 1,231,497

(g) Notices and Reports

The Institution has provided to the Authority:

Notice of all Indebtedness incurred during the Fiscal Year X (Y) (N)

Report of the Insurance Consultant/self-insurance plan X (Y) (N)

Notice of major repairs and dispositions (repairs and
dispositions costing more than 5% of Total Operating Revenues) NA (Y) (N)

Copies of all notices and financial reporting materials provided
to the holder of the 2024 Bond or any transferee,
successor or permitted assigns, thereof, or any swap counter-party X (Y) (N)

Copies of accountant letters required by the Loan Agreement X (Y) (N)

(h) Hedging Agreements

Has the Institution entered into or amended any hedging agreements during the Year? If so, please provide the Authority with a copy. _____ (Y) X (N)

Total notional amount of outstanding swaps and other derivatives as of the last day of the most recent Fiscal Year: \$ 10,000,000

The outstanding swaps and other derivatives as of the last day of the most recent Fiscal Year are shown on Schedule 1.

(i) Continuing Disclosure

The Institution has filed the Continuing Disclosure with the Authority, the Trustee and the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB X (Y) _____ (N)

The Institution has provided to the holder of the 2024 Bond copies of documents required under the Financing Agreement under which such Bond was issued X (Y) _____ (N)

(j) Institution Ratings

The Institution's ratings are as follows – S&P: BBB- /Stable (at November 11, 2020 and affirmed July 11, 2024) _____, 20__); Moody's: _____ (at _____, 20__); and Fitch: _____ (at _____, 20__).

(k) Financing Statements

The Institution has filed or have caused to be filed all necessary financing statements and renewals thereof, in such places as are required in order to perfect the security interests granted by the Institution in the Loan Agreement and the Deed of Trust X (Y) _____ (N)

(l) Officer's Certificate

Attached hereto as Exhibit A is a certificate of the executive director or chief financial officer of the Obligated Group stating that, to best knowledge of such person, (a) no Event of Default under the Financing Agreement, the Loan Agreement, the Resolution or the Deed of Trust has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action the Institution proposes to take with respect thereto and (b) the Obligated Group has performed and observed each and every agreement, covenant and obligation contained in the Loan Agreement.

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Loan Agreement or the Financing Agreement unless the context otherwise requires.

(m) Tax Matters

(i) Title of officer or employee responsible for compliance with federal income tax requirements in connection with the 2024 Bond:

CFO and Controller

(ii) Has the Institution adopted written post-issuance tax compliance procedures?

 X (Y) (N)

If the answer is “yes” and such procedures were not in effect on the date of the most recent issue of Tax-Exempt Bonds on behalf of the Institution, please enclose a copy of the procedures.

(iii) The Institution has reviewed the Institution’s Tax and Section 148 Certificate and Agreements (each, a “Tax Certificate”) with respect to each issue of tax-exempt bonds issued by the Authority on its behalf and its representations in it remain true and correct except as described below (*please attach schedule if necessary*).

 X (Y) (N)

Changes to representations in Tax Certificate:

(iv) Before entering into any contracts or other arrangements that provide for the use of any portion of any Project or any Additional Facilities by any non-exempt person, including any governmental unit, or any 501(c)(3) organization in any unrelated trade or business activity that was not in effect on the date of issuance of any Tax-Exempt Bonds to finance such portion of the Project or any Additional Facilities, the Institution consulted with Qualified Counsel to the extent necessary to assure that such use did not and will not cause any Bonds to be “nonqualified bonds.”

 X (Y) (N) (N/A)

(v) Has the Institution advised the Authority of any use of the proceeds of any Tax-Exempt Bonds or any portion of any Project or Additional Facilities that would cause such Tax-Exempt Bonds to lose their tax-exempt status, so that the Tax-Exempt Bonds can be remediated if necessary?

 (Y) (N) X (N/A)

If the answer to this question is “no”, please describe all relevant circumstances below (*please attach schedule if necessary*).

(vi) Does the Institution currently have on hand funds gifts, grants or other funds (including board-designated funds) that are restricted or otherwise expected to be used to pay of costs of the Project, any Additional Facilities or debt service on the Tax-Exempt Bonds other than amounts held by the Trustee and amounts described in the Tax Certificates?

_____ (Y) X (N)

If the answer to this question is “yes”, please describe.

(vii) Does the Institution continue to maintain records regarding the amount, date and purpose of each expenditure of Tax-Exempt Bond proceeds (including investment earnings), the final allocation of proceeds, all investments of Tax-Exempt Bond proceeds, the date and amount of any rebate payments and the use of the facilities financed and refinanced with Tax-Exempt Bond proceeds?

X (Y) _____ (N)

(viii) Has the Institution entered into any amendment of any of the terms of any Loan Agreements entered into in connection with any Bonds?

_____ (Y) _____ (N) X (N/A)

If the answer is “yes”, please enclose a copy of each such amendment.


(ix) Has the Institution received any waiver from any bank of any provision of any such Loan Agreement?

_____ (Y) _____ (N) X (N/A)

(x) Terms used in this subsection shall have the meanings assigned to them in the Tax Certificates delivered in connection with each issuance of Tax-Exempt Bonds.

IN WITNESS WHEREOF, I have hereunto set my hand, this 16th day of December, 2024.

STEVENSON UNIVERSITY, INC.

By: 
Name: Elliot Hirshman
Title: President

Outstanding Hedging Agreements

<u>Notional Amount</u>	<u>Type (e.g., fixed payer, fixed receiver, basis)</u>	<u>Mark-to-market value as of the last day of Fiscal Year</u>	<u>Swap Rate Paid</u>	<u>Swap Rate Received</u>	<u>Term</u>	<u>Name of Counterparty</u>	<u>Collateral posted as of the last day of Fiscal Year</u>
\$10,000,000	Fixed Payor	\$(341,011.06)	3.42%	NA	15YR	EagleBank	<u>NA</u>

Exhibit A

As the undersigned, Chief Financial Officer of Stevenson University I hereby certify, to the best of my knowledge,

- (a) No Event of Default under the Financing Agreement, the Loan Agreement, the Resolution or the Deed of Trust has occurred and is continuing, and
- (b) Stevenson University has performed and observed each and every agreement, covenant, and obligation contained in the Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand, this 16th day of December, 2024,

STEVENSON UNIVERSITY, INC

A handwritten signature in cursive script that reads "Mary E. Schiller-Schwenke".

By: Name: Mary E. Schiller-Schwenke
Title: CFO and Controller



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Independent Auditor's Report

The Board of Trustees
Stevenson University
Owings Mills, Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Stevenson University and its subsidiaries (the "University"), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 3, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions, or conditions of the Official Statement dated January 14, 2021, relating to the Maryland Health and Higher Educational Facilities Authority ("MHHEFA") Loan Series 2021A between the MHHEFA and the University (the "Indenture"), in the original principal amount of \$126,380,000, the Financing Agreement dated January 1, 2021, relating to the MHHEFA Loan Series 2021B between the MHHEFA and the University (the "Indenture"), in the original principal amount of \$14,779,000, and the Financing Agreement dated May 1, 2024, relating to the MHHEFA Loan Series 2024 between the MHHEFA and the University (the "Indenture"), in the original principal amount of \$10,000,000, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the University's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Loan Agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Stevenson University and its subsidiaries and MHHEFA and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA, P.C.

December 6, 2024