

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND  
HARPER-TUBMAN STUDENT HOUSING,  
A PROJECT OF MARYLAND ECONOMIC  
DEVELOPMENT CORPORATION**

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**Management's Discussion and  
Analysis and Financial Statements  
Together With Independent Auditors' Report**

**For the Years Ended June 30, 2025 and 2024**

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY  
HALL AND HARPER-TUBMAN STUDENT HOUSING,  
A PROJECT OF MARYLAND ECONOMIC  
DEVELOPMENT CORPORATION (MEDCO)**

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# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

## **Management's Discussion and Analysis For the Years Ended June 30, 2025 and 2024**

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As management of Morgan View (MV), Thurgood Marshall Hall (TMH), the TM3 Project, also known as Legacy Hall (LH) throughout, and Harper-Tubman (HT), Student Housing (the Project), a project of Maryland Economic Development Corporation (MEDCO), we offer readers of the Project's financial statements this narrative overview and analysis of the financial activities of the Project for the fiscal years ended June 30, 2025 and 2024. Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Project's financial activity, and (c) identify changes in the Project's financial position. We encourage readers to consider the information presented here in conjunction with the Project's financial statements and accompanying notes.

### **Financial Highlights**

The financial highlights of the Project for the year ended June 30, 2025 were as follows:

- In August 2024, LH Student Housing accepted its first residents.
- On June 1, 2025, in accordance with the seventh supplemental trust indenture, \$52,945,000 of Series 2025A bonds were issued for the acquisition, renovation, furnishing, refurbishing and equipping of an existing student housing facility, HT (Note 4).
- The Project's net deficit totaled \$12,241,000 as of June 30, 2025, primarily as a result of the excess of net non-operating expenses over operating income on a cumulative basis.
- Occupancy ranged between 95% and 97% for Morgan View, 96% and 99% for Thurgood Marshall Hall, and 94% and 100% for Legacy Hall during the academic year.
- The Project has met the Release Test in the trust indenture for distribution of excess cash, however, no ground rent will be due to Morgan State University each fiscal release date until fiscal year 2026 in accordance with the seventh trust indenture and the Second Amendment to Amended and Restated Air Rights and Ground Lease and Agreement dated June 1, 2025.
- The Project incurred \$17,710,000 of right-to-use building expenditures primarily for the construction of the LH facility, \$11,863,000, for the construction and renovation of the HT facility, \$2,457,000, and \$3,346,000 for the replacement of HVAC units, furniture, flooring replacements, appliances, replacement of compressors, and replacement of water heaters. Management anticipates continuing expenditures to replace and renew additional right-to-use building assets each year in the future. A reserve fund held by the bond trustee has \$1,789,000 dedicated to these expenditures as of June 30, 2025 (Note 2).

The financial highlights of the Project for the year ended June 30, 2024 were as follows:

- The Project's net deficit totaled \$11,219,000 as of June 30, 2024, primarily as a result of the excess of net non-operating expenses over operating income on a cumulative basis.
- Occupancy ranged between 91% and 100% for MV and 82% and 100% for TMH during the academic year. Occupancy of LH commenced in August 2024.
- The Project has met the Release Test in the trust indenture for distribution of excess cash, however, no ground rent will be due to Morgan State University each fiscal release date until fiscal year 2026 in accordance with the Series 2022A bonds trust indenture and the First Amendment to Amended and Restated Air Rights and Ground Lease and Agreement dated November 1, 2022.

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

## **Management's Discussion and Analysis For the Years Ended June 30, 2025 and 2024**

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### **Financial Highlights – continued**

- The Project incurred \$48,146,000 of right-to-use building expenditures primarily for the construction of the LH facility, \$46,157,000, as well as \$1,989,000 for the replacement of HVAC units, roofing, flooring, carpeting, apartment renovations, and an upgrade to the Project's security cameras. Management anticipates continuing expenditures to replace and renew additional right-to-use building assets each year in the future. A reserve fund held by the bond trustee has \$1,226,000 dedicated to these expenditures as of June 30, 2024 (Note 2).

### **Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the Project's financial statements. The Project is intended to be a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Project. These statements are presented in a manner similar to a private business such as a commercial real estate project. The Project's statements consist of two parts: the financial statements and notes to the financial statements.

### **The Financial Statements**

The Project's financial statements are designed to provide readers with a broad overview of its finances, in a manner similar to a private-sector business.

The statements of net position present information on all of the Project's assets and liabilities and deferred inflows of resources, with the difference reported as net position. MEDCO issued limited obligation revenue bonds to provide capital financing for construction of student housing for Morgan State University. The proceeds were deposited with a trustee and invested, generally in United States government or agency securities, guaranteed investment contracts or repurchase agreements, until disbursed for the acquisition or construction of capital assets or retained for the establishment of certain required reserves. The revenue bonds were issued in MEDCO's name; however, neither MEDCO nor the State of Maryland has any obligation for the bonds beyond the resources of the Project.

The statements of revenues, expenses and changes in net position present the operating activities of the Project and sources of non-operating revenues and expenses.

The statements of cash flows present summarized sources and uses of funds for the Project. Cash flows from operating activities generally represent the results of licensing and operating the Project, exclusive of interest income and expense. Cash flows from capital and related financing and investing activities generally reflect the incurrence of debt obligations, the subsequent investment of debt proceeds in the Project, periodic principal and interest payments on the debt, right-to-use building expenditures and earnings on investments.

The Project is owned by MEDCO; however, at the end of the ground lease, ownership of the Project will revert to Morgan State University.

**MORGAN VIEW, THURGOOD MARSHALL HALL,  
LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING,  
A PROJECT OF MEDCO**

**Management’s Discussion and Analysis  
For the Years Ended June 30, 2025 and 2024**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13-30 of this report.

**Financial Analysis of Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing**

The following table summarizes the Project’s financial position as of June 30,:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 18,981,751	\$ 17,464,074	\$ 25,240,337
Other assets	<u>251,593,200</u>	<u>208,365,034</u>	<u>207,195,064</u>
Total Assets	<u>270,574,951</u>	<u>225,829,108</u>	<u>232,435,401</u>
Current liabilities	17,672,092	21,219,152	25,825,561
Non-current liabilities	<u>264,347,896</u>	<u>214,916,226</u>	<u>216,377,412</u>
Total Liabilities	<u>282,019,988</u>	<u>236,135,378</u>	<u>242,202,973</u>
Deferred inflow of resources	<u>796,373</u>	<u>912,579</u>	<u>1,014,356</u>
Net investments in capital assets	(102,604,925)	(65,223,558)	(111,648,127)
Restricted under trust indenture	<u>90,363,515</u>	<u>54,004,709</u>	<u>100,866,199</u>
Total Net Position	<u>\$ (12,241,410)</u>	<u>\$ (11,218,849)</u>	<u>\$ (10,781,928)</u>

Significant factors in the changes in the Project’s financial position for the year ended June 30, 2025 include:

- Current assets increased \$1,518,000 primarily as a result of an increase in deposits with the bond trustee – restricted of \$1,644,000 due to deposits into the operating reserve fund in accordance with the trust indenture and an increase in cash and cash equivalents of \$945,000 due to the commencement of operations at LH during the current year. These increases were partially offset by a decrease in interest receivable of \$698,000 due to less funds being held in the construction fund throughout the year as LH construction neared completion.

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

## **Management's Discussion and Analysis For the Years Ended June 30, 2025 and 2024**

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### **Financial Analysis of Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing – continued**

- Other assets increased \$43,228,000 as a result of an increase in deposits with bond trustee – restricted of \$31,162,000 primarily due to funds deposited from the issuance of Series 2025A bonds in accordance with the seventh supplemental trust indenture, and an increase in right-to-use buildings, net, of \$12,066,000 mainly due to the construction of LH, \$11,863,000, for the construction and renovation of the Harper-Tubman facility, \$2,457,000, and for the replacement of HVAC units, furniture, flooring replacements, appliances, replacement of compressors, and replacement of water heaters, \$2,713,000. This increase is partially offset by the amortization of right-to-use building assets of \$5,644,000.
- Current liabilities decreased \$3,547,000 primarily as a result of a decrease in accounts payable and accrued expenses of \$3,546,000 due to the timing of construction requisitions related to the construction of Legacy Hall that were paid during the current year.
- Non-current liabilities increased \$49,432,000 due to the net proceeds of the Series 2025A bonds of \$50,941,000, partially offset by \$1,285,000 of scheduled bond principal payments becoming current and the net amortization of the bond premium and discount of \$224,000.
- Net position decreased \$1,023,000 as a result of the excess of the operating income of \$8,725,000 over the Project's net non-operating expenses of \$9,748,000.

Significant factors in the changes in the Project's financial position for the year ended June 30, 2024 include:

- Current assets decreased \$7,776,000 primarily as a result of a decrease in deposits with the bond trustee – restricted of \$5,736,000 due to the payment of semi-annual interest due on the Series 2022A bonds and a decrease in interest receivable of \$2,143,000 as amounts on deposit with bond trustee – restricted decreased.
- Other assets increased \$1,170,000 as a result of an increase in right-to-use buildings of \$48,146,000 primarily for the construction of Legacy Hall and additions for the replacement of HVAC units, roofing, flooring, carpeting, apartment renovation, and an upgrade to the Project's security cameras, offset by a decrease in deposits with bond trustee – restricted of \$43,622,000 primarily due to funds used in the construction of Legacy Hall and the amortization of right-to-use building assets of \$3,347,000.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

## Management's Discussion and Analysis For the Years Ended June 30, 2025 and 2024

### Financial Analysis of Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing – continued

- Current liabilities decreased \$4,606,000 primarily as a result of a decrease in accounts payable and accrued expenses of \$3,527,000 primarily due to a decrease in right-to-use building expenditures related to the construction of Thurgood Marshall Hall and a decrease in accrued interest on the Series 2022A bonds of \$986,000 as a result of accruing interest for the period January 1<sup>st</sup> through June 30<sup>th</sup> during fiscal year 2024 versus accruing interest for the period November 9<sup>th</sup> (date of issuance) through June 30<sup>th</sup> during fiscal year 2023.
- Non-current liabilities decreased \$1,461,000 primarily due to \$1,225,000 of scheduled bond principal payments becoming current and the net amortization of the bond premium and discount of \$236,000.
- Net position decreased \$437,000 as a result of the excess of the Project's net non-operating expenses of \$6,332,000 over operating income of \$5,895,000.

The following table summarizes the Project's revenues and expenses for the years ended June 30,:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues:			
Apartment rentals	\$ 21,314,334	\$ 15,167,352	\$ 14,322,117
Service fees	52,700	62,677	60,702
Other	345,300	181,797	258,856
Total Operating Revenues	<u>21,712,334</u>	<u>15,411,826</u>	<u>14,641,675</u>
Operating Expenses:			
Property operating costs	5,754,432	4,632,366	4,539,423
Management and service fees	1,097,697	806,518	621,573
Administrative and general	477,766	704,346	277,931
Sales and marketing	12,921	25,920	25,521
Amortization	5,644,407	3,347,220	2,966,012
Total Operating Expenses	<u>12,987,223</u>	<u>9,516,370</u>	<u>8,430,460</u>
Operating Income	8,725,111	5,895,456	6,211,215
Net Non-operating Expense	<u>(9,747,672)</u>	<u>(6,332,377)</u>	<u>(5,553,631)</u>
Change in Net Position	(1,022,561)	(436,921)	657,584
Net Position, beginning of year	<u>(11,218,849)</u>	<u>(10,781,928)</u>	<u>(11,439,512)</u>
Net Position, end of year	<u>\$ (12,241,410)</u>	<u>\$ (11,218,849)</u>	<u>\$ (10,781,928)</u>

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

## **Management's Discussion and Analysis For the Years Ended June 30, 2025 and 2024**

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### **Financial Analysis of Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing – continued**

Significant factors in the results for the year ended June 30, 2025 include:

- Physical occupancy averaged 97% for the academic year 2024-2025.
- Operating revenues increased \$6,301,000 primarily due to \$6,230,000 in rental revenue from Legacy Hall due to the commencement of operations during the current year.
- Operating costs increased \$3,471,000 primarily due to an increase in amortization of \$2,297,000 as a result of the Legacy Hall right-to-use building additions being placed into service during the current year due to the student housing officially opening in August 2024 and an increase in property operating costs of \$1,122,000 mainly due to \$521,000 in HVAC and elevator repair and supplies as well as cleaning and painting of the rooms at Thurgood Marshall Hall due to extensive amount of labor required to paint the rooms as well as increased contract rates and \$603,000 in Legacy Hall property operating costs due to the first full year of operations and \$291,000 of management fees.
- Net non-operating expenses increased \$3,415,000 primarily due to an increase in bond issuance cost of \$716,000 for the Series 2025A Bonds and a decrease in interest income of \$2,754,000 due to less deposits being held and earning interest in the Legacy Hall construction fund during the current year due to Legacy Hall opening for students in August 2024.

Significant factors in the results for the year ended June 30, 2024 include:

- Physical occupancy averaged 96% for the academic year 2023-2024.
- Operating revenues increased \$770,000 due to an increase in rental rates of approximately 4%.
- Operating costs increased \$1,086,000 primarily due to an increase in amortization of \$381,000 as a result of the increase in right-to-use building additions, an increase in property operating costs of \$93,000, an increase in administrative and general costs of \$426,000, and an increase in management and service fees of \$185,000.

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Management's Discussion and Analysis  
For the Years Ended June 30, 2025 and 2024**

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## **Capital Asset and Debt Administration**

### ***Capital Assets***

The most significant capital asset events during the year ended June 30, 2025 were expenditures for the construction of the Legacy Hall facility, \$11,863,000, for the construction and renovation of the Harper-Tubman facility, \$2,457,000, and for the replacement of HVAC units, furniture, flooring replacements, appliances, replacement of compressors, and replacement of water heaters, \$2,713,000. The most significant capital asset events during the year ended June 30, 2024 were expenditures for the construction of the Legacy Hall facility, \$46,157,000 as well as \$1,989,000 for the replacement of HVAC units, roofing, flooring, carpeting, apartment renovations, and an upgrade to the Project's security cameras.

### ***Debt***

As of June 30, 2025 and 2024, the Project had total bond debt outstanding net of unamortized premium and discounts of \$265,633,000 and \$216,141,000, respectively.

In June 2025, \$52,945,000 of Series 2025A bonds were issued for the acquisition, renovation, furnishing, refurbishing, and equipping of the existing Harper-Tubman facility. In November 2022, \$113,520,000 of Series 2022A bonds were issued for the construction, furnishing, refurbishing, and equipping of the Legacy Hall facility. In April 2022, the Series 2012 bonds were refunded with the proceeds from the issuance of Series 2022 bonds and funds on deposit with the trustee. Additional information relating to the issuance and refunding is provided in Note 4 to the financial statements.

None of this debt is backed by the full faith and credit of the State of Maryland or MEDCO. The debt is secured solely by the revenues and assets of the Project.

## **Contacting Management of MEDCO**

This report is designed to provide Maryland citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of the finances of Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing. If you have questions about this report or need additional information, contact Maryland Economic Development Corporation, 7 Saint Paul Street, Suite 940, Baltimore, MD 21202.



## **Independent Auditors' Report**

To the Board of Directors of  
Maryland Economic Development Corporation:

### **Opinion**

We have audited the accompanying financial statements of Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing (the Project), a project of Maryland Economic Development Corporation (MEDCO), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Project as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements are intended to present only the financial position, changes in financial position and cash flows of the Project. They do not purport to, and do not present fairly the financial position of MEDCO as of June 30, 2025 and 2024, the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SC&H Attest Services, P.C.

October 20, 2025

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Statements of Net Position**

<i>As of June 30,</i>	<i>2025</i>	<i>2024</i>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,112,391	\$ 3,167,607
Licensee security deposits	169,977	442,235
Deposits with bond trustee – restricted	14,158,587	12,514,400
Accounts receivable, net of allowance for doubtful accounts of \$122,000 and \$454,450, respectively	134,848	406,093
Due from University	127,100	-
Interest receivable	139,693	837,478
Prepaid expenses and other assets	139,155	96,261
<b>Total Current Assets</b>	<b>18,981,751</b>	<b>17,464,074</b>
<b>Non-current Assets:</b>		
Deposits with bond trustee – restricted	88,323,616	57,161,174
Right-to-use buildings, net of accumulated amortization of \$32,090,601 and \$26,740,645, respectively	163,269,584	151,203,860
<b>Total Non-current Assets</b>	<b>251,593,200</b>	<b>208,365,034</b>
<b>Total Assets</b>	<b>\$ 270,574,951</b>	<b>\$ 225,829,108</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities:</b>		
Accounts payable and other accrued expenses	\$ 8,187,287	\$ 11,733,389
Accrued interest	5,649,088	5,680,391
Licensee security deposits payable	178,878	208,533
Accrued ground rent	2,371,839	2,371,839
Bonds payable	1,285,000	1,225,000
<b>Total Current Liabilities</b>	<b>17,672,092</b>	<b>21,219,152</b>
<b>Non-current Liabilities:</b>		
Bonds payable	264,347,896	214,916,226
<b>Total Non-current Liabilities</b>	<b>264,347,896</b>	<b>214,916,226</b>
<b>Total Liabilities</b>	<b>282,019,988</b>	<b>236,135,378</b>
<b>Deferred Inflow of Resources</b>		
Deferred advance refunding gain	241,613	286,192
Rents and fees collected in advance	554,760	626,387
<b>Total Deferred Inflow of Resources</b>	<b>796,373</b>	<b>912,579</b>
<b>Commitments and Contingencies (Note 5)</b>		
<b>Net Position:</b>		
Net investments in capital assets	(102,604,925)	(65,223,558)
Restricted under trust indenture	90,363,515	54,004,709
<b>Total Net Position</b>	<b>\$ (12,241,410)</b>	<b>\$ (11,218,849)</b>

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

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Statements of Revenues, Expenses, and Changes in Net Position**

<i>For the Years Ended June 30,</i>	<i>2025</i>	<i>2024</i>
Operating Revenues:		
Apartment rentals	\$ 21,314,334	\$ 15,167,352
Service fees	52,700	62,677
Other	345,300	181,797
<b>Total Operating Revenues</b>	<b>21,712,334</b>	<b>15,411,826</b>
Operating Expenses:		
Property operating costs	5,754,432	4,632,366
Management and service fees	1,097,697	806,518
Administrative and general	477,766	704,346
Sales and marketing	12,921	25,920
Amortization	5,644,407	3,347,220
<b>Total Operating Expenses</b>	<b>12,987,223</b>	<b>9,516,370</b>
<b>Operating Income</b>	<b>8,725,111</b>	<b>5,895,456</b>
Non-operating Revenues (Expenses):		
Interest income	2,000,280	4,754,447
Interest expense	(11,032,015)	(11,080,677)
Loss on retirement of right-of-use buildings	-	(6,147)
Bond issuance costs	(715,937)	-
<b>Net Non-operating Expenses</b>	<b>(9,747,672)</b>	<b>(6,332,377)</b>
<b>Change in Net Position</b>	<b>(1,022,561)</b>	<b>(436,921)</b>
<b>Net Position, beginning of year</b>	<b>(11,218,849)</b>	<b>(10,781,928)</b>
<b>Net Position, end of year</b>	<b>\$ (12,241,410)</b>	<b>\$ (11,218,849)</b>

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

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Statements of Cash Flows**

<i>For the Years Ended June 30,</i>	<i>2025</i>	<i>2024</i>
Cash Flows from Operating Activities:		
Cash received from licensees	\$ 21,964,132	\$ 14,880,805
Cash paid for operating expenses	(6,954,904)	(4,492,127)
Net Cash and Cash Equivalents Provided by Operating Activities	15,009,228	10,388,678
Cash Flows from Capital and Related Financing Activities:		
Right-to-use building expenditures	(21,623,716)	(52,783,095)
Payments of related party note payable	-	(178,430)
Proceeds from issuance of bonds	50,941,110	-
Payment of bond issuance costs	(715,937)	-
Interest paid	(11,332,337)	(12,350,073)
Principal payments on bonds payable	(1,225,000)	(1,170,000)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	16,044,120	(66,481,598)
Cash Flows from Investing Activities:		
Net sales (purchases) of deposits with bond trustee - restricted	(32,806,629)	49,358,027
Interest received	2,698,065	6,897,373
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	(30,108,564)	56,255,400
Net Increase in Cash and Cash Equivalents	944,784	162,480
Cash and Cash Equivalents, beginning of year	3,167,607	3,005,127
Cash and Cash Equivalents, end of year	\$ 4,112,391	\$ 3,167,607
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	\$ 8,725,111	\$ 5,895,456
Adjustment to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Amortization	5,644,407	3,347,220
Provision for doubtful accounts	63,323	425,339
Changes in operating assets and liabilities		
Licensee security deposits	272,258	(89,820)
Accounts receivable	207,922	(416,657)
Due from University	(127,100)	-
Prepaid expenses and other assets	(42,894)	141,378
Accounts payable and other accrued expenses	367,483	1,110,306
Licensee security deposits payable	(29,655)	29,700
Rents and fees collected in advance	(71,627)	(54,244)
Net cash and cash equivalents provided by operating activities	\$ 15,009,228	\$ 10,388,678
Non-cash capital and related financing activities:		
Amortization of issue premium on bonds	\$ 321,985	\$ 333,731
Amortization of issue discount on bonds	\$ 97,545	\$ 97,545
Amortization of deferred advance refunding gain	\$ 44,579	\$ 47,533
Loss on retirement of assets	\$ -	\$ 6,147
Right-to-use building expenditures included in accounts payable and other accrued expense	\$ 3,243,207	\$ 7,156,792

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

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

### Ownership and Management

Morgan View, Thurgood Marshall Hall, Legacy Hall, and Harper-Tubman Student Housing (the Project), located in Baltimore City, Maryland, is a project of the Maryland Economic Development Corporation (MEDCO). The Project consists of apartments with 794 beds, known as Morgan View, apartments with 670 beds, known as Thurgood Marshall Hall, apartments with 604 beds, known as Legacy Hall and apartments with 236 beds, known as Harper-Tubman. The Project is located on land leased from the State of Maryland on behalf of Morgan State University (MSU). Morgan View, Thurgood Marshall Hall and Legacy Hall accepted its first residents in August 2003, August 2022 and August 2024, respectively.

Effective July 1, 2006, and most recently restated and amended on December 10, 2020, MEDCO entered into a management agreement with ACC SC Management LLC (ACC) to provide management, licensing and administrative services for the Project. The restated and amended management agreement was set to expire on December 10, 2025 and provided for a monthly fee equal to 2% of rental revenues collected during such month (the Monthly Amount) and a fee at the end of each semester equal to 1% of rental revenues collected during such semester (the Term Amount). The Monthly and Term Amounts were subordinate to the ground lease and bond payments, as stipulated within the restated and amended management agreement. On February 5, 2025, MEDCO and ACC mutually agreed to terminate the restated and amended management agreement, effective February 6, 2025, pursuant to the terms of a Termination of Management Agreement. Management fee expense totaled \$332,321 and \$464,458 for the years ended June 30, 2025 and 2024, under the restated and amended management agreement. Management fees payable to ACC as of June 30, 2025 and 2024 totaled \$267,100 and \$865,122, respectively, as reflected in accounts payable and other accrued expenses in the accompanying statements of net position.

Effective February 7, 2025, and most recently amended on June 1, 2025, MEDCO entered into a management agreement (the Management Agreement) with Capstone On-Campus Management (COCM) to provide certain management, leasing and administrative services for the Project. The amended management agreement has an initial term beginning June 1, 2025 and ending May 31, 2026, with the option to continue for two successive one year terms beginning on June 1, 2026. The amended management agreement provides for a Manager fee equal to: (i) 2% of revenues, as defined, collected during such month (COCM Monthly Amount) and (ii) an additional subordinated component of the manager fee equal to 1% of revenues, as defined, collected during such semester (COCM Term Amount). The COCM Monthly Amount is due and payable on or around the 25<sup>th</sup> day of the month from the operating account. The COCM Term Amount is due and payable on a university semester basis from the management fee trust fund. The COCM Monthly and Term Amounts are subordinate to the ground lease and bond payments, as stipulated within the amended management agreement. Any portion of the management fee earned but unpaid because funds are not then available shall be accumulated and paid at such time as funds are available. Management fee expense totaled \$315,406 for the year ended June 30, 2025, under the amended management agreement. Management fees payable to COCM as of June 30, 2025 totaled \$112,866, as reflected in accounts payable and other accrued expenses in the accompanying statements of net position.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS – continued

### Ownership and Management – continued

Pursuant to the Fourth Supplemental Trust Indenture dated April 1, 2022, the Fifth Supplemental Trust Indenture dated November 1, 2022, the Sixth Supplemental Trust Indenture dated December 1, 2024, and the Seventh Supplemental Trust Indenture dated June 1, 2025, MEDCO is entitled to an issuer's fee and an administrative service fee for administrative support and other services provided. The issuer's fee is 0.1% of the principal amount of the outstanding bonds. The administrative fee is 1% of revenues, paid in arrears. Issuer's fees were \$212,845 and \$100,774 for the years ended June 30, 2025 and 2024, respectively. Administrative fees were \$237,125 and \$241,286 for the years ended June 30, 2025 and 2024, respectively.

### Basis of Presentation

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the Project based on amounts specifically identifiable in MEDCO's accounting records. The Project is a project of MEDCO and as such all financial data presented herein is also included in the financial statements of MEDCO as of and for the years ended June 30, 2025 and 2024. However, the accompanying financial statements present only the Project and do not purport to, and do not, present the financial position of MEDCO as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. MEDCO utilizes the economic resources measurement focus and the accrual basis of accounting in preparing these financial statements, wherein revenues are recognized when earned and expenses are recognized when incurred. Also, in preparing its financial statements, MEDCO has adopted Government Accounting Standards Board (GASB) Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

### Recently Adopted Accounting Principles

Effective July 1, 2023, the Project adopted GASB Statement 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. This new guidance is effective for fiscal years beginning after December 15, 2023 and should be applied retrospectively. Early adoption is permitted. The Project elected to early adopt GASB 101 during the year ended June 30, 2024. There was no effect on operating income or net position as a result of the adoption of GASB 101.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS – continued

### Recently Adopted Accounting Principles – continued

Effective July 1, 2024, the Project adopted GASB Statement 102, *Certain Risk Disclosures* (GASB 102). GASB 102 requires disclosure of significant risks related to vulnerabilities from certain concentrations and constraints that could impact the Project's ability to provide services or meet its obligations as they come due. The required disclosures apply if the Project is aware of the concentration or constraint prior to issuing the financial statements, and if an event related to the concentration or constraint has occurred or is more likely than not to occur within 12 months of the financial statement date, and is expected to have a significant effect within three years. The adoption of GASB 102 did not warrant any additional disclosure for the Project as the Project is not aware of any events related to a specific concentration or constraint that has occurred as of the October 20, 2025, and is more than likely than not to occur within 12 months of the financial statement date, and is expected to have a significant effect within three years. Management will continue to monitor and assess any potential impacts on its financial statements due to concentrations and constraints, in accordance with the requirements of GASB 102.

### Recently Issued Accounting Pronouncements

In April 2024, the GASB issued Statement 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and addresses certain application issues. The requirements for this Statement (1) will improve MD&A and the quality of the analysis of changes from the prior year, which will enhance the relevance of that information and clarity on what information will be included, (2) will provide clarity regarding which items should be reported separately from other inflows and outflows of resources, (3) will change the definitions of operating revenues and expenses and of nonoperating revenues and expenses improving comparability from government to government, (4) will improve comparability for presentation of major component information, and (5) will require budgetary comparison information to be presented as required supplementary information, including specified variance columns and explanations of significant variances, which will improve comparability and provide more useful information for decision-making and accountability. This new guidance is effective for fiscal years beginning after June 15, 2025 and should be applied retrospectively. Early adoption is permitted. The Project is currently evaluating the timing of its adoption and the impact of adopting GASB 103 on the accompanying financial statements.

In September 2024, the GASB issued Statement 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS – continued

### Recently Issued Accounting Pronouncements – continued

Additionally, the disclosure requirements will improve consistency and comparability between governments. This new guidance is effective for fiscal years beginning after June 15, 2025 and should be applied retrospectively. Early adoption is permitted. The Project is currently evaluating the timing of its adoption and the impact of adopting GASB 104 on the accompanying financial statements.

### Public-Public Partnership with MSU

In 2002, 2021, 2023 and 2025, MEDCO was requested to assist in the development of student housing projects for MSU. The land underlying the Project is leased from the State of Maryland and title to the Project will revert to MSU upon termination of the lease. MEDCO will operate and collect revenues from the Project for the duration of the lease term. In accordance with GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), the arrangement between MEDCO and MSU qualifies as a Public-Public Partnership (PPP) arrangement that meets the definition of a service concession arrangement (SCA). GASB 94 requires that the Project recognize the cost of the student housing facility as an intangible asset and amortize the asset using the straight line method over the shorter of the estimated useful life or the life of the ground lease agreement. The intangible asset is reflected as right-to-use buildings in the accompanying statements of net position as of June 30, 2025 and 2024.

PPP's are evaluated for impairment on an annual basis under GASB Statement 51, *Accounting and Financial Reporting for Impairment of Intangibles* (GASB 51). GASB 51 requires an evaluation of prominent events or changes in circumstances affecting intangibles to determine whether impairment of an intangible has occurred. Such events or changes in circumstances that may be indicative of impairment include expedited deterioration of an associated tangible asset, changes in the terms or status or a contract associated with an intangible asset, and a change from indefinite to finite useful lie. As of June 30, 2025 and 2024, management does not believe that the SCA meets the criteria for impairment as set forth in GASB 51.

### Use of Estimates

The preparation of 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, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS – continued**

### **Cash and Cash Equivalents**

Short-term investments with maturities of three months or less at date of purchase are classified as cash equivalents, except that any such investments purchased with funds on deposit with the bond trustee are classified with such deposits.

The Project maintains substantially all of its cash with one commercial bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The Project periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

The Project is required by Section 17-101(d) of the Local Government Article of the Annotated Code of Maryland to collateralize deposits in banks in excess of federal deposit insurance. Satisfactory collateral is enumerated at Section 6-202 of the State Finance and Procurement Article of the Code. As of June 30, 2025 and 2024, bank deposits were properly collateralized.

### **Licensee Security Deposits**

Licensee security deposits are held in a non-interest bearing checking account and represent licensee security deposits not restricted by law. Licensee security deposits were underfunded by \$8,901 as of June 30, 2025 and overfunded by \$233,702 as of June 30, 2024. The differences result from the timing of receipts and refunds that are transacted in the operating account of the Project. Periodically, funds are transferred from cash and cash equivalents to licensee security deposits in order to meet the minimum funding requirements.

### **Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2025 and 2024, the Project recognized a deferred advanced refunding gain and rents and fees collected in advance, which do not meet the availability criteria, as a deferred inflow of resources on the accompanying statements of net position.

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS – continued**

### **Accounts Receivable**

Accounts receivable represent past-due rent and various fees charged to residents. The Project provides an allowance for doubtful accounts based on the estimated collectability of resident accounts. Management's evaluation is based upon an analysis of past-due accounts and historical collection experience. The allowance for doubtful accounts totaled \$122,000 and \$454,450 as of June 30, 2025 and 2024, respectively.

Accounts receivable are written off when it is determined that amounts are uncollectible. Bad debt expense totaled \$63,323 and \$425,339 for the years ended June 30, 2025 and 2024, respectively.

### **Licensee Security Deposits Payable**

A security deposit is collected from each licensee at Morgan View upon signing a license agreement. The security deposit is refunded to the licensee with interest upon termination of the license provided there are no damages or charges outstanding on the licensee's account. Security deposits payable as of June 30, 2025 and 2024 totaled \$178,878 and \$208,533, respectively.

### **Net Position**

Net position is presented as net investments in capital assets or restricted under the trust indenture. Net investments in capital assets represents the difference between the right to use buildings and the related debt obligations. Restricted under trust indenture represents the difference between net investments in capital assets and total net position, as all other funds are restricted as to their use under the terms of the trust indenture.

### **Revenue Recognition**

The Project's revenues are derived primarily from licensing of apartments. Revenues are recognized monthly over the terms of the respective licenses.

### **Classification of Revenues and Expenses**

Revenues and expenses related to the day-to-day activities of the Project are reported as operating revenues and expenses. Other revenues and expenses, consisting primarily of interest income, interest expense, and bond issuance costs, are reported as non-operating revenues and expenses.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS – continued

### Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses during the years ended June 30, 2025 and 2024, respectively.

### Income Taxes

MEDCO qualifies for tax-exempt status under Section 501(c)(4) of the Internal Revenue Code and Section 10-104 of the Tax-General Article of the Annotated Code of Maryland. Accordingly, no provision or benefit for income taxes is included in the accompanying financial statements.

## 2. DEPOSITS WITH BOND TRUSTEE

Pursuant to the provisions of the trust indentures relating to the bonds payable (Note 4), deposits with bond trustee include the following reserve funds and restricted accounts as of June 30,:

	<b>2025</b>	<b>2024</b>
Current assets:		
Senior interest fund	\$ 5,094,393	\$ 2,382,775
Capitalized interest fund	4,785,191	7,677,098
Cost of issuance fund	112,462	20,164
Principal fund	1,285,000	1,225,000
Management fee fund	80,408	40,834
Operating reserve fund	2,801,081	1,165,989
Insurance fund	52	40
Escrow fund	-	2,500
Current portion	14,158,587	12,514,400
Non-current assets:		
Debt service reserve fund	18,749,039	19,605,565
Repair and replacement fund	1,789,368	1,226,402
Construction fund	55,968,098	29,073,053
Surplus fund	11,817,111	7,256,154
Non-current portion	88,323,616	57,161,174
Total Deposits with Bond Trustee	\$ 102,482,203	\$ 69,675,574

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING,  
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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

**2. DEPOSITS WITH BOND TRUSTEE – continued**

The trust indenture authorizes MEDCO or its trustee bank to invest the deposits as detailed under *Credit Risk* below. Interest earned on these investments was approximately \$2,000,000 and \$4,754,000 for the years ended June 30, 2025 and 2024, respectively. Investments of deposits with trustee are carried at fair value, and include non-participating investment contracts (i.e., contracts which are not able to realize market-based increases or decreases in value under any circumstance), for which cost approximates fair value due to the nature of the contract. The Project also invests in money market funds that have a remaining maturity of one year or less at the time of purchase.

Investments of deposits with trustees are summarized as follows as of June 30,:

	2025	2024
Guaranteed investment contracts:		
TD Bank Construction Account bearing interest at 5.12% and matured on 9/1/2024	\$ -	\$ 23,750,576
TD Bank Capitalized Interest Account bearing interest at 5.12% and matured on 7/1/2025	767,884	7,079,073
TD Bank Reserve Account bearing interest at 5.12% and maturing on 11/9/2025	10,499,989	10,499,989
Money market funds:		
United States government money market funds	91,214,330	28,345,936
	\$ 102,482,203	\$ 69,675,574

The Project obtained a bond rating of BBB- Stable as of June 30, 2025 and 2024.

The deposits with bond trustee are subject to certain risks including the following:

*Interest Rate Risk* – The trustee has limited investments to money market and guaranteed investment contracts (GIC) that invest in U.S. government securities that can be liquidated at any time to meet the cash flow requirements of the Project and a fixed rate investment contract that is guaranteed as to the face of the investment as a means of managing interest rate risk. As a result, the Project is not subject to interest rate risk.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 2. DEPOSITS WITH BOND TRUSTEE – continued

*Credit Risk* – The Project’s trust indenture limits MEDCO’s investments to obligations of the United States of America (Government Obligations) and certain defined federal agencies obligations provided they are backed by the full faith and credit of the United States of America, are not callable at the option of the obligor prior to maturity and are not subject to redemption at less than the par amount thereof; certificates of deposit and time deposits with commercial banks, trust companies or savings and loan associations secured by Government Obligations; obligations guaranteed as to principal and interest by the State of Maryland or any department, agency, political subdivision or unit thereof; United States dollar denominated deposit accounts with commercial banks in the State of Maryland; bonds or other obligations of any state of the United States of America, or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity; general obligations of states; investment agreements; repurchase agreements for Government Obligations; guaranteed investment contracts; commercial paper; public sector pool funds so long as MEDCO’s deposit does not exceed 5% of the aggregate pool balance at any time; and money market or short-term Government Obligations. As defined in the trust indenture, certain investments listed above must meet specific requirements to be a qualifying investment, such as high rating qualifications based on information from the major rating agencies, collateralization requirements, guaranteed repayment, and maturity requirements. The Project’s investments were in compliance with these limitations as of June 30, 2025 and 2024.

*Concentrations of Credit Risk* – MEDCO’s investment policy does not limit the amount that may be invested in any one issuer except for public sector pool funds as described under *Credit Risk* above. The Project held no investments in public sector pool funds or commercial paper as of June 30, 2025 and 2024.

*Custodial Risk* – MEDCO is not subject to custodial risk because GIC’s are not evidenced by securities that exist in physical form and all other deposits are held in the Project's name.

The 2012 trust indenture requires the Project to set aside \$300 per bed per year, increasing annually by the greater of 3% or the recommendation of an independent engineer or independent architect, from cash flows for future capital repairs and replacement of furnishings and equipment. The last engineers’ report was completed in November 2021. Based on the engineer’s report, \$562,755 and \$546,364 were to be deposited on the fiscal year beginning July 1, 2022 and 2021 for Morgan View, respectively, escalating 3% annually. Per the fifth supplemental trust indenture, \$134,000 and \$151,000 is to be deposited in the fiscal year beginning July 1, 2022 and July 1, 2024 for Thurgood Marshall Hall and Legacy Hall, respectively, increased annually by the greater of 3% or the amount recommended by an independent engineer or architect. Pursuant to the seventh supplemental trust indenture, beginning with the year ending June 30, 2027, required deposits will total \$633,386 for Morgan View, \$150,818 for Thurgood Marshall Hall, \$160,196 for Legacy Hall and \$47,200 for Harper-Tubman , respectively, increased annually by the greater of 3% or the amount recommended by an independent engineer or independent architect. These funds are to be segregated in a separate account within the trust. The repair and replacement fund was funded at its required balance as of June 30, 2025 and 2024.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

## 2. DEPOSITS WITH BOND TRUSTEE – continued

Investments are measured and reported at fair value and are classified and disclosed in one of the following categories:

- Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Guaranteed Investment Contracts	\$ -	\$ 11,267,873	\$ -	\$ 11,267,873
<b>Total investments by fair value level</b>	<b>\$ -</b>	<b>\$ 11,267,873</b>	<b>\$ -</b>	<b>\$ 11,267,873</b>

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Guaranteed Investment Contracts	\$ -	\$ 41,329,638	\$ -	\$ 41,329,638
<b>Total investments by fair value level</b>	<b>\$ -</b>	<b>\$ 41,329,638</b>	<b>\$ -</b>	<b>\$ 41,329,638</b>

As described above, MEDCO's Level 1 and Level 2 investments are required to be invested in accordance with the trust indenture. As such they must meet specific requirements to be a qualifying investment, such as high rating qualifications, collateralization requirements, guaranteed repayment and maturity requirements. MEDCO's investments were in compliance with these limitations as of June 30, 2025 and 2024.

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING,  
A PROJECT OF MEDCO**

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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**2. DEPOSITS WITH BOND TRUSTEE – continued**

The Project also invests in a money market fund that has a remaining maturity of one year or less at the time of purchase. The investment in a money market fund is valued at cost, which approximates fair value, and totaled \$91,214,330 and \$28,345,936 as of June 30, 2025 and 2024, respectively.

**3. RIGHT-TO-USE BUILDINGS**

Pursuant to GASB 94 and the PPP between MEDCO and MSU, the Project has recorded a right-to-use buildings asset on the accompanying statements of net position. Under GASB 94, any costs of improvements made to the facility during the term of the SCA increase the right-to-use buildings asset. The right-to-use buildings asset should be amortized in a systematic and rational manner. The Project has amortized the right-to-use buildings asset using the straight-line method based on the lesser of the useful lives of the underlying asset to which the Project has the right to use or the date on which the bonds have been fully repaid. The portion of the right-to-use buildings asset attributable to the underlying buildings and improvements is being amortized over approximately 39 years and the portion attributable to furnishings and equipment is being amortized over 3 to 10 years.

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING,  
A PROJECT OF MEDCO**

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

**3. RIGHT-TO-USE BUILDINGS – continued**

Right-to-use buildings activity is summarized as follows for the years ended June 30,:

<b>2025</b>	<b>Beginning balance</b>	<b>Additions</b>	<b>Retirements/Placed into Service</b>	<b>Ending balance</b>
Buildings and improvements	\$ 97,339,077	\$ 82,184,658	\$ -	\$ 179,523,735
Furnishings and equipment	10,637,299	3,041,254	(294,450)	13,384,103
Construction in progress	69,968,129	16,588,854	(84,104,635)	2,452,348
	<u>177,944,505</u>	<u>101,814,766</u>	<u>(84,399,085)</u>	<u>195,360,186</u>
Less: Accumulated amortization				
Buildings and improvements	(19,647,220)	(4,428,667)	-	(24,075,887)
Furnishings and equipment	(7,093,425)	(1,215,740)	294,450	(8,014,715)
	<u>(26,740,645)</u>	<u>(5,644,407)</u>	<u>294,450</u>	<u>(32,090,602)</u>
Right-to-use buildings, net	<u>\$ 151,203,860</u>	<u>\$ 96,170,359</u>	<u>\$ (84,104,635)</u>	<u>\$ 163,269,584</u>
<b>2024</b>	<b>Beginning balance</b>	<b>Additions</b>	<b>Retirements/Placed into Service</b>	<b>Ending balance</b>
Buildings and improvements	\$ 95,991,090	\$ 1,365,030	\$ (17,043)	\$ 97,339,077
Furnishings and equipment	9,985,847	874,715	(223,263)	10,637,299
Construction in progress	24,062,087	47,433,558	(1,527,516)	69,968,129
	<u>130,039,024</u>	<u>49,673,303</u>	<u>(1,767,822)</u>	<u>177,944,505</u>
Less: Accumulated amortization				
Buildings and improvements	(17,175,699)	(2,478,368)	6,847	(19,647,220)
Furnishings and equipment	(6,451,885)	(868,852)	227,312	(7,093,425)
	<u>(23,627,584)</u>	<u>(3,347,220)</u>	<u>234,159</u>	<u>(26,740,645)</u>
Right-to-use buildings, net	<u>\$ 106,411,440</u>	<u>\$ 46,326,083</u>	<u>\$ (1,533,663)</u>	<u>\$ 151,203,860</u>

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
AND HARPER-TUBMAN STUDENT HOUSING,  
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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

**4. BONDS PAYABLE**

Bonds payable consists of the following as of June 30,:

	<b>2025</b>	<b>2024</b>
Series 2020 Term bonds bearing interest at 4% and payable in annual sinking fund installments from July 1, 2035 through July 1, 2040	\$ 14,945,000	\$ 14,945,000
Series 2020 Term bonds bearing interest at 5% and payable in annual sinking fund installments from July 1, 2041 through July 1, 2050	20,270,000	20,270,000
Series 2020 Term bonds bearing interest at 4.25% and payable in annual sinking fund installments from July 1, 2041 through July 1, 2050	15,000,000	15,000,000
Series 2020 Term bonds bearing interest at 5% and payable in annual sinking fund installments from July 1, 2051 through July 1, 2056	30,610,000	30,610,000
Series 2022 Term bonds bearing interest at 5% and payable in annual sinking fund installments from July 1, 2022 through July 1, 2034	18,500,000	19,725,000
Series 2022A Serial bonds bearing interest at 5.25% and maturing from July 1, 2028 through July 1, 2033	5,125,000	5,125,000
Series 2022A Term bonds bearing interest at rates ranging from 5.375% to 6% and payable in sinking fund installments from July 1, 2038 through through July 1, 2058	108,395,000	108,395,000
Series 2025A Term bonds bearing interest at rates ranging from 5% to 5.75% and payable in sinking fund installments from July 1, 2035 through through July 1, 2064	52,945,000	-
Unamortized issue discount	(4,341,427)	(2,435,082)
Unamortized issue premium	4,184,323	4,506,308
	265,632,896	216,141,226
Total bonds payable	265,632,896	216,141,226
Less: current portion	(1,285,000)	(1,225,000)
Bonds payable, less current portion	\$ 264,347,896	\$ 214,916,226

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 4. BONDS PAYABLE – continued

The bonds are secured by a deed of trust on the Project and a general assignment of related revenues and deposits. They are limited obligations of MEDCO and are payable solely from the Project's revenues, as defined in the trust indenture.

The Series 2012 bonds were refunded in April 2022 using proceeds from the issuance of Series 2022 bonds as well as funds on deposit with a bond trustee. An issue premium was being amortized using the effective interest method over the term of the bonds.

On December 10, 2020, the Project issued \$80,825,000 of Series 2020 bonds to (i) pay for the costs of the construction, furnishing, refurbishing, and equipping of Thurgood Marshall Hall, containing approximately 670 beds, (ii) make a deposit to the debt service reserve fund for the Series 2020 Bonds, (iii) pay the interest expected to accrue on the Series 2020 Bonds through February 1, 2023, and (iv) pay the costs of issuance and other transaction costs of the Series 2020 bonds, in accordance with the trust indenture. The net proceeds of the Series 2020 issuance include a bond premium of \$3,881,640 and bond discount of \$383,919. The issue premium and discount are being amortized using the effective interest method over the term of the bonds. The Series 2020 bonds bear interest at rates ranging from 4.00% to 5.00% and mature in annual installments through July 1, 2056. Interest on the Series 2020 bonds is payable semiannually on January 1 and July 1 and was approximately \$3,779,300 for the years ended June 30, 2025 and 2024.

On April 28, 2022, the Project issued \$21,145,000 of Series 2022 bonds to refund \$23,320,000 of outstanding Series 2012 bonds. The net proceeds of the Series 2022 issuance, including an original issue premium of \$1,562,071, along with funds from the Series 2012 trust accounts were used to redeem the Series 2012 bonds. The Series 2022 bonds bear interest at 5.00% and mature in annual installments through July 1, 2034. Interest on the Series 2022 bonds is payable semiannually on January 1 and July 1 and was approximately \$925,000 and \$986,300 for the years ended June 30, 2025 and 2024, respectively.

On November 9, 2022, the Project issued \$113,520,000 of Series 2022A bonds to (i) pay for the costs of the construction, furnishing, refurbishing, and equipping of Legacy Hall, containing approximately 604 beds, (ii) pay the interest expected to accrue on the Series 2022A Bonds through construction and the initial operation of the project and certain other charges, (iii) fund a deposit to the debt service reserve fund for the Series 2022A Bonds, and (iv) pay the costs of issuance and other transaction costs of the Series 2022A bonds. The net proceeds of the Series 2022A issuance included a bond discount of \$2,238,902. The issue discount is being amortized using the effective interest method over the term of the bonds.

The Series 2022A bonds bear interest at rates ranging from 5.25% to 6.00% and mature in annual installments through July 1, 2058. Interest on the Series 2022A bonds is payable semiannually on January 1 and July 1 and was approximately \$6,593,900 for the years ended June 30, 2025 and 2024.

# MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO

Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024

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## 4. BONDS PAYABLE – continued

On June 26, 2025, the Project issued \$52,945,000 of Series 2025A bonds to (i) pay for the acquisition, renovation, furnishing, refurbishing, and equipping of the existing Harper-Tubman facility, containing approximately 236 beds, (ii) pay the interest expected to accrue on the Series 2025A Bonds through renovation and the initial operation of the project, (iii) pay the costs of issuance of the Series 2025A Bonds and other transaction related costs, including the amounts required to pay the initial premium for the Series 2025A bond insurance policy and the premium for the Series 2025A reserve policy. The net proceeds of the Series 2025A issuance included a bond discount of \$568,730 and an underwriter's discount of \$397,088. The net proceeds also included a bond premium of \$859,090 and a surety premium of \$178,982. The issue premiums and discounts are being amortized using the effective interest method over the term of the bonds.

The Series 2025A bonds bear interest at rates ranging from 5.00% to 5.75% and mature in annual installments through July 1, 2064. Interest on the Series 2025A bonds is payable semiannually on January 1 and July 1 and was approximately \$0 for the year ended June 30, 2025.

As a result of the Series 2012 bond refunding, the Project decreased its aggregate debt service payments by approximately \$3,006,000 over the next 12 years and obtained an economic gain of approximately \$2,639,000. The Project also recorded a deferred advance refunding gain of \$392,568 in accordance with GASB Statement 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* (GASB 23). The deferred advance refunding gain is the difference between the reacquisition price and the net carrying amount of the old debt on the date of refunding. This cost is being amortized to interest expense using the effective interest method over the term of the Series 2022 bonds. In accordance with GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the deferred advance refunding gain is classified as a deferred inflow of resources on the accompanying statements of net position.

In accordance with the trust indenture, the Project is required to produce a coverage ratio, as defined, of not less than 1.20 as of the last day of each fiscal year. The Project met the coverage ratio as of June 30, 2025 and 2024.

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
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**Notes to Financial Statements  
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**4. BONDS PAYABLE – continued**

Future payments on bonds payable are due as follows as of June 30, 2025:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30,:			
2026	\$ 13,969,756	\$ 1,285,000	\$ 12,684,756
2027	15,310,900	1,350,000	13,960,900
2028	15,371,775	1,480,000	13,891,775
2029	15,602,444	1,785,000	13,817,444
2030	15,961,744	2,230,000	13,731,744
2031 – 2035	82,958,600	16,500,000	66,458,600
2036 – 2040	92,086,147	30,430,000	61,656,147
2041 – 2045	86,546,147	31,610,000	54,936,147
2046 – 2050	88,496,200	42,565,000	45,931,200
2051 – 2055	90,584,025	56,465,000	34,119,025
2056 – 2060	77,780,300	62,405,000	15,375,300
2061 – 2065	20,699,488	17,685,000	3,014,488
	<u>615,367,526</u>	<u>265,790,000</u>	<u>349,577,526</u>
Plus: unamortized bond premium	4,184,323	4,184,323	-
Less: unamortized bond discount	<u>(4,341,427)</u>	<u>(4,341,427)</u>	<u>-</u>
	<u>\$ 615,210,422</u>	<u>\$ 265,632,896</u>	<u>\$ 349,577,526</u>

**MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL  
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**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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**4. BONDS PAYABLE – continued**

Activity in bonds payable for the years ended June 30, 2025 and 2024 is summarized as follows:

Balance June 30, 2023	\$	217,547,412
Principal payments		(1,170,000)
Amortization of bond premium		(333,731)
Amortization of bond discount		97,545
		216,141,226
Balance June 30, 2024		216,141,226
Bond proceeds		50,941,110
Principal payments		(1,225,000)
Amortization of bond premium		(321,985)
Amortization of bond discount		97,545
		265,632,896
Balance June 30, 2025	\$	265,632,896
Due within one year	\$	1,285,000

# **MORGAN VIEW, THURGOOD MARSHALL HALL, LEGACY HALL AND HARPER-TUBMAN STUDENT HOUSING, A PROJECT OF MEDCO**

**Notes to Financial Statements  
For the Years Ended June 30, 2025 and 2024**

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## **5. COMMITMENTS AND CONTINGENCIES**

### **Ground Lease**

The land underlying the Project is leased from the State of Maryland under a non-cancellable operating lease, as most recently amended, effective June 1, 2025, expiring on the earlier to occur of (i) July 1, 2068 or (ii) the date on which the bonds have been fully repaid. Rent payable under the lease is equal to “net available cash,” as defined in the lease. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Payments toward ground rent are limited to the amount of cash available in the surplus fund as of June 30 of each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Pursuant to the terms of the second amendment to amended and restated air rights and ground lease and agreement, dated June 1, 2025, annual rent shall not be due and payable with respect to the Project prior to the lease year ending June 30, 2025. Ground rent expense totaled \$0 during the years ended June 30, 2025 and 2024. Ground rent payments from the surplus fund totaled \$0 during the years ended June 30, 2025 and 2024. Accrued ground rent totaled \$2,371,839 as of June 30, 2025 and 2024.

The lease provides various conditions and restrictions on the use, operation and maintenance of the Project and provides the State of Maryland on behalf of MSU an option to purchase the Project improvements for a price of \$1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the Project improvements will revert to MSU upon termination of the lease.

### **Litigation**

Lawsuits and claims are filed against the Project from time to time in the ordinary course of business. The Project does not believe that any lawsuits or claims pending against the Project, individually or in the aggregate, are material, or will have a material adverse effect on the Project’s financial condition or results of operations.