

AGREEMENT

TOWSON UNIVERSITY and MARYLAND ECONOMIC DEVELOPMENT CORPORATION

THIS AGREEMENT (this "Agreement") made this 14th day of December, 2020, by and between TOWSON UNIVERSITY ("TU" or the "University"), located in Towson, Maryland, and the Maryland Economic Development Corporation ("MEDCO"), located at 7 St. Paul Street, Suite 940, Baltimore, Maryland 21202 (collectively the "Parties").

RECITALS

- A. TU entered into a Consolidated, Amended and Restated Ground Lease and Agreement ("Ground Lease") dated June 6, 2012 with MEDCO.
- B. MEDCO currently owns two student housing projects at TU pursuant to the Ground Lease, Millennium Hall and Paca & Tubman Houses (the "Projects").
- C. TU undertook virtual classes for the Fall Term, 2020 ("Fall Term") to address health and safety concerns due to the COVID19 pandemic. Students have occupied the majority of rooms in the Projects during the Fall Term.
- D. On October 14, 2020, TU announced its plan for the Spring Term 2021 academic calendar, which included instructional delivery and campus health and safety standards intended to combat the COVID19 pandemic. TU's COVID19 mitigation efforts included that on-campus, university-owned residence halls would house approximately 2,300 students, with no more than two students sharing the same bathroom, and all students would have single bedrooms. TU Directed, in an effort to combat the spread of COVID19 among TU students, that MEDCO follow TU's announced Spring Term 2021 housing standards for the Projects.

E. Following TU's Spring Term 2021 housing standards, Millennium Hall will operate at normal capacity, because of its apartment-style housing with single occupancy bedrooms and no more than two students sharing the same bathroom. In order to meet TU's Spring Term 2021 housing standards, Paca & Tubman Houses will need to reduce their capacity by approximately 50%. The existing student License holders for Paca & Tubman Houses who are occupying the buildings will exceed the de-densified capacity, resulting in the need to relocate certain of the License holders from Paca & Tubman Houses to Millennium Hall.

F. TU-required de-densification will result in insufficient capacity to house all License holders seeking Spring Term 2021 housing in the Projects. In order to meet the specified de-densified capacity, MEDCO proposes relocating any occupying License holders above reduced capacity from Paca & Tubman Houses to Millennium Hall, at the same rate they are currently paying. MEDCO will work with TU and the property manager to develop a process to move these students but anticipates sophomore/second-year students to be the preferred demographic to move into an apartment-style facility.

G. TU has requested that MEDCO release students who have requested to cancel their Licenses without penalty to the students.

H. TU and MEDCO desire to enter into this Agreement to implement TU's Spring Term 2021 housing standards and de-densification of the Projects and to address financial concerns of student License holders, according to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual entry into this Agreement by the Parties and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party, the Parties agree as follows:

1. The above-listed Recitals are incorporated into this Agreement by reference.
2. As requested by TU, MEDCO will release Licenses for the following group of students:
 - a. Paca & Tubman Houses students who have not moved in and not paid and requested cancellations will be released from their Fall and Spring Licenses;
 - b. Millennium Hall students who have not moved in and requested cancellations will be released from their Fall License fees; and
 - c. Millennium Hall students who have not moved in and requested cancellations will be released from their Spring Licenses if they are able to secure replacements.
3. The following order of priority for Spring occupancy will be undertaken in Millennium Hall (all to the extent that rooms are available):
 - a. Paca & Tubman Houses and Millennium Hall students who have paid for a room and moved in for the Fall Term will have first priority for a room for the Spring Term;
 - b. Paca & Tubman Houses students who requested cancellations, did not move in but paid and want to move in for the Spring Term will be offered a room with their Fall Term housing payment credited toward their Spring housing; and
 - c. If Paca & Tubman House students made their Fall Term payment but did not move in for the Fall Term and do not want to move in in the Spring Term, MEDCO will apply payments received to future license obligations at its Projects, but will not issue a refund for their Fall Term payment.

4. Millennium Hall students who did not move in but paid in part of full for the Fall Term, will receive a credit towards their Spring Term housing payment at MEDCO's Projects.

a. If Millennium Hall students made their Fall Term payment, but did not move in in the Fall Term, and do not want to move in this Spring Term, MEDCO will apply payments received to future license obligations at its Projects but will not issue a refund for their Fall Term payment.

5. In the event there are insufficient beds at Millennium Hall to accommodate students to which this Agreement applies, MEDCO will attempt to find alternate housing options at University Village at Sheppard Pratt or coordinate with TU's residence life for other on-campus housing. MEDCO will apply payments received from such students affected by insufficient beds at Millennium Hall to future license obligations at its Projects. TU's contribution under this Agreement shall be reduced by the total amount of such payments made to MEDCO by those TU students who are moved to such alternate housing in TU's on-campus housing.

6. After all students requesting a room who had Licenses for the Fall and Spring Terms are accommodated, the Projects will be opened to other eligible TU students.

7. Upon implementation of TU's Spring Term housing standards, the Projects are expected to produce an operating deficit for the 2021 fiscal year of approximately \$2,300,000. Compliance with the TU's Spring Term housing standards may cause MEDCO to be in breach of covenants made to the investors who financed the Projects and may significantly impair the Projects' ability to operate as a going concern. To mitigate these possibilities, MEDCO and TU agree to split the operating deficit in recognition of the relationship established

under the Ground Lease as follows, to be adjusted lower as indicated by actual losses as of year-end on a pro-rata basis:

- a. MEDCO will contribute an amount not to exceed \$1,150,000 through some or all of the following sources:
 - i. Repurpose approximately \$560,000 in funds on deposit with the trustee and pledged towards redemption of the Projects bonds. This will require MEDCO to work with the trustee and counsel to prepare a supplemental trust indenture to allow funds to be available to cover a portion of the shortfall;
 - ii. Defer the \$690,000 required deposit to the Projects' capital reserve fund, which would impact the Projects' ability to implement the existing long-term capital plan;
 - iii. Defer the approximately \$85,000 subordinated management fee; and
 - iv. Defer the approximately \$35,000 subordinated owner's fee.
- b. Additionally, MEDCO agrees, to the extent required to advance up to \$250,000 of MEDCO funds to match a draw of up to an additional \$250,000 from the MEDCO Operating Reserve Fund (from funds contributed by other University System of Maryland housing projects) to undertake critical capital expenditures at the Projects should the need arise.
- c. TU will contribute an amount not to exceed \$1,150,000 through some or all of the following sources:

i. Deferral of up to approximately \$930,000 of expense in the proposed operating budget for services provided by TU. Any expense deferrals in fiscal year 2021 would be repaid in subsequent fiscal years as cash flow permits;

ii. TU deferral of expenses shall be limited to actual costs incurred by the Projects from the approved operating budget;

iii. A draw on the MEDCO Operating Reserve Fund of approximately \$125,000 from funds contributed by TU to support the Projects and other University System of Maryland housing projects owned by MEDCO; and

iv. Or other TU sources not identified above, however, under no circumstance shall TU be required to make any cash contributions pursuant to this Agreement.

8. Additionally, TU's contribution shall be reduced by \$143,000 already contributed by TU through MEDCO's use of TU's on-campus isolation space needs associated with COVID19.

9. The parties agree that any press release or any other statement in connection with this Agreement shall be made only with the prior written consent of the other party, unless otherwise required by law or regulation.

10. This Agreement may be executed in multiple counterparts, each of which is deemed an original and all of which constitute one and the same agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other parties, including by facsimile or PDF delivery. The signatures of all of the parties need not appear on the same counterpart.

11. This Agreement shall not alter or affect the rights and obligations of the Parties set forth in any other agreement, including, but not limited to, the Ground Lease except to the extent expressly stated herein.

The Parties have executed and delivered this Agreement on the date set forth in the Preamble.

WITNESS

Rachel Lomenthal

TOWSON UNIVERSITY

By: [Signature]

WITNESS

[Signature]

MARYLAND ECONOMIC
DEVELOPMENT CORPORATION

By: [Signature]

