

Middlebury College, VT's Series 2010 Bonds Rated 'AA' On Solid Financial And Demand Trends

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BOSTON (Standard & Poor's) Oct. 20, 2010--Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Vermont Educational and Health Buildings Finance Agency's series 2010 revenue refunding bonds issued for Middlebury College. In addition, Standard & Poor's affirmed its 'AA' rating on the college's existing debt.

The 'AA' rating reflects our assessment of the college's solid financial operations; continued strong student quality, demand, and enrollment profile; and an endowment at the median for the rating category. Added credit strengths include Middlebury's status as a unique liberal arts college with a niche foreign-language program and a strong management team.

Offsetting Middlebury's credit strengths are its pro forma debt, which remains somewhat high relative to financial resources and contains substantial bullet maturities in out years.

The stable outlook reflects Standard & Poor's expectation that over the next two years Middlebury will continue to have a strong demand profile, post stable to positive operational results, demonstrate continued success with its capital campaign, and grow its endowment.

"We believe a positive rating action would require strengthened levels of financial resources, including endowment, given the current debt levels; continued conservative financial management; and the generation of surplus operations at both its Middlebury and Monterey campuses," said Standard &

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Poor's credit analyst Blake Cullimore. In addition, we expect Middlebury to maintain the strong and unique programs that are its niche, and which we view positively," said Mr. Cullimore.

Conversely, a large increase in debt without an increase in financial resources, a substantial decrease of students, or a decline in operating performance could trigger a negative rating action during the outlook period; however, in Standard & Poor's opinion, this would be unlikely.

The college is issuing the series 2010 fixed-rate revenue-refunding bonds to provide funds for the current refunding of \$101 million of the outstanding series 1988A, 2002B, and 2008 revenue bonds and costs of issuance.

RELATED CRITERIA AND RESEARCH

USPF Criteria: Higher Education, June 19, 2007

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