PRELIMINARY OFFICIAL STATEMENT DATED JUNE 15, 2016

NEW ISSUE—Book-Entry Only

RATINGS†: Moody's: "Aa2"
S&P: "AA"

In the opinion of Bond Counsel, under current law and assuming compliance by the Agency and the College with their respective tax covenants described herein, interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation and is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Bonds will be taken into account, however, as an adjustment used in computing certain corporations' alternative minimum taxable income for purposes of determining the federal alternative minimum tax on such corporations. The Act provides that the Bonds and the income therefrom shall at all times be exempt from taxation in the State of Vermont except for transfer and estate taxes. See the caption "TAX MATTERS" herein.

$29,805,000*
VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY
Revenue Refunding Bonds
(Middlebury College Project), Series 2016

Dated: Date of Delivery **Interest Rate:** _____% **Yield:** _____% **CUSIP:** __________ **Due:** November 1, 2046

Vermont Educational and Health Buildings Financing Agency (the "Agency") is issuing its Revenue Refunding Bonds (Middlebury College Project), Series 2016 (the "Bonds"). The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the owners of the Bonds, the Owners or registered owners of the Bonds shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The principal and redemption price of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as trustee and paying agent (the "Bond Trustee"). So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, such payments will be made directly to Cede & Co. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of the Direct Participants and the Indirect Participants, as more fully described herein.

The Bonds will bear interest at the rate and mature on the date set forth above. Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2016. **The Bonds are subject to redemption prior to maturity as described herein.**

The Bonds will be special obligations of the Agency secured pursuant to the Bond Indenture, dated as of August 1, 2016 (the "Bond Indenture"), between the Agency and the Bond Trustee, payable solely from payments made by The President and Fellows of Middlebury College (the "College"), in accordance with the provisions of the Loan Agreement, dated as of August 1, 2016 (the "Loan Agreement"), between the Agency and the College. Such payments required to be made by the College will be in amounts sufficient to pay, when due, the interest on and principal of the Bonds. The payments to be made by the College pursuant to the Loan Agreement are a general, unsecured obligation of the College.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY AND WILL BE PAYABLE SOLELY FROM THE REVENUES OF THE AGENCY DERIVED FROM PAYMENTS TO BE MADE BY OR ON BEHALF OF THE COLLEGE, IN ACCORDANCE WITH THE PROVISIONS OF THE LOAN AGREEMENT AND THE BOND INDENTURE AND FROM CERTAIN OTHER FUNDS, ALL AS MORE FULLY DESCRIBED HEREIN. THE AGENCY HAS NO TAXING POWER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF VERMONT IS PLEDGED TO THE PAYMENT OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the terms of the Bonds. Investors are advised to read this entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued by the Agency and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon by Deppman & Foley, P.C., Middlebury, Vermont, counsel to the Agency and by Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about August __, 2016.

Goldman, Sachs & Co.

Dated: June __, 2016

† See "RATINGS" herein.
* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by Vermont Educational and Health Buildings Financing Agency (the "Agency"), The President and Fellows of Middlebury College (the "College"), or the Underwriter to give any information or to make any representations with respect to the Bonds other than what is contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information contained herein under the headings "The Agency" and "Litigation" (insofar as it relates to the Agency) has been furnished by the Agency. All other information contained herein has been obtained from the College, The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed to be the representation of the Agency or the Underwriter. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has provided the following sentence and paragraph for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER (OR YIELDS HIGHER) THAN THE PUBLIC OFFERING PRICE (OR YIELD) STATED ON THE COVER PAGE HEREOF AND SAID OFFERING PRICE (OR YIELD) MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AGENCY AND THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Agency and the College. These forward-looking statements speak only as of the date of this Official Statement. The Agency and the College disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Agency's or the College's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The CUSIP number on the cover page to this Official Statement is being provided solely for the convenience of owners of the Bonds, and neither the Agency nor the College makes any representation with respect to such number or undertakes any responsibility for its accuracy. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds.

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OFFICIAL STATEMENT
Relating to

$29,805,000*
Vermont Educational and Health Buildings Financing Agency
Revenue Refunding Bonds
(Middlebury College Project), Series 2016

INTRODUCTORY STATEMENT

Purpose of this Official Statement

This Official Statement, including the cover page, inside cover page and appendices hereto, sets forth certain information concerning Vermont Educational and Health Buildings Financing Agency (the "Agency"), a public instrumentality of the State of Vermont (the "State"), its $29,805,000* Revenue Refunding Bonds (Middlebury College Project), Series 2016 (the "Bonds") and The President and Fellows of Middlebury College, a private, non-profit college (the "College"). The Bonds are authorized to be issued pursuant to the Vermont Educational and Health Buildings Financing Agency Act, being Chapter 131, Sections 3851 to 3862, inclusive, of Title 16, Vermont Statutes Annotated, as amended (the "Act").

The Bonds will be issued under a Bond Indenture, dated as of August 1, 2016 (the "Bond Indenture"), between the Agency and The Bank of New York Mellon Trust Company, N.A., Everett, Massachusetts, as bond trustee (the "Bond Trustee"), and a resolution of the Agency adopted on April 25, 2016 (the "Resolution").

Use of Proceeds

The Bonds will be issued for the purpose of making a loan to the College to refund all or a portion of the outstanding principal amount of the Agency's Revenue Bonds (Middlebury College Project), Series 2006A (the "Refunded Bonds") and to pay certain costs of issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF BOND PROCEEDS."

Sources of Payment and Security for the Bonds

Simultaneously with the issuance of the Bonds and in consideration of its loan to the College of the proceeds thereof, the College will issue a note (the "Note") and deliver the Note to the Agency for assignment to the Bond Trustee for the sole benefit of the owners of the Bonds, pursuant to a Loan Agreement, dated as of August 1, 2016 (the "Loan Agreement"), between the College and the Agency. The Note will be in the same face amount and will have terms and conditions to provide payments thereon sufficient to pay all amounts to become due on the Bonds.

The Bonds are limited obligations of the Agency. The Agency is not obligated to pay the principal of, or premium, if any, or interest on the Bonds except from (i) payments to be made by the College on the Note and (ii) other amounts held by the Bond Trustee pursuant to the Bond Indenture. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged as security for the payment of the principal of or premium, if any, or interest on the Bonds. The College's obligation to make the payments due on the Note is an unsecured, absolute and unconditional obligation of the College, payable from any or all of its available assets or funds.

The College is not restricted by the Loan Agreement or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Bonds. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" herein.

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* Preliminary, subject to change.

Outstanding Indebtedness

The College has other secured and unsecured indebtedness outstanding. As of March 31, 2016, the outstanding long-term indebtedness of the College totaled approximately $268.65 million, of which approximately $35.4 million* is expected to be refunded with the proceeds of the Bonds. For additional information regarding the outstanding indebtedness of the College, see "DEBT SERVICE REQUIREMENTS OF THE COLLEGE" herein, APPENDIX A – "MIDDLEBURY COLLEGE – Long Term Debt" and APPENDIX B – "CONSOLIDATED FINANCIAL STATEMENTS OF THE COLLEGE."

Certain Information Relating to this Official Statement

The descriptions included in this Official Statement of various documents pertaining to the Bonds do not purport to be conclusive or definitive and reference is made to the Bonds and to each such document for the complete details of all terms and conditions thereof. All references herein to the Bonds, the Bond Indenture, the Loan Agreement and the Note, are qualified in their entirety by reference to such documents. Copies of the documents are available for inspection at the principal corporate trust office of the Bond Trustee located at 135 Santilli Highway, Everett, Massachusetts 02149.

Capitalized terms used in this Official Statement have the meanings specified herein and in APPENDIX C hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

THE AGENCY

The Agency has been created as a body corporate and politic constituting a public instrumentality of the State for the purpose of exercising the powers conferred on it by virtue of the Act. The purpose of the Agency is essentially to assist certain health care and educational institutions in the acquisition, construction, financing and refinancing of their related projects.

Agency Membership and Organization

Under the Act, the Board of the Agency consists of the Secretary of Education of the State, the State Treasurer, the Secretary of the Agency of Human Services, and the Secretary of Administration of the State, all ex officio, seven members appointed by the Governor of the State, with the advice and consent of the Senate, for terms of six years, and two members appointed by the members appointed by the Governor for terms of two years. The members of the Board annually elect a Chair, a Vice Chair, a Treasurer and a Secretary. The day-to-day administration of the Agency is handled by the Executive Director of the Agency. There is currently one vacancy on the Board.

The present officers and members of the Agency and their places of business or residence are as follows:

Officers

James E. Potvin, Chair
Certified Public Accountant
Stevens, Wilcox, Baker, Potvin, Cassidy & Jakubowski
Rutland, Vermont

Frederick Burkhardt, Vice Chair
Assistant Professor, Robert P. Stiller School of Business
Champlain College
Burlington, Vermont

Edward Ogorzalek, Treasurer
Chief Financial Officer
Rutland Regional Medical Center
Rutland, Vermont

Neil E. Robinson, Secretary
Vice President for Finance and Treasurer
St. Michael's College
Colchester, Vermont

* Preliminary, subject to change.

Ex Officio Members

Elizabeth Pearce
State Treasurer
Montpelier, Vermont

Justin Johnson
Secretary of Administration
Montpelier, Vermont

Rebecca Holcombe
Secretary of Education
Montpelier, Vermont

Hal Cohen
Secretary of the Agency of Human Services
Williston, Vermont

Appointed and Elected Members

Kenneth Linsley
President
Green Mountain Transformer Consultants, LLC
Colchester, Vermont

Kenneth Gibbons
Business and Financial Consultant
Morrisville, Vermont

Stuart W. Weppler
Business and Financial Consultant
Morrisville, Vermont

Anita Bourgeois
Vice President
Merchants Bank
South Burlington, Vermont

Executive Director

Robert Giroux
Executive Director
Vermont Educational and Health
Buildings Financing Agency
20 Winooski Falls Way
Winooski, VT

Deppman & Foley, P.C., Middlebury, Vermont, is general counsel to the Agency.

Norton Rose Fulbright US LLP, New York, New York, is Bond Counsel to the Agency and will submit its approving opinions with regard to the legality of the Bonds in substantially the form attached hereto as Appendix D.

Public Financial Management, Inc., Boston, Massachusetts, is the financial advisor to the Agency.

Financing Programs of the Agency

The Agency was duly created under the Act as a body corporate and politic constituting a public instrumentality of the State. The Act empowers the Agency, among other things, to finance or assist in the financing of eligible institutions, through financing agreements, which may include loan agreements, lease agreements, conditional sales agreements, purchase money mortgages, installment sale contracts, and other types of contracts; to acquire property, both real and personal, including leasehold and other interests in land necessary or convenient for its corporate purposes; to acquire or make loans with respect to facilities, including buildings, improvements to real property, equipment, furnishings, appurtenances, utilities and other property, determined by the Agency to be necessary or convenient in the operation of any eligible institution; to lease or to make loans with respect to such facilities to any such eligible institution; and to issue refunding bonds of the Agency whether the bonds to be refunded have or have not matured.

The Agency has heretofore authorized and issued numerous series of its bonds and notes, including the following in relation to the College:

The Agency's $35,425,000 Revenue Bonds (Middlebury College Project), Series 2006A, all of which remain outstanding and all or a portion of which will be refunded by the Bonds;

The Agency's $59,445,000 Revenue Refunding Bonds (Middlebury College Project), Series 2009, all of which remain outstanding;

The Agency's $95,035,000 Revenue Refunding Bonds (Middlebury College Project), Series 2010, all of which remain outstanding;

The Agency's $46,150,000 Revenue Refunding Bonds (Middlebury College Project), Series 2012A, all of which remain outstanding; and

The Agency's $11,885,000 Revenue Refunding Bonds (Middlebury College Project), Series 2012B (Forward Delivery Bonds), all of which remain outstanding.

All outstanding Agency bonds and note issues have been authorized and issued pursuant to financing documents separate from and unrelated to the Loan Agreement and the Bond Indenture for the Bonds. Inasmuch as each series of bonds and notes of the Agency is secured separately from all other bonds and notes issued thereby, the moneys on deposit in the respective funds (including cash and securities in the respective reserve accounts) established to provide for the timely payment of the debt service requirements on the various issues of outstanding bonds and notes of the Agency cannot be commingled or be used for any purpose other than servicing the requirements of the specific series of bonds or notes in connection with which such funds were created.

The Agency under the Act may issue from time to time other bonds and notes under separate resolutions to assist certain health care and educational institutions, including the College, in the acquisition, construction, financing and refinancing of their related projects payable from revenues derived by the Agency from such institutions.

Other than with respect to the description of the Agency provided herein, and the information with respect to the Agency under "LITIGATION" herein, the Agency has not prepared or reviewed, and expresses no opinion with respect to the accuracy or completeness of, any of the information set forth in this Official Statement.

No recourse shall be had for any claim based on the Bonds, the Loan Agreement or the Bond Indenture against any past, present or future member, officer, employee or agent, as such, of the Agency or of any predecessor or successor corporation, either directly or through the Agency or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

THE COLLEGE

The College is a private, non-profit institution of higher education founded in 1800, and is exempt from federal corporate income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. For more information about the College, see APPENDIX A – "MIDDLEBURY COLLEGE" and APPENDIX B – "CONSOLIDATED FINANCIAL STATEMENTS OF THE COLLEGE."

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery thereof, and will bear interest from such date at the rate set forth on the cover page hereof, payable on November 1, 2016, and on each May 1 and November 1 thereafter. The Bonds will mature on the date set forth on the cover page hereof. The Bonds will be issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

Subject to the provisions discussed under "BOOK-ENTRY-ONLY SYSTEM," the principal and the redemption price of the Bonds will be payable at the corporate trust office of the Bond Trustee. Interest on the Bonds will be payable by check or draft mailed to the Bondowners of record as of the close of business on the 15th day (whether or not such day is a Business Day) of the calendar month preceding an interest payment date (the "Regular Record Date").

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Bonds, the Bonds will be exchangeable for other fully registered definitive Bonds in any authorized denominations. See "BOOK-ENTRY-ONLY SYSTEM" herein. The Bond Trustee may impose a charge sufficient to reimburse the Agency, the College or the Bond Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any registration of transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or registration of transfer, and any other expenses of the Agency, the College or the Bond Trustee incurred in connection therewith, will be paid by the person requesting such exchange or registration of transfer. The Bond Trustee is not required to make any exchange or registration of transfer of any Bond during the 15 days immediately preceding the date of the Bond Trustee's giving notice of redemption or after such Bond or any portion thereof has been selected for redemption.

Interest on the Bonds will be payable by check mailed to the registered owners thereof. However, upon request of any Owner of $500,000 or more in aggregate principal amount of the Bonds, interest on the Bonds will be paid by wire transfer to any bank designated by such Owner. As long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption Prior to Maturity

Optional Redemption. The Bonds are subject to redemption by the Agency, at the written direction of the College, on or after __________, in whole or in part, on any date, upon payment of a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, without premium, plus accrued interest to the date fixed for redemption.

Partial Redemption. In the event of an optional redemption of less than all of the Bonds, the Bonds to be redeemed will be selected by the Bond Trustee by lot, in such manner as the Bond Trustee may in its discretion determine. Bonds of a denomination larger than $5,000 may be redeemed in part in multiples of $5,000. Any Bond to be redeemed in part must be surrendered at the place of payment in exchange for one or more new Bonds for the unredeemed portion of principal.

Notice of Redemption. Notice of each redemption of Bonds is required to be given by first class mail, postage prepaid, at least 30 days prior to the redemption date to each registered owner of the Bonds to be redeemed at the address recorded on the bond register, but failure to mail any such notice or any defect therein shall not affect the validity of the proceedings for such redemption with respect to Owners to whom notice was duly given. Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Bond Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds to be redeemed. In the event that such notice contains such a condition and sufficient moneys are not received by the Bond Trustee on or prior to the redemption date, the redemption will not be made and the Bond Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Effect of Redemption. If notice of redemption of any Bond is given in the manner, and subject to the conditions hereinabove provided, such Bond will become due and payable on the redemption date and, if funds sufficient to pay the redemption price and accrued interest are deposited with the Bond Trustee on such date, will cease to accrue interest after the date fixed for redemption.

BOOK-ENTRY-ONLY SYSTEM

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for the Bonds in the aggregate principal amount thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with Direct Participants, "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Bonds. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Bond Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Bond Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency and the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, definitive Bonds are required to be printed and delivered as described in the Bond Indenture.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event also, definitive Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AGENCY BELIEVES TO BE RELIABLE, BUT NONE OF THE AGENCY, THE COLLEGE, THE BOND TRUSTEE OR THE UNDERWRITER TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY THE AGENCY, THE COLLEGE, THE BOND TRUSTEE OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE AGENCY, THE COLLEGE, THE BOND TRUSTEE OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NONE OF THE AGENCY, THE COLLEGE, THE BOND TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR FOR ANY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are being issued under the Bond Indenture pursuant to which the Agency will assign to the Bond Trustee all its right, title and interest in the Note issued pursuant to the Loan Agreement. The Note, in turn, is an unsecured, absolute and unconditional obligation of the College, payable from any and all of its available assets and funds. The Note is issued by the College pursuant to the Loan Agreement in consideration of the loan of proceeds of the Bonds by the Agency to the College. The College agrees to use the proceeds for the refinancing of the Refunded Bonds and to make certain other payments in connection therewith. The College is obligated under the Note to make payments of principal, premium, if any, and interest on the Bonds when and as the same become due and payable. The Bonds are not secured by any mortgage lien or other security interest in any property of the College.

The Bonds are limited obligations of the Agency. The Agency is not obligated to pay the principal of or premium, if any, or interest on the Bonds except from the sources described above. The Bonds do not constitute or create any debt, liability or obligation of the State or any political subdivision or instrumentality thereof (other than the Agency) or a pledge of the faith and credit of the State or any political subdivision or agency of the State, and neither the faith and credit nor the taxing power of the State or any political subdivision or any agency thereof is pledged as security for the payment of the principal of or premium, if any, or interest on the Bonds.

The College is not restricted by the Loan Agreement or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Bonds.

The College has other secured and unsecured indebtedness outstanding. As of March 31, 2016, the outstanding long-term indebtedness of the College totaled approximately $268.65 million, of which approximately $35.4 million* is expected to be refunded with the proceeds of the Bonds. For additional information regarding the outstanding indebtedness of the College, see "DEBT SERVICE REQUIREMENTS OF THE COLLEGE" herein, APPENDIX A – "MIDDLEBURY COLLEGE – Long Term Debt" and APPENDIX B – "CONSOLIDATED FINANCIAL STATEMENTS OF THE COLLEGE."

RELEASE OF BOND INDENTURE

If (a) the Bonds have become due and payable in accordance with their terms and the whole amount of the principal and premium, if any, and the interest so due and payable has been paid; or (b)(i) if the Bond Trustee holds sufficient money or Defeasance Obligations the principal of and interest on which, when due and payable, will provide sufficient money to pay the principal of and redemption premium, if any, and the interest on all Bonds then outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof or a combination of such payment and redemption; and (ii) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption have been given by the Agency to the Bond Trustee; and (iii) sufficient funds have been provided or provision made for paying all other obligations payable by the Agency under the Bond Indenture, then the right, title and interest of the Bond Trustee in the Note and the funds and accounts established under the Bond Indenture shall thereupon cease, terminate and become void, and upon receipt of an opinion of counsel in accordance with the Bond Indenture, the Bond Trustee shall release the Bond Indenture.

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* Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS OF THE COLLEGE

The following table sets forth, for each fiscal year ending June 30, the amounts required to be made available by the College for the payment of debt service on its outstanding long-term indebtedness (rounded to the nearest dollar). See "APPENDIX A – MIDDLEBURY COLLEGE – Long Term Debt" for a description of the obligations of the College for which debt service is shown under "Existing Debt Service."

Fiscal Year Ending June 30	Existing Debt Service[1]	Debt Service on the Bonds			Total Debt Service
		Principal	Interest	Total Debt Service	
2016	$ 14,176,583				
2017	14,193,838				
2018	16,630,975				
2019	16,583,163				
2020	16,593,750				
2021	16,612,700				
2022	16,635,663				
2023	16,661,863				
2024	16,685,650				
2025	16,711,363				
2026	16,738,213				
2027	16,770,288				
2028	16,806,538				
2029	16,841,050				
2030	16,882,775				
2031	16,925,538				
2032	16,973,150				
2033	14,753,500				
2034	9,495,250				
2035	9,495,250				
2036	9,495,250				
2037	9,495,250				
2038	9,495,250				
2039	67,454,125				
2040	6,523,000				
2041	99,182,125				
2042	1,771,250				
2043	1,771,250				
2044	1,771,250				
2045	1,771,250				
2046	1,771,250				
2047	36,310,625				
Total:	$559,978,975				

[1] Does not reflect the refunding of the Refunded Bonds; excludes obligations of the College related to the Cross Street Bridge Project and the Municipal Buildings Project (see "APPENDIX A – MIDDLEBURY COLLEGE – Long Term Debt – *Cross Street Bridge and Municipal Building Projects*"); and does not reflect the issuance of the bonds expected to be issued to refund the Monterey Bonds (see "PLAN OF FINANCE" below).

PLAN OF FINANCE

The proceeds of the Bonds will be used together with other available moneys to (i) refund the Refunded Bonds, and (ii) pay the costs of issuance of the Bonds.

A portion of the proceeds of the Bonds will be transferred to the Escrow Fund established under the Escrow Deposit Agreement to be entered into among the Agency, the College and The Bank of New York Mellon Trust Company, N.A., as trustee for the Refunded Bonds (the "Escrow Deposit Agreement"), and used to pay principal and interest on the Refunded Bonds to and including November 1, 2016, and to redeem the Refunded Bonds on such date. The sufficiency of the amounts deposited in the Escrow Fund to pay in full the principal and redemption price of and interest on the Refunded Bonds, as and when due, will be verified by Grant Thornton LLP. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" below.

The College expects to refund a portion of the outstanding principal amount of the California Statewide Communities Development Authority Revenue Bonds (Monterey Institute of International Studies) Series 2001 (the "Monterey Bonds") through the issuance of refunding bonds to be issued by the California Municipal Finance Authority on behalf of the College (the "Refunding Bonds"). The Refunding Bonds are expected to be directly purchased by a banking institution. The transaction is expected to close not later than August 31, 2016. See APPENDIX A – "MIDDLEBURY COLLEGE – Long Term Debt – Additional Borrowing Plans."

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The proceeds to be received from the sale of the Bonds are expected to be applied as follows (rounded to the nearest dollar):

SOURCES	
Principal Amount of Bonds	$
Net Original Issue Premium/Discount	
Total Sources of Funds	$
USES	
Deposit to Escrow Fund	$
Payment of costs of issuance (including Underwriter's discount)	
Total Uses of Funds	$

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, under current law and except as provided in the following sentence, interest on the Bonds is not includable in the gross income for federal income tax purposes. Interest on the Bonds will become includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds (a) in the event of a failure by the Agency or the College to comply, subsequent to the date of issue of the Bonds, with certain requirements of the Code and covenants regarding use, expenditure, and investment proceeds of the Bonds and, if required, the timely payment of certain investment earnings to the Treasury of the United States, or (b) in the event that the $150 million limitation imposed by Section 145(b) of the Code on certain outstanding, tax-exempt, nonhospital bonds is exceeded within three years of the date of issue of the Bonds. The opinion of Bond Counsel with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes may not be relied upon to the extent that such exclusion is adversely affected as a result of any action taken or not taken in reliance upon the opinion or advice of counsel other than Bond Counsel.

Bond Counsel's opinions rely on certain representations made by the College with respect to certain material facts within the knowledge of the College which Bond Counsel has not verified and upon the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, that the College is an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) of the Code, or corresponding provisions of prior law and that, to such counsel's knowledge, the College has done nothing to impair such status and that the use of property financed or refinanced with the proceeds of the Bonds does not constitute an unrelated trade or business under Section 513(a) of the Code in excess of any allowable amount permitted under Section 145(a) of the Code. The tax exemption of interest on the Bonds is dependent upon, among other things, the College's status as a "Section 501(c)(3) organization" and, therefore, the conclusion of Bond Counsel that such interest is excludable from gross income for federal income tax purposes is dependent, in part, upon such opinions of Dinse, Knapp & McAndrew, P.C.

The Act provides that the bonds of the Agency and the income therefrom shall at all times be exempt from taxation in the State, except for transfer and estate taxes.

Interest on the Bonds will not be an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions (some of which are noted below) that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Bonds owned by a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Bonds with original issue discount (a "Discount Bond") will be excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In general, the issue price of a maturity of the Bonds is the first price at which a substantial amount of Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes.

A portion of the original issue discount that accrues in each year to an owner of a Discount Bond which is a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability. In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such Bond is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisor with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local income tax consequences of owning and disposing of such Discount Bond.

Bond Premium

The excess, if any, of the tax basis of the Bonds purchased as part of the initial public offering by a purchaser (other than a purchaser who holds such Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "Bond Premium." Bond Premium is amortized over the term of such Bonds for federal income tax purposes (or, in the case of a bond with Bond Premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). No deduction is allowed for such amortization of Bond Premium; however, Bond Premium is treated as an offset to qualified stated interest received on the Bonds. An owner of such Bonds is required to decrease his adjusted basis in such Bonds by the amount of amortizable Bond Premium attributable to each taxable year such Bonds are held. An owner of such Bonds should consult his tax advisor with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption or other disposition of such Bonds and with respect to state and local income tax consequences of owning and disposing of such Bonds.

Backup Withholding

Interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest on the Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Other Tax Consequences

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding any future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

For example, various proposals have been made in Congress and by the President that would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to federal income tax payable by certain bondholders with adjusted gross income in excess of specified thresholds. Prospective purchasers should consult their tax advisors as to the effect of such proposals on their individual situations.

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, have assigned ratings of "Aa2" with a negative outlook and "AA" with a stable outlook, respectively, to the Bonds. Such ratings may be obtained from each such rating agency and reflect only the views of each such rating agency at the time the ratings were given. Any explanation of the significance of such ratings may only be obtained from the applicable rating agency furnishing the same. A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings will continue for any given period of time or that such ratings might not be revised downward or withdrawn entirely by the applicable rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of the ratings might have an adverse effect on the market price of the Bonds.

LEGALITY OF BONDS FOR INVESTMENT

The Act provides that the bonds of the Agency are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees and other fiduciaries in the State may properly and legally invest funds in their control.

STATE NOT LIABLE ON BONDS

The State is not liable for the payment of the principal of and premium, if any, and interest on the Bonds, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Agency, and neither the Bonds nor any of the Agency's agreements or obligations shall be construed to constitute an indebtedness of the State within the meaning of any constitutional or statutory provision whatsoever, nor shall the Bonds directly or indirectly or contingently obligate the State or any municipality or political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

COVENANT BY THE STATE

Under the Act, the State does pledge to and agree with the holders of the Bonds that the State will not limit or alter the rights vested in the Agency until the Bonds, together with interest thereon, with interest on any unpaid installment of interest, and of all costs and expenses incurred by the Agency in connection with the facilities or in connection with any action or proceedings by or on behalf of the Owners, are fully met and discharged.

INDEPENDENT AUDITORS

The consolidated financial statements of the College and its affiliates as of June 30, 2015 and 2014 and for the fiscal years then ended included in APPENDIX B to this Official Statement have been audited by KPMG LLP, independent auditors, as stated in their report appearing therein.

FINANCIAL ADVISORS

Public Financial Management, Inc. has been retained by the Agency as its financial advisor in connection with the issuance of the Bonds.

Yuba Group LLC ("Yuba") is serving as financial advisor to the College in connection with the issuance of the Bonds. Yuba is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement. Yuba is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP (the "Verification Agent"), will deliver to the Agency and the College, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the investment securities held pursuant to the Escrow Deposit Agreement to pay, when due, the maturing principal of, interest on and redemption price of the Refunded Bonds.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used or the reasonableness of the assumptions.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Agency are subject to the approval of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, whose approving opinion, in substantially the form set forth in Appendix D, will be delivered with the Bonds. Certain legal matters will be passed upon by Deppman & Foley, P.C., Middlebury, Vermont, counsel to the Agency, by Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, and by Greenberg Traurig, LLP, Boston, Massachusetts, counsel to the Underwriter.

LITIGATION

There is not now pending any litigation against the Agency seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the Agency to their respective offices, is being contested. There is no litigation pending against the Agency which in any manner questions the right of the Agency to make the loan to the College contemplated by the Loan Agreement.

See APPENDIX A – "MIDDLEBURY COLLEGE – Litigation and Certain Proceedings" with respect to any material litigation affecting the College.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the College has undertaken in the Loan Agreement, for the benefit of the beneficial owners of the Bonds, to file certain annual financial and other information and notices required to be provided by Rule 15c2-12 with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (the "Undertaking"). The proposed form of the Undertaking is set forth in Appendix C hereto under the heading "Secondary Market Disclosure." The Undertaking may be amended or modified under certain circumstances set forth therein. The College has made similar undertakings in connection with prior bond issuances, and for the past five years has complied in all material respects with such undertakings, except that the College's annual financial and operating information for the fiscal years ended June 30, 2011, 2012 and 2013 were filed after the applicable filing deadlines with respect to certain prior bonds. The Agency has not committed to provide any continuing disclosure to the beneficial owners of the Bonds or to any other person.

UNDERWRITING

The Bonds will be purchased for reoffering by the Underwriter, pursuant to the terms of a bond purchase agreement by and among the Agency, the College and the Underwriter. The Underwriter will agree, subject to the conditions set forth in the bond purchase agreement, to purchase the Bonds at a purchase price equal to $__________ (representing the principal amount of the Bonds, plus/minus the net original issue premium/discount, less an underwriter's discount in the amount of $_______), and to reoffer such Bonds at the initial reoffering yield or price set forth on the cover page hereof. The bond purchase contract will provide that the Underwriter will purchase all of the Bonds if any are purchased, and that the College will indemnify the Underwriter and the Agency and certain other parties against losses, claims, damages and liabilities arising out of any incorrect statements of information, including the omission of material facts, contained in this Official Statement pertaining to the College and other specified matters. The public offering price (or yield) set forth on the cover page of this Official Statement may be changed after the initial offering by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and certain of its affiliates have provided, and may in the future provide, a variety of these services to the Agency and/or the College, and to persons and entities with relationships with the Agency and/or the College, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter, its affiliates, and their respective officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Agency and/or the College (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Agency and/or the College. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MISCELLANEOUS

The references herein to the Act, the Bonds, the Note, the Loan Agreement, and the Bond Indenture are brief descriptions of certain provisions thereof. Such descriptions do not purport to be complete and reference is made to such statute and documents for full and complete statements thereof. The agreements of the Agency with the owners of the Bonds are fully set forth in the Bond Indenture, and neither any advertisements of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the principal trust office of the Bond Trustee. The Agency has furnished the information contained herein which relates to the Agency. The College has reviewed the information contained herein which relates to the College and has approved all such information for use in this Official Statement.

Information relating to DTC and the book-entry system described under the heading "BOOK-ENTRY-ONLY SYSTEM" is based on information furnished by DTC and is believed to be reliable, but none of the Agency, the College or the Underwriter makes any representations or warranties whatsoever with respect to any such information.

APPENDIX A contains certain information relating to the College. While the information contained therein is believed to be reliable, neither the Agency nor the Underwriter makes any representations or warranties whatsoever with respect to such information.

APPENDIX B to this Official Statement contains the audited financial statements of the College and its affiliates for the fiscal years ended June 30, 2015 and 2014, together with the report of its independent auditors, KPMG LLP.

APPENDIX C – "SUMMARY OF BOND INDENTURE AND LOAN AGREEMENT" has been prepared by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. The proposed legal opinion of Norton Rose Fulbright US LLP is set forth in APPENDIX D.

The execution and delivery of this Official Statement have been duly authorized by the Agency and approved by the College.

VERMONT EDUCATIONAL AND HEALTH
BUILDINGS FINANCING AGENCY

By: ______________________________
Robert Giroux
Executive Director

Approved:

THE PRESIDENT AND FELLOWS
OF MIDDLEBURY COLLEGE

By: ________________________
Patrick J. Norton
Vice President for Finance and Treasurer

MIDDLEBURY COLLEGE

General

The President and Fellows of Middlebury College ("Middlebury" or the "College") is a private, non-profit institution of higher education offering bachelor's degrees in the humanities, social sciences, foreign languages and the natural sciences, master's degrees in biology and English, and master's degrees and doctorates in several foreign languages. Located in the Champlain Valley of Vermont, Middlebury is one of the oldest residential, liberal arts colleges in New England. Founded in 1800, Middlebury was one of the first colleges in New England to become co-educational by admitting women in 1883.

Middlebury offers several distinctive academic programs. Every summer the main campus is devoted to the study of eleven foreign languages and cultures. On Middlebury's Bread Loaf Campus, the six-week School of English is in session each summer, followed by the two-week Writers' Conference. In addition, Middlebury operates numerous language schools abroad and the Middlebury Institute of International Studies at Monterey (the "Institute") in Monterey, California.

In addition to the undergraduate institution of approximately 2,500 students, Middlebury College also encompasses several graduate and specialized programs that take place during the summer and the academic year, in the United States and in other countries. It includes eleven intensive Language Schools that enroll approximately 1,500 students each summer, taught by approximately 300 faculty members; Middlebury at Mills, launched in 2009, which offers undergraduate instruction in Arabic, French, Japanese, and Spanish; the Middlebury-C.V. Starr Schools Abroad, which enroll approximately 85 graduate students and 475 undergraduates yearly; the Bread Loaf School of English, which enrolls approximately 500 students at four sites; the prestigious Bread Loaf Writers' Conference, with its approximately 230 attendees each summer at the Bread Loaf campus; and the Institute, which enrolls approximately 750 students and includes the Graduate School of International Policy Management, the Graduate School of Translation and Interpretation and Language Education, the internationally renowned James Martin Center for Nonproliferation Studies, and the Center for East Asian Studies.

These programs offer both educational and logistical advantages to Middlebury. The Language Schools and Schools Abroad have solidified Middlebury's dominance in language learning and strength in international studies. The Bread Loaf programs embody a proud tradition in literature that is crucial to the College's traditional liberal arts identity. The Institute expands Middlebury's commitment to language study to graduate professional programs that demonstrate the importance of language mastery to many careers and forms of public service.

The College and its affiliated degree-granting programs – the Institute, the Language Schools, the Bread Loaf School of English, and the Middlebury-C.V. Starr Schools Abroad – are accredited by the New England Association of Schools and Colleges, Inc. ("NEASC") through its Commission on Institutions of Higher Education. The College's accreditation by NEASC is continued until the next comprehensive review in the Fall of 2019.

Governance and Administration

Board of Trustees

The College is governed by a Board of Trustees (the "Board"), referred to in its Charter as "The President and Fellows". In 2013, the Board approved revisions to the institution's governance structure to oversee the increasingly complex institution and meet the changing demands of higher education. These bylaw changes went into effect July 1, 2014.

The number of standing committees was reduced to six, each of which carries a range of substantive responsibilities. The committees of the Board are as follows:

Prudential Committee. This body acts as an executive committee of the Board with specified authorities and it continues under the new structure, but was reconstituted with a membership consisting of the chair and vice chair(s) of the Board, the chairs of each of the other five standing committees, and the chairs of the three new boards of overseers (see below). The Prudential Committee establishes goals for the President of the College and conducts his or her annual performance appraisal. It can exercise the general duties of the Board in the interim between meetings of the full Board.

Trusteeship and Governance. This committee considers the general composition of the Board and makes suggestions for new trustees and members of the boards of overseers and other advisory boards that may be established in the future. It also reviews the bylaws and makes recommendations to the full Board regarding governance.

Strategy. This committee, working in partnership with the President of the College and Middlebury's administrators, is responsible for setting Middlebury's strategic direction. It has primary responsibility for monitoring trends in higher education and factors affecting higher education strategy. The committee also has responsibility for the strategic consideration of collaborations and intersections between and among Middlebury's educational programs.

Resources. This committee assists the Board in fulfilling its oversight and stewardship responsibilities for all of Middlebury's financial and material resources. The committee reviews the annual budget and financial model, oversees Middlebury property in all locations, has general charge over the financial affairs of Middlebury, and is responsible for oversight of the investment of the College's endowment portfolio and other assets.

Risk Management. This committee is responsible for evaluating, monitoring, and addressing all matters of institutional risk, including oversight of all operating policies and handbooks. The committee reviews internal controls established by the administration and the Board; makes recommendations to the Board regarding all areas of risk (reputational, brand, financial, legal, governance, and operational); and oversees the completion of an annual financial audit.

New Programs. This committee is responsible for evaluating and supporting new programs, partnerships, acquisitions, and joint ventures. It reviews the mission, academic quality, viability, program policies, market position and prominence, and financial underpinnings of new programs after they have been established.

The new governance structure also established three new boards of overseers—one for the undergraduate College, one for the Institute (which replaced the Institute's Board of Governors), and one for the "Schools," operated by the College, which include the Middlebury Language Schools, the Bread Loaf School of English, the Middlebury-C.V. Starr Schools Abroad, and the Bread Loaf Writers' Conference.

These boards of overseers focus their attention on reviewing and monitoring the academic, educational, and student affairs operations of their respective institutions, including academic appointments, enrollment, and new initiatives. The boards of overseers function like committees of the full Board and each is comprised of trustee overseers (current trustees), partner overseers (individuals who typically have a connection with that institution), and constituent overseers (one faculty, one staff, and one student). A majority of each board of overseers must consist of trustee overseers.

Each trustee sits on one standing committee and one board of overseers.

The Board is comprised of the President of the College, up to ten Charter Trustees, six Alumni Trustees, and up to eighteen Term Trustees. All trustees, except Alumni Trustees, are elected by the Board from nominations submitted by the Trustee and Governance committee of the Board. Alumni Trustees are elected from nominations submitted by the Alumni Association. Charter Trustees serve a maximum term of 15 years. Alumni Trustees and Term Trustees generally serve five-year terms. No Trustee except the President of the College may serve a total of more than 15 years. Regular meetings of the Board are held quarterly.

Currently, there are 33 members of the Board of Trustees including the President of the College, who serves ex-officio. Their names, affiliations and terms of office are as follows:

Term Trustees

Helen Riess	2013	2018	Director of the Empathy and Relational Science Program Massachusetts General Hospital Boston, MA
Richard T. Scanlon	2013	2018	Founder & Managing Partner, Marker Advisors LLC New York, NY
Susan J. Scher*	2006	2016	Managing Director, Goldman, Sachs & Co.* New York, NY
Karen A. Stolley	2002	2019	Professor & Chair, Department of Spanish & Portuguese Emory University Atlanta, GA
John S. Weinberg*	2013	2018	Senior Director, Goldman, Sachs & Co.* New York, NY
	Alumni Trustees		
Kirtley H. Cameron	2014	2019	Owner, Kirtley Cameron LLC Bedford, NY
Catherine Lee	2011	2016	Change Director, Stena Line Group Gothenburg, Sweden
Caroline S. McBride	2012	2017	Co-Founder, Chief Investment Officer, Forum Partners Investment Management Greenwich, CT
Dennis D. Parker	2013	2018	Attorney, Director, Racial Justice Program, ACLU New York, NY
Henry J. Simonds	2015	2020	President, Headwater Films/Media New York, NY
William F. Truscott	2014	2019	CEO-Global Asset Management, Ameriprise Financial, Inc. Boston, MA

*Goldman, Sachs & Co. is serving as the Underwriter in connection with the issuance of the Bonds. The College believes that the participation of Goldman, Sachs & Co. in the offering is on terms no less favorable to the College than could be obtained from other parties.

Administrative Officers

The Board appoints the President who is the chief executive officer of the College. Middlebury's present senior administrative officers are:

Laurie L. Patton was appointed as the 17th president of Middlebury College in November 2014, taking office on July 1, 2015. Dr. Patton joined Middlebury after serving for four years as dean of Duke University's Trinity College of Arts and Sciences and as the Robert F. Durden Professor of Religion. At Duke, she oversaw 36 academic departments and programs in arts and sciences for the school, which has 5,200 undergraduate students and 640 faculty members. Trinity College awards 80 percent of Duke's bachelor degrees. Dr. Patton supervised the work of divisional deans, the dean of academic affairs, and senior associate deans. She also oversaw Trinity's $435 million commitment to the "Duke Forward" campaign.

From 1996 to 2011, Dr. Patton served on the faculty and administration at Emory University, where she was the Charles Howard Candler Professor of Religions and the inaugural director of Emory's Center for Faculty Development and Excellence in the Office of the Provost. While at Emory, Dr. Patton served as chair of the religion department from 2000 to 2007, founded and co-convened the Religions and the Human Spirit Strategic Plan, and received the Emory Williams Award, Emory's most prestigious honor for teaching, in 2005. From 2008 to 2011, she served as president of the American Society for the Study of Religion. Dr. Patton began her career at Bard College, where she was assistant professor of Asian religions from 1991 to 1996 and taught courses in ancient and contemporary India, comparative mythology, and theory of religions.

Dr. Patton is an authority on South Asian history, culture, and religion. She is the author or editor of nine books and more than 50 articles in the field and has translated the classical Sanskrit text, The Bhagavad Gita. In addition, she has published two books of poetry. Dr. Patton has lectured widely on interfaith issues and religion and public life, and she has consulted with White House offices on faith-based initiatives, as well as on civic engagement. She has held two Fulbright Fellowships (in Israel and India) and has held visiting appointments at the University of Tel Aviv, Hebrew University, and Deccan College (India).

Dr. Patton earned her B.A. from Harvard University in 1983 and her Ph.D. from the University of Chicago in 1991. In May 2014, she was named the Alumna of the Year at the University of Chicago Divinity School.

Katy Smith Abbott, Vice President for Student Affairs, Dean of the College and Assistant Professor of History of Art and Architecture, serves as the chief student affairs officer, overseeing and supporting a dynamic student body and helping advance Middlebury College's efforts to create an institutional vision and environment that places diversity and inclusion at the center of the overall Middlebury experience. She oversees numerous departments and offices including Athletics, the Scott Center for Spiritual and Religious Life, Residential Life, The Commons, Office of Health and Wellness Education, the Center for Careers and Internships, Programs on Creativity and Innovation in the Liberal Arts, the Center for Social Entrepreneurship, MiddCORE, Parton Center for Health and Wellness, the Department of Public Safety, Student Activities, and the Intercultural Center. She works closely with colleagues across campus to develop and assess collaborative initiatives, often involving the work of the Commons Heads and Deans, and is committed to building a sense of genuine community for all students.

From 2011 to 2014, Dr. Smith Abbott served as Middlebury's Dean of Students, and from 2007 to 2010 as Associate Dean of the College. With her husband Steve Abbott, Professor of Mathematics, she served a six-year term as Co-Head of Ross Commons (2002 to 2008) where they developed and sponsored countless events for faculty, staff, and students, and were consistently inspired by the conversations and connections that emerged. The collaborative and often interdisciplinary spirit that lies at the heart of the Commons mission is one that Dr. Smith Abbott brings to her work as Vice President for Student Affairs.

Dr. Smith Abbott has been teaching in the Department of the History of Art and Architecture at Middlebury College since 1996. Her research interests include the production and reception of devotional painting in early fifteenth-century Florence and portrait painting in Renaissance Venice.

Dr. Smith Abbott earned her B.A. at St. Olaf College in Northfield, Minnesota, and received her M.A. and Ph.D. from Indiana University in Bloomington. Before coming to Middlebury, she taught at St. Olaf College and at John Carroll University in Cleveland, Ohio.

Susan Baldridge is Provost and Professor of Psychology. As Provost, she serves as chief academic officer of Middlebury. Her responsibilities reach across the academic programs of Middlebury including the College, the Institute, the Language Schools, the Schools Abroad, the Bread Loaf School of English, the School of the Environment, and the Bread Loaf Conferences.

Dr. Baldridge came to Middlebury as Assistant Professor of Psychology in 1993, and has served in several administrative positions, including as Dean of the Faculty and most recently as Vice President for Strategy and Planning. In that position, she worked closely with the President of the College and other senior leaders to coordinate institutional planning across the institution. She also worked closely with the Board on its recent restructuring. She oversaw Middlebury's 2011 self-study and reaccreditation review.

Dr. Baldridge received her Ph.D. in social psychology from UCLA. Professor Baldridge teaches a variety of courses on human sexuality, social psychology, and statistics, and her research focuses on the intersection of the study of gender, sexuality, and close relationships. Her most recent work is on stereotype threat as an explanation for gender differences in visuospatial ability.

Bill Burger, Vice President for Communications and Chief Marketing Officer, oversees brand strategy, interactive strategy, publications, news and internal communications, video, photography, and printing and distribution operations. Mr. Burger's first career was journalism. He spent 14 years as an editor, writer and foreign correspondent for Newsweek magazine, where he focused on business, economics and international affairs while working in New York, London and Tokyo. As the magazine's European economics editor in the early 1990s, Mr. Burger turned his attention to the convergence of media and technology and the emergence of new economic models and distribution channels for content. Pursuing that interest, in 1995 he began his second career, in the information industry, first at AT&T, as director of new media development, and then as vice president of content and media services at Infonautics. That pioneering company introduced the eLibrary research service into the K-12 and consumer markets and became, after just a few years, the most popular service of its kind in the United States.

Over the years Mr. Burger has helped several companies launch services in the consumer, education and business markets. He was vice president of content services at iCopyright in that company's early days, and at Rogers Medical Intelligence Solutions he served as senior vice president of new ventures. From 2005 to 2009, Mr. Burger was vice president of marketing for Copyright Clearance Center, where he was responsible for product management and strategy, strategic branding, and all marketing communications.

Mr. Burger's career in higher education began in 2010 at Brandeis University where he served as vice president for communications. In 2013, Mr. Burger joined Middlebury in a newly created position to lead the institution-wide Office of Communications and Marketing.

Mr. Burger holds a BA in Political Science from Stanford University, where he was editor-in-chief of The Stanford Daily. He is an active alumnus and has served on the board of directors of the Stanford Alumni Association.

David A. Donahue (Middlebury '91), Special Assistant to the President, was appointed Secretary of the College in 2009. Mr. Donahue holds a Master's in Education Leadership and Administration from the University of Vermont and a B.A. from Middlebury College. In 1997 he returned to his alma mater after working for Andersen Consulting (Accenture). Since his return, Mr. Donahue has served in a variety of capacities, including Assistant Dean of Students, Project Manager for a large scale enterprise application implementation, Associate Dean of Library and Information Services and Associate Vice President for College Advancement Operations.

Michael E. Geisler, C.V. Starr Professor of Linguistics and Languages, was appointed Vice President for Risk and Compliance in 2015. He previously served as Vice President for Language Schools, Schools Abroad and Graduate Programs since 2007, after serving as Dean of Language Schools and Schools Abroad since 2005. He received his *Staatsexamen* (M.A. equivalency) from the University of Mannheim, Germany, and his Ph.D. from the University of Pittsburgh in 1981. He joined the Middlebury faculty in 1992 as Associate Professor of German. In 1995 he was promoted to full professor.

Dr. Geisler was named President of Manhattanville College in 2015. He will assume the presidency on July 1, 2016.

James R. Keyes, Vice President for College Advancement, joined College Advancement in June 2011. A 1971 Middlebury graduate, Mr. Keyes is a former member of the Board and chair of the Audit and Nominating Committees, also serving as a member of the Prudential, Buildings and Grounds, and Educational Affairs Committees, and a former board member of the Middlebury College Alumni Association. He is responsible for leading the College's effort to complete the Middlebury Initiative, a fundraising campaign with a goal of $500 million that began in 2007, and for managing alumni operations of the undergraduate college, the Language Schools, the Middlebury-C.V. Starr Schools Abroad, and the Bread Loaf programs.

Mr. Keyes is the former president of Citizens Bank of Vermont and First Vermont Bank. He also served in senior leadership roles at Berkshire Bank and The First National Bank of Boston. Along with his B.A. from Middlebury, he holds an M.B.A. from Northeastern University.

In September 2015, Mr. Keyes announced he would retire at the end of the academic year after five years leading the office. Effective July 1, Colleen Fitzpatrick will become vice president for advancement. Ms. Fitzpatrick currently serves at Duke University as assistant vice president for Trinity College and the Graduate School, Duke's undergraduate and graduate schools of arts and sciences. Prior to arriving at Duke, Ms. Fitzpatrick was assistant dean for Arts & Sciences Development at the University of Virginia. She holds a BA from the University of Virginia and a Master's in Education from Rutgers University.

Karen L. Miller, Vice President for Human Resources and Risk, joined Middlebury in April 2016. Ms. Miller provides strategic leadership for the institution's Office of Human Resources and Office of Risk and Compliance, both of which serve all of Middlebury's schools and programs, including for the undergraduate College, the Middlebury Institute of International Studies at Monterey, the Middlebury Language Schools, Bread Loaf School of English, Bread Loaf Writers' Conferences, the Middlebury C.V. Starr Schools Abroad, and the Middlebury School of the Environment.

As vice president for human resources, Ms. Miller brings a strategic perspective to staff structure, hiring, and compensation policies. As chief risk officer, Ms. Miller succeeds Dr. Michael Geisler, who originated the position and who will leave Middlebury at the end of June to become the 13th president of Manhattanville College. Ms. Miller comes to Middlebury from Morehouse College in Atlanta, Georgia, where she most recently served as special advisor to the president. Ms. Miller has served in numerous administrative positions within higher education, including academic dean at Atlanta's John Marshall Law School and in several positions, including vice president and general counsel, vice president of administrative services, senior vice president of administration, chief of staff and chief operating officer at Morehouse College. Over the course of her tenure at Morehouse, she oversaw legal affairs and compliance, human resources, government relations, strategic planning, institutional research, and technology.

Ms. Miller earned her BA from Emory University in 1979, her law degree from Harvard University in 1982, and is currently a doctoral candidate at the University of Georgia's Institute of Higher Education.

Patrick J. Norton, Vice President for Finance and Treasurer since 2009, is the chief financial officer of the College and oversees the financial and business operations of the College. Mr. Norton was appointed Vice President and Chief Financial Officer in 2008, was appointed Associate Vice President for Finance and Controller in 2006, and was appointed Controller in 2003. Mr. Norton is also a member of the board of directors of Middlebury Interactive Languages LLC. A graduate of The University of Texas at Austin, Mr. Norton is a certified public accountant licensed to practice public accounting in Vermont, and a certified treasury professional with an M.A. from Columbia University. Mr. Norton has over 24 years of experience in finance and accounting, focused in higher education, healthcare, and social services. Mr. Norton is a member of the American Institute of Certified Public Accountants, The Vermont Society of Certified Public Accountants, The Association of Financial Professionals, the Institute of Internal Auditors, and the National Association of College and University Business Officers (NACUBO).

In May 2016, Mr. Norton was named Senior Vice President and Chief Operating Officer of Tulane University. He will assume this position in August 2016. Michael Thomas has been appointed Vice President for Finance. Certain other administrative functions currently overseen by Mr. Norton will be assigned on an interim basis to Timothy Spears following Mr. Norton's departure. The College expects to commence a search for Mr. Norton's successor in late summer 2016.

Michael D. Schoenfeld (Middlebury '73), Senior Vice President and Chief Philanthropic Advisor, is a former high school science and math teacher who returned to his alma mater in 1981 to coach the alpine ski team. In 1985, he gave up his coaching responsibilities to work full-time in the College's Development Office on "The Campaign for Middlebury," a $60 million capital fund drive. After the successful completion of the Campaign in 1990, he assumed the position of Director of Development, with oversight of Alumni Relations, Development, and Public Affairs. In 1995, he moved to the position of Dean of Enrollment Planning, with management responsibilities for Admissions and Financial Aid. Mr. Schoenfeld returned to fundraising in 2004 to lead Middlebury's $500 million comprehensive fund raising campaign, "The Middlebury Initiative", which was successfully completed in 2015. Mr. Schoenfeld is currently the Senior Vice President and Chief Philanthropic Advisor working closely with the President and many of the College's most generous supporters on special projects directly related to the College's major strategic objectives.

Timothy B. Spears, Vice President for Academic Development since 2014 and Professor of American Studies, has served in a variety of administrative capacities, including Dean of the College and Vice President for Academic Affairs, a position he occupied before assuming his current responsibilities.

He has been a member of the Middlebury faculty since 1990. He received his B.A. from Yale University in 1980 and did his graduate work at Harvard University in the History of American Civilization, receiving his Ph.D. in 1989. Professor Spears has taught a wide range of classes, including courses on consumer culture, Chicago, regional and Southern literature, and football and higher education. He is the author of 100 Years on the Road: The Traveling Salesman in American Culture (1995), and Chicago Dreaming: Midwesterners and the City, 1871 to 1919 (2005). He was also a Senior Consulting Editor for The American Midwest: An Interpretive Encyclopedia, a large public history reference guide that Indiana University Press published in 2006. Currently, he is working on a history of college football, based on his family's participation in the sport.

Starting in August 2016, Facilities Services, Dining Services, and Information Technology Services will report on an interim basis to Mr. Spears, as a result of Patrick Norton being named Senior Vice President and Chief Operating Officer of Tulane University effective August 2016.

Michael D. Thomas, Vice President for Finance since 2016, oversees the financial and business operations of Middlebury. Mr. Thomas was appointed Vice President for Finance following his appointment as Associate Vice President for Finance and Assistant Treasurer 2013. Mr. Thomas has a Master's of Science degree in Accounting from The University at Albany-SUNY and a Bachelor's of Science in Mathematics from Union College. Mr. Thomas, a certified public accountant licensed to practice in New York, has many years of experience in process re-design and is a certified Six Sigma Black Belt. Mr. Thomas has over 20 years of experience in finance and accounting, focused in manufacturing and higher education, and has served on several boards in the community.

Facilities

Vermont

Middlebury College is located on a hill overlooking a small Vermont town and the Champlain Valley, with the Green Mountains visible to the east and Adirondacks to the west. Most of the College's buildings are constructed of gray limestone or white marble in colonial architecture.

The main campus in Middlebury comprises over 100 buildings on approximately 300 acres of land. The buildings provide laboratories and classrooms, faculty and administrative offices, a language center, an auditorium, a conference center, an art building, a theater, an observatory, a science center, guest houses, an infirmary, a chapel, a student center, a fine arts center, and 55 student residences. The College also includes athletic grounds, a natatorium, a hockey arena, a golf course and a three and one-half kilometer lighted cross-country ski trail. The Bread Loaf Campus is located 12 miles from the main campus near Bread Loaf Mountain. The mountain campus of 1,700 acres includes a residential building with a dining hall, the Davidson Library, a theater, 19 cottages and a large barn containing eight classrooms and a large social room. The Bread Loaf Campus is the site of the Carroll and Jane Rikert Ski Touring Center, a scenic and advanced trail system of over 35 kilometers for cross-country skiing. Located a short distance from the Bread Loaf Campus is the Middlebury College Snow Bowl with three chair lifts, a ski shelter and 14 alpine trails and slopes on 763 acres of land.

Academic Facilities

The Davis Family Library system has over three-quarters of a million holdings, comprised of books, periodicals, government documents, music and video recordings, microfilm and microfiche, and also provides access to digital books, online music and video, and periodical subscriptions. Access to the library's online catalog is available worldwide via the internet and campus network, including every residence hall room and faculty office. The College provides access to over 110,000 periodicals, most now available online. Special collections include the Abernethy American Literature Collection, containing many first editions and manuscripts and a collection of works by Robert Frost; the College Archives; and many other specialized collections, including the Phelps collection of Civil War materials. Middlebury has also been a selective depository for U.S. Government documents since 1884, currently collecting roughly 25 percent of the available government publications. The College's 143,000 square foot main library opened in June 2004 and is a state-of-the-art, environmentally sustainable facility with a total of 833 study seats. These include 373 individual study carrels for students and faculty, 32 media viewing stations, 5 classroom spaces complete with computer and audio-visual presentation systems, 10 group study rooms, 2 media viewing rooms, 10 faculty offices, a periodical reading room that doubles as a lecture area, and two large reading rooms on the upper level which provide magnificent views of the campus and the surrounding town and countryside. There are also 79 laptops and a variety of digital cameras, projectors, and other A/V equipment available for check-out from the circulation desk; over 100 computers available for use throughout the building; approximately 1,400 network jacks for public and staff use throughout the facility; and 100% wireless computer/internet access throughout the building. In 2012, the formerly separate Music Library facility was integrated into the Davis Family Library building, including almost 60,000 recordings, scores, books, and music reference works. The Armstrong Science Library, housed in McCardell Bicentennial Hall, contains over 100,000 volumes, including about 300 journals in biology, chemistry, geology and physics, 35,000 microforms, and 81,000 maps.

The Mahaney Center for the Arts, completed in 1992, provides needed space and facilities for the Middlebury Museum, the music department, a 400-seat concert hall, a dance-studio auditorium and the Seeler Studio Theater, a black box theater. During the summer of 2011, the Music Library was relocated from the Mahaney Center for the Arts to the Davis Family Library. The vacated space was renovated for use by the Department of History of Art and Architecture which, in turn, was relocated from the Johnson Memorial Arts Building.

The Sunderland Language Center contains a computer lab and classroom, as well as three interactive learning centers with multi-media workstations for the delivery of interactive language programs and word processing in ten languages including Arabic, Russian, Japanese and Chinese. Satellite broadcasts of news and cultural programs from all over the world are received by the College and made available in many locations around the campus.

In fall 1999, the College opened McCardell Bicentennial Hall, an approximately 218,000 gross square foot state-of-the-art facility for the sciences. The structure houses the departments of biology, chemistry and biochemistry, computer science, geography, geology, physics and psychology. The building includes lecture halls, classrooms, laboratories, a science library, offices, and student/faculty research space. McCardell Bicentennial Hall's environmentally sensitive features are meant to be a fitting tribute to the study of the natural environment and related subjects that take place there.

The Franklin Environmental Center was completed in June 2007 and is housed in a renovated farmhouse that was known as Hillcrest and had previously served as a residence hall and then an office and classroom building. Hillcrest was renovated with sustainability as a primary focus, and is Middlebury's first LEED Platinum certified project. The building houses 14 faculty and staff offices, a 100-seat "smart" classroom, studio space for Environmental Studies student projects, a student lounge area, and meeting rooms.

The Axinn Center at Starr Library, completed in spring 2008, provides an array of classrooms, 52 faculty offices, 4 staff offices and 4 departmental common areas. Teaching spaces include 3 regular classrooms, 3 seminar rooms, 2 screening rooms and the Abernethy Room, a grand historic space that can be used as a classroom or as a space for speaking engagements and receptions.

The Bread Loaf Inn on the Bread Loaf Mountain campus, host facility to the Middlebury Bread Loaf School of English and the Middlebury Bread Loaf Writers' Conferences, was completely renovated and winterized in 2014/2015. The Inn, which opened in 1866, has 54 guest rooms, a 320-seat dining room, and a fully renovated and modern kitchen.

Athletic Facilities

Memorial Field House contains the Pepin Gymnasium for basketball, volleyball and badminton, as well as the Nelson Recreation Center, a modern fitness center, and training rooms. An energy-efficient natatorium with 50-meter pool and the Chip Kenyon '85 Arena, a 2,200 seat hockey arena that opened in January 1999 are adjacent to Memorial Field House.

Outdoor facilities include 60 acres of playing fields for intramural and intercollegiate competition, as well as 16 outdoor tennis courts and three platform tennis courts. An 18-hole golf course is on campus, as well as a lighted 3.5 kilometer cross-country ski trail that is also used for running and jogging. Middlebury has its own alpine ski area, the Middlebury College Snow Bowl and Nordic ski facility, the Rikert Nordic Center on the Bread Loaf Campus. A snow-making system was installed at the Rikert Nordic Center in 2013 and a new maintenance and repair building was completed at the Snow Bowl in 2014.

As part of the expansion of the College's Peterson Family Athletics Complex, a new Squash Center was completed in 2013. The new building contains nine squash courts, tiered spectator seating, coaching offices, and an exercise/warm-up room. The building was awarded LEED Platinum status in 2014.

In January 2015, the College opened the Virtue Field House. The new 110,000 square foot facility replaces the College's former field house, the "Bubble", and includes a 6-lane 200-meter track, a 9-lane 60 meter sprint section, 4 baseball/softball batting cages, 2 pole vault and high jump pits and a netting-enclosed 22,000 square foot artificial turf area within the track oval. The facility also includes a cardio exercise balcony, seating for over 800 spectators, classrooms, athletic offices, locker rooms and a new entry to the entire athletic complex. The College anticipates being awarded LEED Gold Status later in 2016.

Residence Halls, Dining Facilities, Student Center, Biomass Plant and President's Residence

Nearly all undergraduates attending Middlebury reside in College-owned buildings. As of Fall 2015, approximately 2,500 students attend Middlebury, and more than 95% of them are accommodated in 27 residence halls and 33 residence houses that house from three to 250 students each. In addition, a small number of students reside in off-campus housing. Some students choose special-interest houses such as the language houses. There are three dining halls on campus which operate on varied schedules. McCullough Student Center houses the offices of Campus Activities and Leadership and provides space for a large social hall, the Grille, the MiddXpress convenience store, the post office, a game room, and the mail room.

In the summer of 2015, the College entered into an agreement with Kirchhoff Campus Properties for the development and construction of four new student residences, containing a total of 158 student rooms, at the Western Ridgeline area of the campus. Upon completion in September 2016, the College will remove from service five modular student housing units containing 35 beds which have been utilized since 2000.

Construction of a Biomass (wood chip powered) gasification facility was completed in 2008 and began operation in January 2009. The plant was constructed adjacent to the existing Central Heating Plant at the Service Building and has reduced the College's carbon emissions by an annual average of 14,500 metric tonnes through fiscal year 2015.

The College has recently completed retrofit and commissioning of existing Central Heating Plant oil-fueled boilers to consume natural gas. This system is currently in service and serves as the planned energy system to consume renewable natural gas that will displace remaining Central Heating Plant fossil fuel consumption. A locally sourced renewable natural gas production facility technical design and business development plan is currently in process. This initiative in aligned with the College's Carbon Neutrality goal.

The complete renovation of the President's House, at 3 South Street in the village of Middlebury, was completed in June 2013. The 1854 house serves as the primary residence for the President of Middlebury and has ample space for social and other functions. Heating and cooling is provided through a highly efficient geothermal system. The house is expected to achieve LEED Gold status in 2016.

Monterey

The Institute is located near the "Old Town" section of Monterey, California, a community described as the "Language Capital of the World" given the presence of the Institute as well as the Defense Language Institute and Naval Post-Graduate School. The Institute's campus consists of 16 buildings aggregating over 150,000 square feet of space including the Lara Soto Adobe where John Steinbeck resided while writing The Pearl. In 2015 the City of Monterey approved the College's Master Plan for the Monterey campus. The plan will transform the campus core into an open and pedestrian-friendly main quadrangle. The plan also envisions the refurbishing of existing buildings and the construction of new buildings to accommodate both current academic capacity and planned enrollment growth over the next 20 years.

Academic Programs

Middlebury offers a broad curriculum during the academic year, language programs abroad, summer programs in languages, English, and the environment, as well as graduate study in Monterey, California. During each academic year, the College enrolls full-time students in programs leading to the Bachelor of Arts degree. Many students in the Bread Loaf School of English, the Middlebury C.V. Starr Schools Abroad, and the summer language programs pursue Master of Arts, Master of Letters, or Doctor of Modern Languages degrees. Other students in the Language Schools earn undergraduate or graduate credits, while students at the Institute pursue master's degrees throughout the year.

The Undergraduate Curriculum

The purpose of a liberal arts education at Middlebury is to give every student a broad understanding of human thought and experience and detailed knowledge of at least one area of intellectual inquiry. In keeping with this purpose, students work intensively in one or more departments and complete requirements and electives in fields outside their area of specialization. All students must complete a set of distribution requirements that encompass seven academic categories and four courses in different cultures and civilizations. Students must also complete two writing-intensive courses before the end of their junior year. One of these is a first-year seminar, taken in the student's first semester at Middlebury, with a faculty member who also serves as the academic advisor for the students enrolled in the seminar.

Students choose a major no later than the end of their third semester in one of more than 40 established majors in academic departments and in interdisciplinary programs. The requirements for the baccalaureate degree are generally completed within eight semesters. The annual calendar of the College consists of a 13-week Fall Term, a four-week Winter Term, and a 13-week Spring Term, plus two one and one-half week final examination periods. Students normally take four courses in each 13-week term and a single course during the Winter Term. A total of 36 course credits is required for graduation, of which at least 18 must be Middlebury courses. Courses taken at the Institute, the Language Schools, or the Middlebury C. V. Starr Schools Abroad count towards this total.

In part because Middlebury attracts students interested in its strong language programs, international academic programs have been developed. The International and Global Studies major includes programs in African Studies, East Asian Studies, European Studies, Latin American Studies, Middle East Studies, Russian and East European Studies, and South Asian Studies. This major has a strong foreign language element, and requires study abroad. Students from each area of study come together for senior work in a team-taught senior seminar. Other areas of special academic emphasis in the undergraduate curriculum include environmental studies and literature.

Languages at Middlebury

Since the summer of 1915, the main campus has been devoted each summer to the intensive study of languages ranging from beginning to graduate and post-graduate levels. The summer Language Schools offer intensive immersion programs in German, French, Spanish, Italian, Russian, Chinese, Japanese, Arabic, Portuguese, Hebrew, and Korean. All programs of study at the summer Language Schools emphasize the development of language skills and the understanding of other cultures. All classes, from beginning courses through the doctoral level, are taught in the foreign language. Advanced programs feature courses in area studies, culture, history, language pedagogy, linguistics, literature, music, and theater.

Middlebury-C.V. Starr Schools Abroad

During the academic year, the Middlebury Schools in Argentina (Buenos Aires and Córdoba), Brazil (Belo Horizonte, Florianópolis, and Niterói), Cameroon (Yaoundé), Chile (Concepción, La Serena, Santiago, Temuco, Valdivia, and Valparaíso), China (Beijing, Hangzhou, and Kunming), France (Bordeaux, Paris, and Poitiers), Germany (Berlin and Mainz), India (Delhi), Israel (Beer Sheva), Italy (Ferrara, Florence, and Rome), Japan (Tokyo), Jordan (Amman), Morocco (Rabat), Russia (Irkutsk, Moscow, and Yaroslavl), Spain (Córdoba, Getafe, Logroño, and Madrid), United Kingdom (Oxford), and Uruguay (Montevideo) offer courses appropriate to the undergraduate degree program, and in Berlin, Florence, Irkutsk, Madrid, Mainz, Moscow, Paris, and Yaroslavl to graduate degree programs.

Most Middlebury students engaged in the study of a foreign language, either as part of a language and literature or culture major, or in conjunction with an international and global studies major, spend part or all of their junior year in one of the Schools Abroad. Study abroad allows students to profit from a rich cultural experience and to achieve a level of academic and personal growth not easily attained in familiar surroundings. The Schools Abroad offer varied intellectual challenges, often in conjunction with foreign university systems, while emphasizing as high a degree of academic and social immersion as is possible and encouraging student independence, all of which, it is hoped, will make possible an experience that will impart special meaning and depth to the understanding of foreign languages and cultures.

The Middlebury Institute of International Studies at Monterey

The Middlebury Institute of International Studies at Monterey, located in Monterey, California, includes the Graduate School of International Policy Management, the Graduate School of Translation and Interpretation and Language Education, and enrolls approximately 750 students. The Institute also includes the internationally renowned James Martin Center for Nonproliferation Studies. The Center for the Blue Economy, a research center focusing on sustainable management of the world's oceans and coasts. The Institute is also home to the Summer Intensive Language Program and Custom Language Services, which provide instruction in a wide variety of languages.

The Institute became affiliated with Middlebury on December 2, 2005 and was merged into Middlebury on June 30, 2010. This merger has allowed Middlebury and the Institute to be at the forefront of shaping international education, based on language proficiency and cultural understanding. It also has provided additional networking opportunities for students and alumni, and has provided innovative research and teaching opportunities for faculty.

Graduate Programs

Middlebury awards the Master of Arts and Doctor of Modern Languages degrees in Arabic, Chinese, French, German, Hebrew, Italian, Russian, and Spanish. The Master of Arts and Master of Letters are awarded to students completing degree programs in the Bread Loaf School of English. In addition, the Institute awards the Master of Arts degree in International Education Management, International Environmental Policy, International Policy and Development, International Trade and Economic Diplomacy, Nonproliferation and Terrorism Studies, Teaching English to Speakers of Other Languages (TESOL), Teaching Foreign Language (TFL), Translation, Translation and Interpretation, or Conference Interpretation, Translation and Localization Management; as well as the Master of Business Administration in Global Impact Management; and the Master of Public Administration.

Middlebury Interactive Languages

In April 2010, the College entered into a joint venture arrangement with K12, Inc. ("K12"), a publicly held company not affiliated with the College, which focuses on providing online education programs to students in kindergarten through high school. The joint venture is known as Middlebury Interactive Languages LLC and its goal is to develop online foreign language courses. The College contributed certain intangible assets with a fair value of approximately $14 million (namely, a license to use its school name and its Middlebury-Monterey Language Academy ("MMLA") business) and $4 million in cash for a 40% interest in the joint venture. K12 contributed substantially all of the assets in its Power-Glide Language Courses, Inc. (Power-Glide) subsidiary, along with certain intellectual property licenses and $4 million in cash for a 60% interest in the joint venture. In addition to online learning, the joint venture also manages the MMLA, a residential language immersion summer program for middle and high school students. The MMLA offers Arabic, Chinese, French, German and Spanish at its summer four-week residential session at two college campuses in Vermont.

In August 2015, the College announced its election to sell its 40% share of Middlebury Interactive Languages (MIL) to K12, Inc. The joint venture partners are currently negotiating the terms of the sale and expect the transaction to close by the end of the calendar year. Middlebury exercised its sale right as permitted in the joint-venture agreement.

Middlebury Faculty and Staff

Faculty

For the academic year starting Fall 2015 the undergraduate faculty had a full-time teaching equivalent of 304. Approximately 94% of the full-time faculty holds doctorates or terminal degrees, and although the primary focus of their work is on teaching, the faculty is active in scholarly research and writing.

The following table provides data pertaining to fall undergraduate enrollment and the Middlebury faculty (excluding the summer Language Schools and the Institute) for the past five academic years, including the student/faculty ratio expressed per full-time equivalent ("FTE").

	2015-16	2014-15	2013-14	2012-13	2011-12
Full-time faculty	283	270	267	255	267
Part-time faculty	64	61	62	82	56
Faculty FTE*	304	290	288	282	286
Full-time students	2,516	2,492	2,477	2,493	2,480
Part-time students	42	34	18	23	27
Student FTE*	2,525	2,503	2,483	2,501	2,489
Student/Faculty ratio	8:1	9:1	9:1	9:1	9:1

* Part-time faculty members and students count as one-third of a full-time faculty member or student.

As of June 30, 2015, the Institute had 81 full-time and 39 part-time faculty members.

Staff

As of June 30, 2015 the College had 917 full-time equivalent staff employees, consisting of 841 full-time employees and 198 part-time staff employees. These figures include administrative staff and officers not on faculty appointment. The College's employees are not unionized.

As of June 30, 2015 the Institute had 120 full-time and 30 part-time employees.

Student Enrollment

The following table presents fall undergraduate enrollment data for the past five years.

	Fall 2015	Fall 2014	Fall 2013	Fall 2012	Fall 2011
Number of full-time students[1]	2,516	2,492	2,477	2,493	2,480
Number of applications	8,891	8,195	9,109	8,847	8,533
Number of acceptances....................	1,552	1,407	1,595	1,518	1,563
Number of matriculants...................	589	580	625	598	602
Graduation rates[2]	n/a	94%	94%	94%	94%
SAT 1 Mid-50% range	1,920-2,260	1,910-2,220	1,930-2,240	1,920-2,230	1,940-2,240
ACT Mid-50% range.......................	29-33	30-33	29-33	31-33	30-33

[1] Fall semester, on campus

[2] Percent of matriculated first-year students who received a bachelor's degree from the College within six years. Rate for Fall 2014-15 is based on Fall 2009-10 cohort.

The table below sets forth the enrollment figures for the summer Language Schools and the Institute:

	Summer 2015	Summer 2014	Summer 2013	Summer 2012	Summer 2011
Summer Language Schools	1,513	1,488	1,533	1,494	1,514
	Fall 2015	Fall 2014	Fall 2013	Fall 2012	Fall 2011
Middlebury Institute	690	678	692	738	739

Tuition and Fees

Middlebury students are normally required to live on campus and dine in College facilities. The College charges a single comprehensive fee for undergraduates which includes room and board, tuition and other fees. The comprehensive fee (including the mandatory student activity fee) for the past five academic years was as follows:

2015-2016..	$61,456
2014-2015..	59,210
2013-2014..	57,470
2012-2013..	55,950
2011-2012..	53,800

In addition, the College collects fees, including tuition and room and board fees, in connection with the summer programs and the Schools Abroad. For summer 2016, the aggregate fees charged to each student enrolled in the summer program ranged from $8,970 (seven-week session) to $11,855 (eight-week session), depending on the language and length of the program. The 2016-2017 program fee for a full year of study at the Schools Abroad ranges from $26,290 to $38,600. For 2016, the aggregate fee charged to each student enrolled in the Summer Intensive Language Program at the Institute was $4,175. The 2016-2017 tuition for the Institute is $38,250 and the total attendance cost is estimated to be $59,912.

Financial Aid

Middlebury's policy is to admit the most highly qualified students regardless of their families' finances and the College meets the full demonstrated financial need of all of its undergraduate students. Admissions decisions for domestic students at Middlebury are not influenced by applications for financial aid. However, the College may choose to consider financial need when deciding to admit prospective students off the wait list.

Middlebury administered nearly $56 million in institutional grant aid in 2014-15 for its undergraduate, graduate and summer program aid populations. About 44 percent of all Middlebury undergraduate students receive need-based financial aid. The following table indicates the distribution of Middlebury financial aid:

	2014-15	2013-14	2012-13	2011-12	2010-11
Undergraduate on-campus & students abroad	$42,400,000	$38,593,000	$36,560,000	$35,095,000	$36,369,000
Summer programs (Language Schools & Bread Loaf)	5,855,000	5,819,000	5,638,000	4,919,000	4,576,000
Middlebury Institute of International Studies graduate programs	7,325,000	7,409,000	7,327,000	7,086,000	6,968,000
TOTAL	$55,580,000	$51,821,000	$49,525,000	$47,100,000	$47,913,000

Financial Activities

Middlebury's financial statements are prepared on the accrual basis of accounting and are in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

The tables below set forth summaries of the College's financial information for the last five fiscal years and is derived from the audited financial statements of the College. This table should be read in conjunction with the College's Financial Statements and related notes included in Appendix B to this Official Statement.

Operating Revenues and Expenses

	Year Ended June 30				
	2015	2014	2013	2012	2011
REVENUES					
Net comprehensive and other student fees	$144,050,000	$142,725,000	$142,161,000	$136,092,000	$132,055,000
Contributions	19,168,000	15,363,000	36,073,000	22,964,000	18,275,000
Sponsored activities	7,641,000	7,625,000	9,326,000	11,828,000	9,575,000
Investment return	73,173,000	61,663,000	59,058,000	48,852,000	52,738,000
Other	14,788,000	15,322,000	14,091,000	13,703,000	11,893,000
	$258,820,000	$242,698,000	$260,709,000	$233,439,000	$224,536,000
EXPENSES AND CHARGES					
Instruction	$84,914,000	$81,856,000	$77,947,000	$74,829,000	$70,952,000
Other educational and general	141,608,000	136,847,000	127,238,000	117,538,000	109,028,000
Auxiliary	41,815,000	40,894,000	40,146,000	39,044,000	37,337,000
Other	118,000	97,000	99,000	136,000	149,000
	$268,455,000	$259,694,000	$245,430,000	$231,547,000	$217,466,000

Change in Net Assets

	Year Ended June 30				
	2015	2014	2013	2012	2011
Change in net assets	$10,058,000	$99,373,000	$113,106,000	($24,747,000)	$127,248,000

Net Assets by Type

	Year Ended June 30				
	2015	2014	2013	2012	2011
Unrestricted	$326,737,000	$341,740,000	$321,476,000	$303,072,000	$324,200,000
Temporarily restricted	580,204,000	572,344,000	515,603,000	432,345,000	444,835,000
Permanently restricted	346,988,000	329,787,000	307,419,000	295,975,000	287,104,000
Total	$1,253,929,000	$1,243,871,000	$1,144,498,000	$1,031,392,000	$1,056,139,000

Budgeting Procedures

Middlebury's annual budget is based on detailed budgets submitted by each of Middlebury's departments and reviewed and amended by the President and other senior officers prior to final approval by the Board. Responsibility for controlling expenditures within a department rests with a dean, department head, or budget administrator. All budgets are reviewed and monitored centrally by the Finance Office to assure conformance with Middlebury's fiscal policies, contractual obligations to program sponsors and restrictions of donors. Capital facilities requirements of Middlebury are reviewed in depth by the administration.

Management's Discussion and Analysis of Recent Financial Performance

Middlebury's budget was balanced on a cash basis for fiscal year 2015 and is projected to be balanced on a cash basis for fiscal year 2016. On a GAAP unrestricted operating basis the result for fiscal year 2015 was an $11.3 million operating deficit and fiscal year 2016 is projected to also produce a GAAP unrestricted operating deficit. In most years, the main difference between cash basis budgets and GAAP unrestricted operating result is the recognition of depreciation expense in the GAAP results.

Commencing with the fiscal year 2017 budget, Middlebury has adopted full GAAP budgeting and therefore will report the full amount of depreciation as an expenditure in its future budgets.

Management currently expects to achieve positive operating results on a GAAP unrestricted operating basis that includes fully funding depreciation and reducing the endowment spending rate to the long-term goal of 5% by fiscal year 2019. In order to achieve this goal, management will be required to review and positively impact every budget line at Middlebury – including the following items that have been identified and formally adopted by the Board as ways to achieve budget targets:

- Increasing enrollment at the Institute to 850 by fiscal year 2019.
- Increasing undergraduate student body by 40 by fiscal year 2020, starting by adding 5 new first-years and 5 transfers in fall 2016.
- Pricing the undergraduate tuition, room, and board closer to market and increasing fees at higher rates than in the last several years, during which the College had limited increases to CPI + 1%, but remaining competitive with peers.
- Modest salary increases and a freeze on any new, incremental faculty/staff positions, as well as implementing work force planning processes to determine the right size of the Middlebury staff.
- Implementing changes to Middlebury's retirement contribution and health care benefits.
- Adjusting financial aid packages in ways that are aligned with institutions that have similar resources. Changes were made to the fiscal year 2016 financial aid packages to increase the loan and work component of the aid package. Middlebury views its financial aid package as now in line with similar schools with similar resources.
- Reducing non-salary expenses through centralized purchasing and expense management; management is not planning any increases in non-salary costs over the next three fiscal years.
- Increasing cost savings through Middlebury's participation in the Green Mountain Higher Education Consortium.
- Refinancing long-term debt. See "Plan of Finance" in the Official Statement.

Gifts, Grants, and Bequests

Middlebury has achieved continued success in its fund-raising programs.

In May 2007, the Middlebury's Board of Trustees unanimously approved a $500 million goal for a comprehensive capital campaign called "The Middlebury Initiative" to meet the objectives outlined in the strategic plan to make Middlebury the premier global liberal arts college. The principal objectives of this initiative were to support international initiatives and environmental leadership, while enhancing financial aid and faculty support. The public phase of the campaign was launched in the fall of 2007. At the close of the eight-year campaign on June 30, 2015 The Middlebury Initiative had raised $535.5 million in gifts and pledges, exceeding the $500 million goal established at the launch of the campaign.

The following table shows the annual totals of the gifts and bequests received for the past five fiscal years.

Gifts and Bequests

	Year Ended June 30				
	2015	2014	2013	2012	2011
Unrestricted	$14,322,000	$12,072,000	$11,047,000	$9,869,000	$13,585,000
Temporarily restricted	9,368,000	15,711,000	30,893,000	18,475,000	13,023,000
Permanently restricted	17,864,000	18,830,000	10,481,000	10,718,000	11,090,000
Total	$41,554,000	$46,613,000	$52,421,000	$39,062,000	$37,698,000

In addition, in the past five fiscal years, the College has received the following government, corporate and foundation grant amounts (excluding federally funded financial aid):

Grant Amounts

	Year Ended June 30				
	2015	2014	2013	2012	2011
Grants	$7,641,000	$7,625,000	$9,326,000	$11,828,000	$9,575,000

Endowment and Investments

The Investment Sub-Committee, a subgroup of the Resources Committee of the Board, is responsible for oversight of the endowment. The endowment's financial and investment objectives are to provide a stream of resources in support of the College's mission, to enhance its real (inflation-adjusted) purchasing power, and to provide support for Middlebury's capital investment needs as they arise. The Investment Sub-Committee exercises its oversight responsibility through an investment policy and regular review of endowment performance.

The College believes that the long-term, spending rate from the endowment should not exceed 5% of the 12-quarter average market value of the spendable base of the endowment. While the 5% spending rule is a long-term objective, the spending rate has exceeded the 5% threshold for certain periods. For example, in February 2002, the College's Board of Trustees approved investments in facilities and authorized spending in excess of the 5% guideline through fiscal year 2009. Since then, the College has been focused on bringing the total spending rate back to 5%, with actual spend rates of 5.8% in fiscal 2014 and 5.2% in fiscal 2015.

Investure, LLC ("Investure") serves as the external investment office charged with the investment management of the endowment. In conjunction with College finance staff, Investure is responsible for implementing and administering the investment policy and ensuring compliance with all investment policy guidelines and standards.

The Investment Sub-Committee retains full fiduciary responsibility for the endowment and is actively involved in the decision-making process for asset allocation and manager selection. Middlebury staff manages the day-to-day relationship with Investure and other investment service providers.

A summary of investments at the end of the last two fiscal years is shown in the table below. As of June 30, 2015, the $1,145 million in total investments was comprised of the $1,069 million commingled investment pool and $76 million in charitable trusts and other separately invested assets.

Net returns for the commingled investment pool ending June 30, 2015 were 6.9% for one year, 12.7% for three years, 11.6% for five years, and 8.9% for ten years. As of March 31, 2016 the unannualized net return for the first nine months of fiscal year 2016 was -4.1%.

	Total Investments Asset Allocation			
	June 30, 2015		June 30, 2014	
		%		%
Money market funds	$ 43,616,000	3.8%	$ 21,771,000	1.9%
Equity securities	374,705,000	32.7%	424,620,000	37.7%
Alternative equities	303,656,000	26.5%	257,546,000	22.8%
Debt securities	51,843,000	4.5%	51,179,000	4.5%
Real estate & mortgages	23,912,000	2.1%	26,866,000	2.4%
Private equity partnerships	340,998,000	29.8%	338,846,000	30.0%
Other investments	6,637,000	0.6%	8,346,000	0.7%
Total	$1,145,367,000		$1,129,174,000	

See Footnotes 4 and 5 to the College's Financial Statements included in Appendix B.

As of March 31, 2016, the unaudited fair value of the College's total investments was approximately $1,008 million. As of March 31, 2016, the College had $248 million in unfunded commitments to private partnerships and estimates that approximately 50% of that amount will be called within the next 12 months.

Neither principal nor income of funds currently on hand or received in the future that are restricted by the donor for purposes other than the general purposes of Middlebury or the support of building projects may be used to make payments to Vermont Educational and Health Buildings Financing Agency ("VEHBFA") pursuant to the Note or the Loan Agreement. Only unrestricted funds are available to be applied to debt service on the Bonds, other revenue bonds issued for the benefit of the College by the Agency, or to meet the claims of general creditors.

Long Term Debt

The amount of the College's long-term debt at June 30, 2015 totaled $269,340,000. The College's long term debt as of March 31, 2016 included the following:

Bonds Payable:	**Balance March 31, 2016**
VEHBFA	
Series 2006A*	$35,425,000
Series 2009	59,445,000
Series 2010	95,035,000
Series 2012A	46,150,000
Series 2012B	11,885,000
California Statewide Communities Development Authority	
Series 2001	20,570,000
Other long-term debt:	
Various	140,000
Total	**$268,650,000**

* The proceeds of the Bonds will be used to refund the Series 2006A Bonds described above.

See Footnote 7 to the College's Financial Statements included in Appendix B.

Additional Borrowing Plans

The College expects to refund all or a portion of the outstanding principal amount of California Statewide Communities Development Authority Revenue Bonds (Monterey Institute of International Studies) Series 2001 (the "Series 2001 Bonds") through the issuance of refunding bonds issued by California Municipal Finance Authority ("CMFA") on behalf of the College (the "2016 CMFA Bonds"). The 2016 CMFA Bonds are expected to be purchased directly by a commercial bank, will bear interest at a fixed rate and will mature, subject to annual amortization and the right of prior redemption on or about July 1, 2031.

The College's obligation with respect to the repayment of amounts due under the loan agreement securing the 2016 CMFA Bonds (the "CMFA Loan Agreement") is expected to be a general, unsecured obligation of the College. The 2016 CMFA Bonds are expected to be subject to acceleration upon the occurrence of certain events of default, which events of default will be specified in the documentation providing for the issuance of the 2016 CMFA Bonds. The covenants in the CMFA Loan Agreement are expected to be substantially similar to those found in the Loan Agreement securing the Bonds, provided that the failure of the College to maintain a senior unsecured credit rating of at least A2 by Moody's or A by Standard & Poor's will result in an event of default under the CMFA Loan Agreement. In almost all circumstances, an event of default with respect to the 2016 CMFA Bonds leading to an acceleration of the 2016 CMFA Bonds would also constitute an event of default with respect to the Bonds, pursuant to the Loan Agreement relating to the Bonds. The transaction is expected to close not later than August 31, 2016.

The College does not plan any other long-term capital borrowing or major debt-financed construction projects in the near term.

Cross Street Bridge and Municipal Building Projects

In 2011, the Town of Middlebury (the "Town") completed a bridge and road construction project known as the "Cross Street Bridge Project." The Cross Street Bridge Project involved the construction of a second highway bridge over Otter Creek intended to improve, among other things, emergency response for students, faculty, staff and facilities. The College has agreed to pay the Town the sum of $300,000 twice per year commencing November 9, 2010 and continuing until May 15, 2040 to assist in the payment for the new bridge.

Middlebury has also made a commitment to assist the Town to finance the construction of a new municipal office building and a new gymnasium/recreation facility. Middlebury will pay the Town the sum of $325,000 twice per year starting in fiscal 2016 and continuing until 20 years thereafter.

See Footnote 10 to the College's Financial Statements included in Appendix B.

Liquidity

The College had $326,737,000 of unrestricted net assets as of June 30, 2015. As of March 31, 2016, the College could liquidate approximately $85,000,000 of its endowment investments within one day and approximately $237,000,000 within one month. The College also has a $50 million line of credit available to fund short term working capital needs.

Real Estate

The College has long maintained a policy of acquiring land adjacent to the main campus and the Bread Loaf campus to preserve a rural and natural environment. The College owns over 2,900 acres of land near the towns of Ripton and Hancock, including the Bread Loaf campus and the Snow Bowl. In 2015 the College signed an historic agreement with the Vermont Land Trust to protect the forest and open lands around the Bread Loaf Campus. The College also owns 2,800 acres of contiguous land in Middlebury, Weybridge, Cornwall, and New Haven and an additional 300 acres of woodlands elsewhere in Vermont. Delineation Corporation, an affiliate of the College, owns 865 acres of mainly farmland in the towns of Middlebury, Weybridge, Cornwall, and New Haven. The College also owns the Institute's urban campus in Monterey, CA.

The estimated fair value of the College's real estate exceeds its book value as recorded in the College's financial statements. The inclusion of a fair market value for these lands would significantly increase the asset valuation, but would not reflect the desire of the College to maintain these lands as undeveloped green spaces.

Retirement Plan

Retirement benefits for substantially all full-time employees of the College are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity Association (TIAA). Under this program, comprised of three separate plans (Core, Voluntary, and 457b Salary Deferral), the College makes contributions into employee accounts based upon investment allocations exercised by the employee or, if no allocation is made, into a Lifecycle mutual fund. The College's retirement contributions for the fiscal years ended June 30, 2015 and 2014 were $12,253,000 and $11,722,000, respectively. TIAA serves as the sole record keeper for all program assets except for a residual balance which, under the previous Institute plans, had been invested with Variable Annuity Life Insurance Company (VALIC), and which could not be transferred in a lump sum. This balance is being transferred to TIAA over time.

Insurance

The College carries general liability insurance and casualty insurance policies covering property damage and loss in amounts which the College believes to be customary and adequate for a college of its size and character.

Litigation and Certain Proceedings

The College is subject to various claims and lawsuits in the normal course of its operations. No litigation or proceedings are pending or, to the knowledge of the College, threatened which would materially and adversely affect the financial condition, operations, or cash flows of the College or its ability to make timely payment of all sums required under the Loan Agreement.

KPMG

MIDDLEBURY

Consolidated Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

MIDDLEBURY

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KPMG

KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

Independent Auditors' Report

The President and
Fellows of Middlebury College:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the President and Fellows of Middlebury College (Middlebury), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Middlebury at June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 16, 2015

Vt. Reg. No. 92-0000241

MIDDLEBURY

Consolidated Statements of Financial Position

June 30, 2015 and 2014

(Amounts in thousands)

		2015	2014
Assets			
Cash and cash equivalents	$	2,393	25,025
Accounts receivable, net		6,208	6,105
Inventories, prepaid expenses, and other assets		5,402	5,666
Contributions receivable, net		39,695	39,712
Deposits with bond trustees		1,660	1,374
Student loans receivable, net		17,507	18,539
Investments		1,145,367	1,129,174
Contributions receivable from remainder trusts		3,022	3,136
Beneficial interest in perpetual trusts held by others		28,040	28,543
Land, buildings, and equipment, net		398,224	379,946
Total assets	$	1,647,518	1,637,220
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	47,314	45,576
Funds held for others		6,875	6,503
Deferred revenues		17,461	16,961
Annuities and other split interest obligations		21,846	23,066
Refundable government loan funds		14,542	14,426
Long-term debt		285,551	286,817
Total liabilities		393,589	393,349
Commitments and contingencies			
Net assets:			
Unrestricted		326,737	341,740
Temporarily restricted		580,204	572,344
Permanently restricted		346,988	329,787
Total net assets		1,253,929	1,243,871
Total liabilities and net assets	$	1,647,518	1,637,220

See accompanying notes to consolidated financial statements.

MIDDLEBURY

Consolidated Statement of Activities

Year ended June 30, 2015

		Unrestricted	Temporarily restricted	Permanently restricted	Total 2015	Total 2014
Operating revenues and other support:						
Comprehensive and other student fees	$	199,630	—	—	199,630	194,546
Less financial aid		(55,580)	—	—	(55,580)	(51,821)
Net comprehensive and other student fees		144,050	—	—	144,050	142,725
Contributions		9,998	9,170		19,168	15,363
Sponsored activities		7,641	—	—	7,641	7,625
Investment return:						
Endowment distribution		65,047	5,902	—	70,949	57,519
Other investment income		1,226	998	—	2,224	4,144
Other sources		14,680	108	—	14,788	15,322
Net assets released from restrictions		14,515	(14,515)	—	—	—
Total operating revenues and other support		257,157	1,663	—	258,820	242,698
Operating expenses:						
Instruction		84,914	—	—	84,914	81,856
Academic support		40,304	—	—	40,304	40,585
Student services		39,296	—	—	39,296	38,919
Institutional support		54,367	—	—	54,367	49,718
Sponsored activities		7,641	—	—	7,641	7,625
Auxiliary enterprises		41,815	—	—	41,815	40,894
Other deductions		118	—	—	118	97
Total operating expenses		268,455	—	—	268,455	259,694
Change in net assets from operations		(11,298)	1,663	—	(9,635)	(16,996)
Nonoperating activities:						
Endowment return, net of distribution		(29,742)	28,901	219	(622)	86,752
Contributions, net		4,324	198	17,864	22,386	31,250
Other investment income		564	174	120	858	920
Change in value of deferred gifts		287	1,134	(157)	1,264	2,173
Campaign expenditures		(1,398)	—	—	(1,398)	(953)
Other		(4,335)	2,385	(845)	(2,795)	(3,773)
Net assets released from restrictions		26,595	(26,595)	—	—	—
Total nonoperating activities		(3,705)	6,197	17,201	19,693	116,369
Change in total net assets		(15,003)	7,860	17,201	10,058	99,373
Net assets:						
Beginning of year		341,740	572,344	329,787	1,243,871	1,144,498
End of year	$	326,737	580,204	346,988	1,253,929	1,243,871

See accompanying notes to consolidated financial statements.

MIDDLEBURY

Consolidated Statement of Activities

Year ended June 30, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2014
Operating revenues and other support:				
Comprehensive and other student fees	$ 194,546	—	—	194,546
Less financial aid	(51,821)	—	—	(51,821)
Net comprehensive and other student fees	142,725	—	—	142,725
Contributions	10,942	4,421	—	15,363
Sponsored activities	7,625	—	—	7,625
Investment return:				
Endowment distribution	52,482	5,037	—	57,519
Other investment income	2,761	1,383	—	4,144
Other sources	15,256	66	—	15,322
Net assets released from restrictions	16,489	(16,489)	—	—
Total operating revenues and other support	248,280	(5,582)	—	242,698
Operating expenses:				
Instruction	81,856	—	—	81,856
Academic support	40,585	—	—	40,585
Student services	38,919	—	—	38,919
Institutional support	49,718	—	—	49,718
Sponsored activities	7,625	—	—	7,625
Auxiliary enterprises	40,894	—	—	40,894
Other deductions	97	—	—	97
Total operating expenses	259,694	—	—	259,694
Change in net assets from operations	(11,414)	(5,582)	—	(16,996)
Nonoperating activities:				
Endowment return, net of distribution	24,709	61,996	47	86,752
Contributions	1,130	11,290	18,830	31,250
Other investment income	264	139	517	920
Change in value of deferred gifts	171	88	1,914	2,173
Campaign expenditures	(953)	—	—	(953)
Other	(1,777)	(3,056)	1,060	(3,773)
Net assets released from restrictions for nonoperating purposes	8,134	(8,134)	—	—
Total nonoperating activities	31,678	62,323	22,368	116,369
Change in total net assets	20,264	56,741	22,368	99,373
Net assets:				
Beginning of year	321,476	515,603	307,419	1,144,498
End of year	$ 341,740	572,344	329,787	1,243,871

See accompanying notes to consolidated financial statements.

MIDDLEBURY

Consolidated Statements of Cash Flows

Years ended June 30, 2015 and 2014

(Amounts in thousands)

		2015	2014
Cash flows from operating activities:			
Change in total net assets	$	10,058	99,373
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		25,804	24,434
Contributions restricted for long-term investments		(21,840)	(14,559)
Real property and other in-kind contributions		(5,250)	(743)
Amortization of bond issuance costs		124	125
Amortization of bond premium		(856)	(856)
Loss on disposal of buildings and equipment		550	85
Contributions receivable bad debt expense		10,044	475
Change in value of deferred gifts		(1,220)	1,804
Realized and unrealized gain on investments		(73,690)	(140,144)
Unrealized loss on contributions receivable from remainder trusts		114	386
Unrealized loss (gain) on beneficial interest in perpetual trusts		503	(3,022)
Changes in operating assets and liabilities:			
Accounts receivable		(103)	1,340
Contributions receivable		(10,027)	3,095
Inventories, prepaid expenses, and other assets		140	(524)
Accounts payable and accrued expenses		(4,293)	737
Deferred revenues		500	(1,543)
Funds held for others		372	276
Other		115	248
Net cash used in operating activities		(68,955)	(29,013)
Cash flows from investing activities:			
Proceeds from sales of investments		207,305	103,046
Purchases of investments		(149,808)	(64,847)
Purchases of property and equipment		(33,350)	(29,787)
Student loans granted		(2,326)	(1,995)
Student loans repaid		3,358	3,609
Net cash provided by investing activities		25,179	10,026
Cash flows from financing activities:			
Contributions restricted for long-term investment		21,840	14,559
Change in deposit with bond trustees, net of earnings		(286)	(330)
Payments on bonds and notes payable		(410)	(81)
Net cash provided by financing activities		21,144	14,148
Net increase (decrease) in cash and cash equivalents		(22,632)	(4,839)
Cash and cash equivalents:			
Beginning of year		25,025	29,864
End of year	$	2,393	25,025
Supplemental data:			
Interest paid	$	13,506	13,526
Amounts accrued for purchase of property and equipment		2,136	6,031

See accompanying notes to consolidated financial statements.

(1) Background

The President and Fellows of Middlebury College (Middlebury) was founded in 1800 as a liberal arts college. The undergraduate institution, Middlebury College (the College), is a leading liberal arts college with an emphasis on literature, languages, international studies and environmental studies. The College has approximately 2,450 undergraduate students from all 50 states and 70 countries. Approximately 70% of the students are from outside of New England. Over one-half of the students spend at least one semester off campus, primarily outside of the United States of America. In addition to the Middlebury campus, the College has schools located in Argentina, Brazil, Cameroon, Chile, China, France, Germany, India, Israel, Italy, Japan, Jordan, Russia, Spain, the United Kingdom and Uruguay.

The Middlebury Schools are comprised of Schools Abroad, Language Schools, School of the Environment, and Bread Loaf Programs. The Schools enroll more than 2,800 students and offer undergraduate and graduate programs in a variety of programs.

- The Schools Abroad Program provides undergraduate and graduate programs in 16 countries. Students take courses in most subjects, often with host country students, intern or engage in volunteer work, and live with a family or local students. The participants in the Middlebury Schools Abroad Program have a commitment to language and cultural immersion.
- The Language Schools focus on educating undergraduate and graduate students from many disciplines at two sites in the United States and one site abroad. There are programs in Arabic, Chinese, French, German, Hebrew, Italian, Japanese, Korean, Portuguese, Russian, and Spanish with a goal to improve languages and intercultural skills. The Language Schools provide access to language education through an interactive, immersion environment by incorporating linguistics, literature, culture, and area studies.
- The School of the Environment is a six week undergraduate program held in Vermont offering leadership training, lab and field work, and interdisciplinary courses.
- Middlebury offers two Bread Loaf Programs, the Bread Loaf School of English and the Bread Loaf Writers' Conference. Beginning in 1920, the Bread Loaf School of English has offered graduate courses in literature, the teaching of writing, creative writing, and theater arts to students from across the United States and the world. The Bread Loaf School of English offers summer sessions in Vermont, New Mexico, and at Oxford in the United Kingdom. The Bread Loaf Writers' Conference is the oldest writers' conference in America, held each summer at Middlebury's Bread Loaf Mountain campus amid the Green Mountain National Forest in Ripton, Vermont.

The Middlebury graduate school, the Middlebury Institute of International Studies at Monterey, (the Institute), is located in Monterey, California. The Institute provides higher education in translation, interpretation and language education and international policy management. In addition, there are two research centers on campus, the James Martin Center for Nonproliferation Studies and the Center for East Asian Studies. Also, the Institute has a research center located in Vienna, Austria, the Vienna Center for Disarmament and Nonproliferation.

Middlebury has three affiliated entities, Delineation Corporation, President and Friends of Middlebury College, and International Philanthropy. Delineation Corporation is a nonprofit organization founded for the purpose of holding certain property. Middlebury advances funds to Delineation Corporation for expenses incurred for maintenance of real property. The President and Friends of Middlebury College is a nonprofit organization formed for the purpose of providing catering and retail dining operations. International Philanthropy is a nonprofit organization established for the purpose of receiving contributions from international sources and maintaining operations at the Centre for Medieval and Renaissance Studies (CMRS) in Oxford, England.

In July 2013, Middlebury and Hebrew at the Center partnered to launch the Institute for the Advancement of Hebrew, located at Middlebury with additional offices in Newton Centre, Massachusetts.

Tax-Exempt Status

Middlebury is a tax-exempt organization as described in Section 501(c) (3) of the Internal Revenue Code and recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by a taxing authority. Middlebury believes it has taken no significant uncertain tax positions.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include Middlebury and its affiliated entities. All inter-entity transactions have been eliminated in consolidation.

(b) Basis of Accounting

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), on the accrual basis of accounting and present net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets: Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met by actions of Middlebury and/or passage of time, as well as unappropriated total return on permanently restricted endowment funds.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by Middlebury. Generally, the donors of these assets permit Middlebury to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by donor or by law. Expirations in subsequent years of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from restrictions between the applicable classes of net assets.

The College charges undergraduate students attending the Vermont campus a comprehensive fee which includes the cost of tuition, room and board, and fees. The Institute charges its graduate students tuition and related fees.

Auxiliary enterprises include the operations of the dining services, residential halls, bookstores, Snow Bowl, Carroll and Jane Rikert Nordic Center, and the Ralph Myhre Golf Course. Revenues from auxiliary enterprises, except for the revenue from residential and dining halls, are included in other sources of operating revenues in the Statement of Activities. The revenues derived from residential and dining halls are included in the comprehensive fee.

Nonoperating activities include net realized and unrealized gains and losses on investments, less amounts distributed for operating purposes, permanently restricted contributions for long-term investment, temporarily restricted and unrestricted contributions for nonoperating activities such as capital gifts, adjustments for funds underwater, campaign expenditures, and the change in value of deferred gifts.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of its investments and derivative instruments as well as the estimated net realizable value of receivables for contributions, gifts, pledges, student loans and accounts receivable, the estimated useful lives of buildings and equipment and its liabilities for its asset retirement obligations and its split interest agreements. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing money market accounts not held for investment purposes. Cash equivalents have maturities of three months or less at the date of purchase.

(e) Contributions

Contributions, including interests in perpetual trusts held by others and noncash assets, are recognized as revenue in the period received at the fair value on the date of the contribution. Conditional promises to give are not recorded as revenue until they become unconditional or when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted operating or nonoperating revenue depending on the use of the proceeds.

Contributions of land, buildings, and equipment without donor stipulations are reported as unrestricted nonoperating revenue. Contributions of cash or other assets which a donor has stipulated be used to acquire land, buildings, and equipment are reported as temporarily restricted nonoperating revenue. The temporary restrictions are considered to be released when assets are placed in service.

(f) Contributions Receivable

Contributions receivable include pledges that are recorded at their present value using discount rates at the date of the contribution range from approximately 1.0% to 5.5% The present value is calculated using a risk-free rate of return adjusted for the credit risk. The assumed rate in 2015 for uncollectible pledges was 3.05%. An allowance is made for potentially uncollectible contributions based upon management's past collection experience and other relevant factors.

(g) Inventories

Inventories are stated at the lower of cost, utilizing the first-in, first-out method, or market.

(h) Fair Value

The fair value accounting standard defines fair value and establishes a framework for measuring fair value. The framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under this principle are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Middlebury has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Middlebury utilizes the net asset value (NAV) as its estimate of fair value for those funds whose value is determined by the appropriate manager or general partner.

The majority of investments reported at NAV consist of shares or units in funds as opposed to direct interests in the funds' underlying securities, which may be readily marketable and not difficult to value. The majority of these fund managers are now registered as required by the Securities and Exchange Commission.

Certain investments in funds contain lock-up provisions. Under such provisions, share classes of the investment are available for redemption at various times in accordance with the management agreement with the fund.

The fair value measurement level of the asset or liability within the fair value hierarchy is based on 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.

These valuations may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Middlebury believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Because of the inherent uncertainty of valuations, the estimated values as determined by the appropriate manager or general partners may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Effective in the year ended June 30, 2015, the College retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement Disclosures for Investments in Certain Entities that Calculate Net Asset Value (NAV) per Share (or its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to classify within the fair value hierarchy table in Levels 2 or 3 investments in certain funds measured at NAV as a practical expedient to estimate fair value. The adoption did not impact the College's statement of financial position, statement of activities, or statement of cash flow and resulted only in changes to the College's investment footnote disclosures.

(i) Derivatives

Middlebury records all derivatives, except those qualifying for the normal purchase/normal sale exception, at fair value. Fair value is determined using a valuation model utilizing market observable inputs. Middlebury has entered into forward oil purchase contracts with certain suppliers for the purchase of oil for its heating and cooling plant to hedge the price exposure for a fuel source. These agreements meet the normal purchase/normal sale exception and, therefore, have not been recorded on the statement of financial position. Middlebury has also entered into foreign currency contracts which have been recorded on the statement of financial position.

(j) Contributions Receivable from Remainder Trusts

Donors have established irrevocable trusts under which Middlebury is a beneficiary but not the trustee. The present value of the portion of the trust to be distributed to Middlebury upon the termination of the trust is recorded as contributions receivable from remainder trusts.

(Continued)

(in thousands of dollars)

(k) Interest in Perpetual Trusts Held by Others

Interest in perpetual trusts held by others includes irrevocable trusts established for the benefit of Middlebury whereby the principal is held in perpetuity by others and the earnings are remitted to Middlebury. The interest in perpetual trusts is recorded at fair value, which is estimated to equal the fair value of the trust assets.

(l) Land, Buildings, and Equipment

Land, buildings, equipment, arts and antiques are recorded at cost at the date of acquisition or fair value at the date of gift. Depreciation is computed utilizing the straight-line method over the estimated lives of the depreciable asset as follows (in years):

	Estimated useful lives
Category:	
Land improvements	20
Buildings	20–60
Equipment	4–10

Arts and antiques are maintained as collections and, accordingly, are not depreciated.

(m) Joint Venture

In May 2010, Middlebury entered into a joint venture arrangement with K12, Inc., an unrelated publicly held company. The new company, Middlebury Interactive Languages, LLC, (MIL), was created for the purpose of pursuing commercial opportunities associated with developing and delivering language learning software and residential language immersion education to pre-college students.

Middlebury agreed to fund the joint venture by contributing to MIL certain intangible assets with a fair value of $14,000 and $4,000 in cash. Middlebury has a 40% ownership interest in MIL. As Middlebury does not control the joint venture but does exercise influence, this investment is recorded using the equity method.

Middlebury incurred losses on its equity investment in MIL of approximately $185 and $440 at June 30, 2015 and 2014, respectively. The losses are included in nonoperating activities in the Consolidated Statement of Activities.

Subsequent to June 30, 2015, Middlebury announced it would exercise the option to sell the 40% ownership interest in MIL to K12, Inc. The College is working with K12, Inc. on the specific terms of the sale.

(n) Asset Retirement Obligation

An asset retirement obligation (ARO) is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, Middlebury records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. Middlebury ARO liabilities are accreted when the related obligation is settled. Middlebury has recorded an ARO liability in accrued expenses of $4,152 and $4,255 at June 30, 2015 and 2014, respectively.

(o) Deferred Revenues

Deferred revenues consist primarily of student fees related to Middlebury and its language schools. This liability account also consists of the multi-year prepayment plan, summer school billing (net of financial aid), and sponsored activity.

(p) Funds Held for Others

Middlebury acts as a custodian or fiscal agent for student organizations, certain long term faculty professional development funds, and certain endowment funds for various organizations. These endowment funds are not included the endowment assets.

(q) Annuities and Other Split Interest Obligations

Donors have contributed assets to Middlebury in exchange for a promise that Middlebury will pay the donor or other beneficiaries a fixed amount or percentage of assets over their lifetimes. The present value of these promises is a liability and is recorded as annuities and other split interest obligations.

Donors have made contributions with the stipulation that their contributions be invested and all or a portion of the resulting income be paid to beneficiaries during their lifetimes. Upon the death of the named beneficiaries, the assets become the property of Middlebury. These contributions are recorded in revenue at fair value with corresponding estimated liabilities for future amounts payable to other beneficiaries recorded in annuities and other split interest obligations. The liabilities associated with these gifts are adjusted to fair value at each reporting period using the terms of the related gift instrument.

(r) Refundable Government Loan Funds

Refundable government loan funds represent Perkins loan funds provided to students by the federal government through Middlebury. Middlebury is required to collect the loans on behalf of the federal government. The amounts due from the students are reported in the financial statements as student loans receivable. The amount due to the federal government, if Middlebury should no longer participate, is reported as refundable government loan funds. It is not practicable to determine the fair value of student loans receivable because they are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms and are subject to significant restrictions as to their transfer and disposition.

(s) Functional Expenses

Depreciation, operations and maintenance costs, and interest are allocated to the functional expense categories reported within the operating section of the Statement of Activities. Depreciation and operations and maintenance costs are allocated based upon the use of facilities and equipment. Interest is allocated based on specific identification of the use of debt proceeds.

(t) Sponsored Activities

Sponsored activities include various research and instructional programs funded by external parties including the federal government, foreign and state governments, and private foundations.

(u) Campaign Activities

Campaign contributions less expenditures total to the net balance of the Middlebury Initiative, a $500,000 fundraising campaign to fund four strategic priorities: (1) access and opportunity, (2) teaching and mentoring, (3) programs and infrastructure, and (4) increasing institutional flexibility. The cost of operating the Middlebury Initiative is reported as nonoperating activity on the statement of activities. The Middlebury Initiative was completed on June 30, 2015.

(v) Subsequent Events

Middlebury considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide for additional evidence relative to certain estimate or to identify matters that require additional disclosure. These financial statements were issued on October 16, 2015, and subsequent events have been evaluated through that date.

(w) Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

(3) Receivables

(a) Accounts Receivable

Accounts receivable consists of receivables for annual comprehensive fees, graduate school tuition, schools abroad tuition, and summer school room, board, and tuition. The provision for uncollectible amounts were $545 and $475 as of June 30, 2015 and 2014, respectively.

(in thousands of dollars)

(b) ***Contributions Receivable***

Contributions receivable consists of the following at June 30, 2015 and 2014:

		2015	2014
Due less than one year	$	26,927	13,557
One to five years		25,206	29,258
		52,133	42,815
Less discount and allowance		(12,438)	(3,103)
	$	39,695	39,712

(4) Investments

Middlebury has developed a diversified endowment investment portfolio with a strong orientation to equity investments and to strategies designed to take advantage of market inefficiencies. The investment objectives guide the asset allocation policy and are achieved in partnership with external investment managers operating through a variety of vehicles, including separate accounts, limited partnerships, and commingled funds. Investments in real estate and mortgages include investment in real estate partnerships.

Alternative equity managers seek to generate high returns regardless of the direction of the overall stock market and may use derivatives to exploit inefficiencies in securities markets. Accordingly, derivatives in the investment portfolio may include currency forward contracts, interest rate and currency swaps, call and put options, debt and equity futures contracts, equity swaps, and other vehicles that may be appropriate in certain circumstances. The risk in alternative equity funds is limited to the amount it currently has invested in the funds. The risk in private equity partnerships is limited to the amount it currently has invested in the funds, legally obligated uncalled capital commitments to the funds, and certain distributions previously received.

As of June 30, 2015 and 2014, Middlebury had outstanding commitments of $165,389 and $171,966, respectively. These commitments are to fund private equity partnerships over a multi-year period. These capital calls are expected to be funded with cash on hand or using proceeds of liquidated securities.

Middlebury has $252,857 and $238,980 of the investment portfolio at June 30, 2015 and 2014, respectively, invested in funds which invest in international securities. These investments are subject to the additional risk of currency fluctuations. Also included in investments are $52,880 and $54,701 at June 30, 2015 and 2014, respectively, for split interest agreements.

The components of total investment return from all sources consist of the following for the years ended.

		2015	2014
Interest, dividends, and other income, net	$	(280)	9,191
Realized gains, net		104,152	54,676
Change in unrealized gains (losses), net		(30,462)	85,468
	$	73,410	149,335

(in thousands of dollars)

Direct, external investment management fees were $4,078 and $3,842 in 2015 and 2014, respectively, and are netted against interest, dividends, and other income in the Statement of Activities. Purchase and sale transactions are recorded on a trade date basis.

The following table represents financial assets and liabilities by fair value measurements as of June 30, 2015:

	Level 1	Level 2	Level 3	Other valuation methods and NAV	Total investments	Redemption or liquidation	Days' notice
Investments at fair value:							
Money market funds	$ 43,616	—	—	—	43,616	Daily	1
Equity securities	67,815	—	—	—	67,815	Daily to quarterly	10–120
Debt securities	11,959	—	—	—	11,959	Daily to quarterly	1–90
Real estate and mortgages	5,761	—	8,126	—	13,887	Daily to illiquid	1–N/A
Private equity partnerships	—	3,083	556	—	3,639	Quarterly to illiquid	90–N/A
Other investments	260	—	2,912	—	3,172	Daily to illiquid	1–N/A
Total investments at fair value	129,411	3,083	11,594	—	144,088		
Investments measured at net asset value:							
Equity securities	—	—	—	306,890	306,890	Daily to quarterly	10–120
Alternative equities	—	—	—	303,656	303,656	Quarterly to annually	45–90
Debt securities	—	—	—	39,884	39,884	Daily to quarterly	1–90
Real estate and mortgages	—	—	—	10,025	10,025	Daily to illiquid	1–N/A
Private equity partnerships	—	—	—	334,133	334,133	Quarterly to illiquid	90–N/A
Other investments	—	—	—	1,826	1,826	Daily to illiquid	1–N/A
Total investments at net asset value	—	—	—	996,414	996,414		
Equity method investments	—	—	—	3,226	3,226	Illiquid	N/A
Investments valued using other methods	—	—	—	1,639	1,639	Illiquid	N/A
Total investments	$ 129,411	3,083	11,594	1,001,279	1,145,367		
Other assets:							
Remainder trusts	$ —	—	3,022	—	3,022	Illiquid	N/A
Perpetual trusts	—	—	28,040	—	28,040	Illiquid	N/A
Total other assets	$ —	—	31,062	—	31,062		

(in thousands of dollars)

The following table represents financial assets and liabilities by fair value measurements as of June 30, 2014:

	Level 1	Level 2	Level 3	Other valuation methods and NAV	Total investments	Redemption or liquidation	Days' notice
Investments at fair value:							
Money market funds	$ 21,771	—	—	—	21,771	Daily	1
Equity securities	45,745	—	—	—	45,745	Daily to quarterly	10–120
Debt securities	11,918	—	—	—	11,918	Daily to quarterly	1–90
Real estate and mortgages	6,211	—	8,596	—	14,807	Daily to illiquid	1–N/A
Private equity partnerships	—	2,983	654	—	3,637	Quarterly to illiquid	90–N/A
Other investments	769	—	2,777	—	3,546	Daily to illiquid	1–N/A
Total investments at fair value	86,414	2,983	12,027	—	101,424		
Investments measured at net asset value:							
Equity securities	—	—	—	378,875	378,875	Daily to quarterly	10–120
Alternative equities	—	—	—	257,546	257,546	Quarterly to annually	45–90
Debt securities	—	—	—	39,261	39,261	Daily to quarterly	1–90
Real estate and mortgages	—	—	—	12,059	12,059	Daily to illiquid	1–N/A
Private equity partnerships	—	—	—	331,798	331,798	Quarterly to illiquid	90–N/A
Other investments	—	—	—	2,686	2,686	Daily to illiquid	1–N/A
Total investments at net asset value	—	—	—	1,022,225	1,022,225		
Equity method investments	—	—	—	3,411	3,411	Illiquid	N/A
Investments valued using other methods	—	—	—	2,114	2,114	Illiquid	N/A
Total investments	$ 86,414	2,983	12,027	1,027,750	1,129,174		
Other assets:							
Remainder trusts	$ —	—	3,136	—	3,136	Illiquid	N/A
Perpetual trusts	—	—	28,543	—	28,543	Illiquid	N/A
Total other assets	$ —	—	31,679	—	31,679		

The following is a description of the financial investment categories:

Equity Securities: This category includes global developed and emerging market equity investments.

Alternative Equities: This category includes long/short and long-biased equity and credit hedge funds.

Debt Securities: This category includes high yield and long/short fixed and fixed income hedge funds.

Real Estate and Mortgages: This category includes commercial, residential, office, and industrial partnerships.

Private Equity Partnerships: This category includes U.S. and international venture capital and buyout funds.

(in thousands of dollars)

Other Investments: This category includes natural resources partnerships and other illiquid properties/securities.

The following table summarizes the Level 3 activity for the year ended June 30, 2015:

	Beginning balance at June 30, 2014	Realized gains (losses)	Change in unrealized gains (losses)	Purchases	Sales	Net transfer in (out) of Level 3	Ending balance at June 30, 2015
Level 3 assets:							
Real estate and mortgages	$ 8,596	—	—	—	(470)	—	8,126
Private equity partnerships	654	—	—	—	(98)	—	556
Other investments	2,777	398	135	—	(398)	—	2,912
Total investments	12,027	398	135	—	(966)	—	11,594
Remainder trusts	3,136	—	(114)	—	—	—	3,022
Perpetual trusts	28,543	—	(503)	—	—	—	28,040
Total investments and other assets	$ 43,706	398	(482)	—	(966)	—	42,656

The following table summarizes the Level 3 activity for the year ended June 30, 2014:

	Beginning balance at June 30, 2013	Realized gains (losses)	Change in unrealized gains (losses)	Purchases	Sales	Net transfer in (out) of Level 3	Ending balance at June 30, 2014
Level 3 assets:							
Real estate and mortgages	8,596	—	—	150	(1)	—	8,745
Private equity partnerships	654	—	—	—	(192)	—	462
Other investments	2,726	462	94	—	(462)	—	2,820
Total investments	11,976	462	94	150	(655)	—	12,027
Remainder trusts	3,522	—	(386)	—	—	—	3,136
Perpetual trusts	25,521	—	3,022	—	—	—	28,543
Total investments and other assets	$ 41,019	462	2,730	150	(655)	—	43,706

As a result of the adoption of ASU 2015-07, the June 30, 2014 fair value hierarchy table was restated to reflect the removal of NAV-measured investments aggregating $552,800 in Level 2 and $469,425 in Level 3.

(5) Endowment

The endowment consists of donor-restricted endowment funds and board-designated funds to function as endowment for a variety of purposes. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor – imposed restrictions. The Board of Trustees have interpreted Vermont's and California's Uniform Prudent Management of Institutional Funds Acts (UPMIFA) statutes as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Middlebury classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Middlebury in a manner consistent with the standard of prudence prescribed by the UPMIFA statutes.

(in thousands of dollars)

In accordance with the UPMIFA statutes, Middlebury considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of Middlebury and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of Middlebury

(7) The investment policies of Middlebury

The endowment for the years ended June 30, 2015 and 2014, delineated by net asset class and donor-restricted versus Board-designated funds were as follows:

		June 30, 2015			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(52)	499,436	323,709	823,093
Board-designated endowment funds		277,961	—	—	277,961
Total endowment funds June 30, 2015	$	277,909	499,436	323,709	1,101,054

		June 30, 2014			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(82)	467,062	307,612	774,592
Board-designated endowment funds		307,301	—	—	307,301
Total endowment funds June 30, 2014	$	307,219	467,062	307,612	1,081,893

(in thousands of dollars)

(a) *Changes in Endowment*

Changes to the endowment for the year ended June 30, 2015 were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at beginning of year	$	307,219	467,062	307,612	1,081,893
Investment return:					
Endowment return		15,533	56,849	219	72,601
Other investment income		94	1,202	87	1,383
Change in value of deferred gifts		—	—	(469)	(469)
Total investment return		15,627	58,051	(163)	73,515
Contributions		6	2,783	16,767	19,556
Appropriation of endowment assets for spending distribution		(41,688)	(33,361)	—	(75,049)
Investment income spending		(94)	(1,202)	—	(1,296)
Other transfers and adjustments		(1,815)	2,343	—	528
Transfer to/from designated endowment funds		(1,376)	3,790	(507)	1,907
Adjustment for funds underwater – fair value less than historic dollar value		30	(30)	—	—
Endowment net assets at end of year	$	277,909	499,436	323,709	1,101,054

(in thousands of dollars)

Changes to the endowment for the year ended June 30, 2014 were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at beginning of year	$	284,893	404,431	283,668	972,992
Investment return:					
Endowment return		42,586	100,245	47	142,878
Other investment income		71	1,177	78	1,326
Change in value of deferred gifts		—	—	3,461	3,461
Total investment return		42,657	101,422	3,586	147,665
Contributions		156	294	17,151	17,601
Appropriation of endowment assets for spending distribution		(22,353)	(34,468)	—	(56,821)
Investment income spending		(71)	(1,177)	—	(1,248)
Other transfers and adjustments		1,978	(2,746)	725	(43)
Transfer to/from designated endowment funds		(1,803)	1,068	2,482	1,747
Adjustment for funds underwater – fair value less than historic dollar value		1,762	(1,762)	—	—
Endowment net assets at end of year	$	307,219	467,062	307,612	1,081,893

(b) Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (underwater endowments). When underwater endowments exist, any decrease in fair value below the fund's historic dollar value is recorded as a transfer from unrestricted net assets to temporarily restricted net assets. Cumulative transfers from unrestricted net assets to temporarily restricted net assets were $52 and $82 as of June 30, 2015 and 2014, respectively. These resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

(c) Distribution Policy

The Board of Trustees approves a distribution of investment return based on the average per share market value of the pooled investments over the 12 calendar quarters preceding the previous calendar year. Calculations are performed for individual endowment funds at a rate of 5.00%. The corresponding calculated spending allocations are distributed monthly from the current net total or accumulated net total investment returns for individual endowment funds. College reserves are classified as endowment and are included as an endowment distribution. The reserve distributions were $30,526 and $17,165 as of June 30, 2015 and 2014, respectively.

(in thousands of dollars)

(d) Return Objectives and Risk Parameters

Middlebury has adopted endowment investment and spending policies that provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the permanent nature of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the overall investment portfolio's target allocation applied to the appropriate individual benchmarks. Middlebury expects its endowment funds, over time, to generate an average rate of return sufficient to provide for its spending needs plus the rate of growth in expenses, which reflects inflation pressures as well as real growth in Middlebury programs.

(e) Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, Middlebury relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Middlebury targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

(6) Land, Buildings, and Equipment

Land, buildings, and equipment at June 30, 2015 and 2014 consist of the following:

		2015	2014
Land and land improvements	$	56,573	51,917
Buildings		586,444	538,396
Equipment		93,163	83,650
Art/antiques		14,468	12,929
Construction in progress		7,659	27,903
		758,307	714,795
Less accumulated depreciation		(360,083)	(334,849)
	$	398,224	379,946

Depreciation expense in 2015 and 2014 was $25,804 and $24,434, respectively.

(in thousands of dollars)

(7) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2015 and 2014:

		2015	2014
VEHBFA Series 2006A term bonds $35,425 original principal, (uncollateralized) due on November 1, 2046, issued at a premium, interest at 5.00%	$	35,425	35,425
VEHBFA Series 2009 term bonds $59,445 original principal, (uncollateralized) due on November 1, 2038, issued at a premium, interest at 5.00%		59,445	59,445
VEHBFA Series 2010 term bonds $95,035 original principal, (uncollateralized) due on November 1, 2040 issued at a premium, interest at 5.00%		95,035	95,035
VEHBFA Series 2012A serial bonds $46,150 original principal (uncollateralized) with annual principal payments increasing from $2,485 in 2018 to $5,130 in 2033, interest ranging from 2.50% to 5.0%		46,150	46,150
VEHBFA Series 2012B serial bonds $11,885 original principal (uncollateralized) with annual principal payments ranging from $1,560 in 2020 to $1,435 in 2024, interest at 5.00%		11,885	11,885
Revenue bonds issued through the California Statewide Communities Development Agency, collateralized by the Monterey Institute campus with annual principal payments increasing from $625 in 2016 to $2,160 in 2032, interest at 5.50%		21,195	21,525
Other		205	285
		269,340	269,750
Plus premium		16,211	17,067
	$	285,551	286,817

The estimated fair value of the total debt is approximately $301,280 and $304,600 at June 30, 2015 and 2014, respectively. The fair value is estimated based on quoted market prices for the same or similar issues.

(a) Debt Maturities

According to the terms of the VEHBFA bonds, Middlebury is required to make sinking fund deposits to the bond trustee in amounts sufficient to satisfy future debt service obligations.

(in thousands of dollars)

Annual principal requirements under all long-term debt obligations as of June 30, 2015 are as follows:

2016	$ 690
2017	745
2018	3,285
2019	3,375
2020	3,530
Thereafter	257,715
	$ 269,340

(b) Credit Lines

As of June 30, 2015 and 2014, Middlebury had a $50,000 three-year-term line of credit with an interest rate of either the one-month LIBOR plus 2.50% or the Federal Funds rate + 3.00%, at Middlebury's option. As of and for the year ended June 30, 2015 and 2014, there were no borrowings or outstanding balances on this line. The proceeds of the borrowings are to be used for short-term working capital needs, pre-funding capital projects prior to a bond issuance, or providing temporary liquidity for investment transactions. The maturity date for the line of credit is March 31, 2018.

(8) Retirement Plans

Retirement benefits for benefits eligible employees of Middlebury, as of January 1, 2011, are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under this plan, Middlebury makes contributions into the employee accounts based upon investment allocations exercised by the employee or defaulted into the Lifecycle mutual funds. Retirement contributions, for the years ended June 30, 2015 and 2014 were approximately $12,253 and $11,722, respectively.

(9) Net Assets

Temporarily restricted net assets are comprised of the following:

	2015	2014
Unappropriated accumulated total return of donor-restricted endowment funds	$ 473,200	447,397
Unexpended donor restricted endowment funds	26,236	19,664
Restricted gifts for scholarship and prizes	19,574	19,452
Restricted gifts for professorships	1,795	1,431
Restricted gifts for special purposes	18,830	17,550
Restricted gifts for capital projects	24	26,924
Restricted contribution receivable	26,884	27,090
Restricted annuity and life income gifts	13,661	12,836
	$ 580,204	572,344

(in thousands of dollars)

Permanently restricted net assets are comprised of the following:

		2015	2014
Restricted for loan funds	$	3,184	3,184
Restricted for annuity and life income funds		8,140	7,011
Restricted contribution receivable		11,944	11,961
Restricted funds		11	19
Donor-restricted endowment funds		323,709	307,612
	$	346,988	329,787

(10) Commitments and Contingencies

Middlebury has claims arising in the normal course of its operations. Middlebury believes that the outcome of these claims will not have a material adverse effect on the financial position, activities, or cash flows of Middlebury.

Middlebury has made a commitment to assist the Town of Middlebury (the Town) to finance the bridge construction project and has agreed to pay the Town the sum of $300 twice per year starting in fiscal year 2011 and continuing until thirty years thereafter. Middlebury has recorded a commitment payable of $8,509 and $8,677 as of June 30, 2015 and 2014, respectively. The original commitment was for $18,000 and was discounted at a rate of 5.00%.

Middlebury has made a commitment to assist the Town to finance the construction of a new municipal office building a new gymnasium/recreation facility. This pertains to the agreement between Middlebury and the Town regarding the transfer of certain parcels of land and buildings. Middlebury will pay the Town the sum of $325 twice per year starting in fiscal year 2016 and continuing until twenty years thereafter. The full commitment was for $6,159 and was discounted at 3.25%. Also per the agreement, Middlebury has established a Project Fund of $1,000 to fund building moves, environmental site assessments, and other costs associated with the transaction. Middlebury has recorded a payable of $4,500 as of June 30, 2015.

(in thousands of dollars)

(11) Operating Expenses

Operating expenses by natural classification for the years ended June 30, 2015 and 2014 were as follows:

		2015	2014
Salaries and wages	$	119,428	114,300
Employee benefits		41,501	39,700
Food		4,986	4,400
Utilities		8,014	8,700
Contracted services		15,093	14,700
Supplies		4,326	3,900
Library books and periodicals		2,429	2,300
Interest		13,506	13,500
Amortization and depreciation		25,004	23,703
Travel		7,999	7,800
Taxes and insurance		3,933	3,700
Other		22,236	22,991
	$	268,455	259,694

(12) Lease

In July 2015, Middlebury entered into a long-term ground lease agreement with Adirondack View I at Middlebury, LLC, for the construction of a 96 unit student housing facility on-campus. The financing and construction of the facilities is the exclusive responsibility of Adirondack View I at Middlebury, LLC, and is reflected by Middlebury as an operating lease.

Additionally in July 2015, Middlebury entered into a long-term ground lease agreement with Ridgeline I at Middlebury, LLC, for the construction of a 62 unit student housing facility on-campus. The financing and construction of the facilities is the exclusive responsibility of Ridgeline I at Middlebury, LLC, and is reflected by Middlebury as an operating lease.

As a result, the assets, liabilities and associated results of operating for the housing units are excluded from Middlebury's financial statements.

(13) Leaseback

In March 2011, Middlebury entered into a purchase and sale agreement with the Vermont Center for Emerging Technologies, Inc., a Vermont nonprofit corporation (the Buyer). Middlebury sold the real estate and improvements located at 5 Court Street in Middlebury, Vermont for the sum of $2,000. The Buyer agreed to lease back to Middlebury a portion of the premises for an initial term of ten years. Middlebury will have the option to renew the lease for two additional terms of five years with the same terms and conditions as the original agreement. The agreement also contains an option to purchase. Middlebury can exercise this option any time after March 8, 2011 or immediately upon the cessation of the Buyer's economic development operations at the premises; the loss of the Buyer's Section 501(c) (3) nonprofit status or the termination or dissolution of the Buyer. The option price will be the lesser of fair market value, as determined by an appraisal or $2,000. The intention is to exercise this option and Middlebury has recognized a liability of $2,000 on the Statement of Financial Position.

SUMMARY OF DOCUMENTS

Brief descriptions of the Bond Indenture and the Loan Agreement are included herein. Such descriptions do not purport to be comprehensive or definitive; all references to the Bond Indenture and the Loan Agreement are qualified in their entirety by reference to each such document.

The Bond Indenture

The Bond Indenture contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary uses various terms defined in the Bond Indenture and such terms as used herein shall have the same meanings as so defined.

No Additional Bonds. No other bonds or other indebtedness of the Agency may be issued under and secured by the Bond Indenture at any time or for any purpose after the delivery of the Bonds except as provided in the Bond Indenture concerning the replacement of mutilated, destroyed, lost or stolen Bonds. (Section 209.)

The Bond Fund.

Deposit to Accounts. The Bond Fund contains an Interest Account, a Principal Account and a Redemption Account. The moneys in the Bond Fund shall be held by the Bond Trustee in trust and shall be subject to a lien and charge in favor of the Owners of the Bonds issued and outstanding under the Bond Indenture and for the further security of such Owners until paid out or transferred as provided in the Bond Indenture. Upon receipt, the Bond Trustee shall immediately deposit all amounts received as Note Payments for application to the payment of the principal of and interest on such Bonds, as required by the Loan Agreement, in the following order:

(A) into the Interest Account in the Bond Fund, on the Business Day next preceding each Interest Payment Date, that amount which shall be equal to the interest payable on the Bonds on such Interest Payment Date; and

(B) into the Principal Account in the Bond Fund, on the Business Day next preceding November 1, 2046, that amount which shall be equal to the principal payable on such Bonds on such November 1.

Application of Money in the Interest Account. On each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, the Bond Trustee shall withdraw from the Interest Account and remit by mail to each Owner of Bonds, or, if requested by any Owner of at least $500,000 aggregate principal amount of Bonds, by wire transfer on the next day immediately following the applicable Interest Payment Date to any bank designated by such Owner, the amount required for paying interest on such Bonds when due and payable. (Section 503.)

Application of Money in the Principal Account. On November 1, 2046, the Bond Trustee shall withdraw from the Principal Account and remit to each Owner of Bonds, upon surrender of its Bonds at the Principal Office of the Trustee, by check or draft, or, if requested by any Owner of at least $500,000 aggregate principal amount of Bonds, by wire transfer on the next day immediately following the maturity date to any bank designated by such Owner, the principal amount of the Bonds due and payable on November 1, 2046. (Section 504.)

Application of Money in Redemption Account. Money held for the credit of the Redemption Account, whether Note prepayments or money deposited from any other source, shall be applied to the purchase or redemption of Bonds as follows:

(A) The Bond Trustee shall, at the written direction of the College, endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof shall then be subject to redemption, at such price not to exceed the redemption price that would be payable on the next redemption date to the Owner of such Bonds if such Bonds or portions thereof should be called for redemption on such date from the money in the Redemption Account, plus accrued interest to the date of purchase. The Bond Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price of Bonds from the Redemption Account, but no such purchase shall be made by the Bond Trustee from money in the Redemption Account within the period of forty-five (45) days immediately preceding any Interest Payment Date on which such Bonds are subject to redemption;

(B) Subject to the provisions of paragraph (C) below, the Bond Trustee shall call for redemption on each Interest Payment Date such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held for the credit of the Redemption Account as nearly as may be practicable. Unless the College shall have deposited other available moneys for the payment thereof, the Bond Trustee shall withdraw from the Interest Account the amount required for paying the interest and from the Redemption Account the redemption price of Bonds or portions thereof so called for redemption; and

(C) Money in the Redemption Account shall be applied by the Bond Trustee in each Bond Year to the purchase, or the redemption, of Bonds then Outstanding. The Bond Trustee shall withdraw from the Interest Account the amount required for paying the interest and from the Redemption Account the redemption price of the Bonds or portions thereof so called for redemption.

(D) Upon any such retirement of any Bonds by purchase or redemption, the Bond Trustee shall file with the College a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the redemption price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds shall be paid by the College. (Section 506.)

Moneys Withdrawn from the Bond Fund. All moneys which the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Owners of such Bonds. (Section 507.)

Non-Presentment of Bonds. Any moneys deposited with the Bond Trustee or then held by the Bond Trustee in trust for the payment of the principal of and redemption premium, if any, or interest on any Bond and remaining unclaimed for the applicable escheat period after such principal and redemption premium, if any, or interest has become due and payable shall be paid to the College free of any trust or lien. Thereafter, the Owners of such Bonds shall look only to the College for payment and then only to the extent of the amount so received without any interest thereon, and the Agency and the Bond Trustee shall have no responsibility with respect to such moneys. (Section 508.)

Security for Deposits; Investment of Money and Valuation of Investments. Any and all money deposited with the Bond Trustee under the provisions of the Bond Indenture shall be trust funds under the terms thereof and shall not be subject to any lien or attachment by any creditor of the Agency or the College. Such money shall be held in trust and applied in accordance with the provisions of the Bond Indenture.

All money deposited with the Bond Trustee in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Agency and the Owners of Bonds, either (a) by lodging with a bank or trust company chosen by the Bond Trustee or custodian or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit or as such applicable law or regulation may require or allow, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Bond Trustee to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds, or for the Bond Trustee to give security for any money that shall be represented by obligations purchased under the terms of the Bond Indenture as an investment of such money.

Money held for the credit of all funds and accounts shall be continuously invested and reinvested by the Bond Trustee at the direction of the College in Investment Obligations to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended.

No Investment Obligations in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Obligations are deposited. The maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligation or other obligation.

The College may shall deliver to the Bond Trustee written directions respecting the investment of any money required to be invested under the Bond Indenture, and the Bond Trustee shall then invest such money as so directed, subject, however, to the provisions of the Bond Indenture. Notwithstanding anything in the Bond Indenture to the contrary, the Bond Trustee shall have no obligation to determine if the investments directed by the College qualify as Investment Obligations under the Bond Indenture.

Any interest earned or other income derived from the investment or deposit of moneys held for the credit of any Funds or Accounts shall be retained in such Funds and Accounts.

Investment Obligations credited to any fund or account established under the Bond Indenture shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held. The Bond Trustee shall sell at the best price reasonably obtainable or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investment.

For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations therein shall be valued at the market value or the amortized cost thereof, whichever is lower.

The Bond Trustee shall value the Investment Obligations in the funds and accounts on the last business day prior to each November 1. In addition, the Investment Obligations shall be valued by the Bond Trustee at any time requested by the College Representative on reasonable notice to the Bond Trustee (which period of notice may be waived or reduced by the Bond Trustee), provided, however, that the Bond Trustee shall not be required to value the Investment Obligations more than once in any calendar month.

Notwithstanding the previous two paragraphs, the Bond Trustee shall be required to perform valuations of Investment Obligations only on the basis of and only to the extent of market value information available to it from readily available sources (and only to the extent of such information is so available), and in each case only to the extent that such information is then generally made available by it to its corporate trust customers (Sections 601, 602 and 603.)

Defaults. Each of the following events is an "Event of Default" under the Bond Indenture; that is to say, if

(A) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(B) Payment of the principal or of the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due, whether at the maturity date or the redemption date prior to maturity, or upon maturity thereof by declaration; or

(C) An "Event of Default" shall exist under the Loan Agreement; or

(D) The Agency shall fail duly to perform, observe or comply with any covenant, condition or agreement contained in the Bonds or in the Bond Indenture on the part of the Agency to be performed (other than a failure described in paragraphs (A) through (C) above) and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Agency and to the College by the Bond Trustee or by the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30 day period, no Event of Default shall be deemed to have occurred or to exist if and so long as the Agency shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion. (Section 802.)

Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bond Trustee may, and upon the written direction of the Owners of not less than 25% of the aggregate principal amounts of Bonds then Outstanding shall, take the following remedial steps (subject to Section 902 of the Bond Indenture):

(A) In the case of an Event of Default described in paragraph (A) or (B) under Defaults above, take whatever action at law or in equity is necessary or desirable to collect the Note Payments then due;

(B) In the case of an Event of Default described in paragraph (C) or (D) under Defaults above, take whatever action the Agency would be entitled to take pursuant to the Loan Agreement in order to remedy the Event of Default in question; and

(C) In the case of an Event of Default described in paragraph (A) or (B) under Defaults above, declare the entire unpaid aggregate principal amount of the Bonds Outstanding to be immediately due and payable.

At any time after the principal of the Bonds shall have been so declared to be immediately due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, the Bond Trustee may annul such declaration and its consequences with respect to any Bonds or portions thereof not then due by their terms if (i) the College has paid or caused to be paid or deposited with the Bond Trustee moneys sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Bonds Outstanding; (ii) the College has paid or caused to be paid or deposited with the Bond Trustee moneys sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Bond Trustee; (iii) all other amounts then payable by the College under the Bond Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon. (Section 803.)

Restrictions upon Actions by Individual Bondowner. No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Indenture, for the execution of any trust thereof or to enforce any other right or remedy thereunder, unless an event of default under the Bond Indenture has occurred of which the Bond Trustee has been notified by the Agency or by the Owners of 25% in principal amount of the Bonds, and the Owners of 25% in principal amount of the Bonds shall have made written request to the Bond Trustee and shall have offered the Bond Trustee reasonable opportunity either to proceed to exercise the powers granted to it under the Bond Indenture and such Bondowners have offered to the Bond Trustee indemnity as provided in the Bond Indenture, and the Bond Trustee shall thereafter fail or refuse to exercise the powers granted in the Bond Indenture. Such notification, request and offer of indemnity are at the option of the Bond Trustee conditions precedent to any suit, action or proceeding for the enforcement thereof. No one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Indenture by its, his or their action or to enforce any right or remedy thereunder except in the manner therein provided. All proceedings shall be in accordance with the Bond Indenture and shall not be otherwise than in accordance with law and the provisions of the Bond Indenture, and all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds.

Notwithstanding any other provisions in the Bond Indenture, the Owner of any Bond shall have the right, which is absolute and unconditional, to receive payment of the principal of and redemption premium, if any, and interest on such Bond on the respective due dates expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment at the time, place, from the source and in the manner expressed in such Bond, and such right shall not be impaired without the consent of such Bondowner. (Section 808.)

Notice of Default. The Bond Trustee shall mail to all Registered Owners at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default set forth above within thirty (30) days after the Bond Trustee shall have received notice of the same that any such Event of Default shall have occurred; provided that, except upon the happening of an Event of Default specified in clause (A) under The Loan Agreement – Events of Default below and clauses (A) and (B) under Defaults above, the Bond Trustee may withhold such notice if in its opinion such withholding is in the interest of the Owners; and provided further that the Bond Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice. Except for the happening of an Event of Default specified in clauses (A) and (B) under Defaults above, the Bond Trustee shall not be deemed to have notice of any Event of Default unless the Bond Trustee has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default is received by the Bond Trustee. (Section 813.)

Right to Enforce Payment of Bonds Unimpaired. Nothing in the Bond Indenture shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his Bond or the obligation of the Agency to pay the principal of and interest on each Bond of the Holder thereof at the time and place in said Bond expressed. (Section 815.)

Supplements and Amendments to Bond Indenture.

Supplements and Amendments Not Requiring Bondowner Consent. The Agency and the Bond Trustee may, without the consent or approval of, or notice to, any of the Bondowners, enter into such supplements and amendments to the Bond Indenture as shall not, in the opinion of the Bond Trustee, materially and adversely affect the interests of the Bondowners (which supplements and amendments shall thereafter form a part of the Bond Indenture) for any of the following purposes:

(A) to cure any ambiguity or formal defect or omission in the Bond Indenture or in any supplement or amendment to the Bond Indenture, or

(B) to grant to or confer upon the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondowners or the Bond Trustee, or

(C) to subject to the lien and pledge of the Bond Indenture additional payments, revenues, properties or collateral, or

(D) to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder, or

(E) to evidence the appointment of a separate Bond Trustee or Co-Bond Trustee or the succession of a new Bond Trustee, or

(F) to modify, amend or supplement the Bond Indenture or any supplement or amendment thereto in such manner as to permit the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States, or

(G) to provide for the issuance of Bonds under a book-entry system or in bearer form. (Section 1101.)

Supplements and Amendments Requiring Consent of Owners of 51 Percent in Principal Amount of Bonds. With the consent of the Owners of not less than 51 percent in aggregate principal amount of the Bonds at the time Outstanding, the Agency and the Bond Trustee may, from time to time and at any time, enter into supplements and amendments to the Bond Indenture which the College deems necessary and desirable for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Indenture or of any supplement or amendment to the Bond Indenture or of modifying in any manner the rights of the Owners of the Bonds; provided, however, that no such modification shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium, if any, or the rate of interest thereon, or (c) granting a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to their respective claims on the security provided by the granting clause of the Bond Indenture, or (d) a reduction in the aggregate principal amount of the

Bonds required for consent to such supplemental indenture. The approval by Bondowners, however, of the execution of any supplement or amendment to the Bond Indenture as authorized in Section 1101 is not required.

It shall not be necessary for the consent of the owners of Bonds under Section 1102 to approve the particular form of any proposed supplement or amendment, but it shall be sufficient if such consent shall approve the substance thereof.

If at any time the Agency shall request the Bond Trustee to enter into any supplement or amendment to the Bond Indenture for any of the purposes of Section 1102, the Bond Trustee shall, at the expense of the Agency, cause notice of the proposed execution of such supplement or amendment to be mailed, postage prepaid, to all Registered Owners. Such notice shall briefly set forth the nature of the proposed supplement or amendment and shall state that copies thereof are on file at the Principal Office of the Bond Trustee for inspection by all Bondowners. The Bond Trustee shall not, however, be subject to any liability to any Bondowner by reason of its failure to mail the notice required by Section 1102, and any such failure shall not affect the validity of such supplement or amendment when consented to as provided in Section 1102.

Whenever, at any time within three years after the date of the first publication of such notice, the Agency or the College shall deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than 51 percent in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplement or amendment described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Bond Trustee may execute such supplement or amendment in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Owner shall have consented thereto.

If the Owners of not less than 51 percent in aggregate principal amount of the Bonds Outstanding at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof, no Owner of any Bond shall have any right to object to the execution of such supplement or amendment, or to object to any of the terms and provisions contained therein or the operation thereof or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof. (Section 1102.)

Supplements and Amendments to the Loan Agreement.

Supplements and Amendments Not Requiring Consent. The Agency and the Bond Trustee may, from time to time and at any time, consent to such amendments and supplements to the Loan Agreement as shall not be inconsistent with the terms and provisions thereof and, in the opinion of the Bond Trustee (as to which it may rely on an opinion of counsel approved by it), shall not materially and adversely affect the interests of the Bondowners (which supplements and amendments shall thereafter form a part thereof),

(A) as may be required by the Loan Agreement or the Bond Indenture, or

(B) to cure any ambiguity or formal defect or omission in the Loan Agreement or in any supplement or amendment thereto, or

(C) to grant to or confer upon the Bond Trustee, for the benefit of the Bondowners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Bond Trustee, or

(D) to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder and which shall not materially and adversely affect the interests of the Bondowners, which, in the judgment of the Bond Trustee, will not prejudice the interests of the Bond Trustee, or

(E) to provide for the issuance of the Bonds in book entry or bearer form. (Section 1201.)

Supplements and Amendments Requiring Consent of Owners of 51 Percent in Principal Amount of Bonds. Except for supplements or amendments described above, the Agency shall not execute and the Bond Trustee shall not consent to any supplement or amendment to the Loan Agreement unless notice of the proposed execution of such supplement or amendment shall have been given and the Owners of not less than 51 percent in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the execution thereof, all as provided for in Bond Indenture in the case of supplements and amendments to the Bond Indenture.

The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon an opinion of any counsel approved by it as conclusive evidence that any such proposed supplement or amendment does or does not comply with the provisions of the Bond Indenture (including without limitation as to whether the proposed supplement or amendment materially and adversely affects Bondholders), that any conditions precedent contained in the Bond Indenture or the Loan Agreement applicable to the execution and delivery thereof have been satisfied, and that it is (or is not) proper for the Bond Trustee, under the provisions of Article XII of the Bond Indenture to join in the execution thereof. (Section 1202.)

Defeasance. When (a) the Bonds secured under the Bond Indenture shall have become due and payable in accordance with their terms or otherwise as provided in the Bond Indenture, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds shall be paid or (b) if the Bond Trustee shall hold sufficient money or Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, or combination of such payment and redemption, and (c) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by the Agency to the Bond Trustee, and (d) sufficient funds shall also have been provided or provision made for paying all other obligations payable by the Agency, then and in that case the right, title and interest of the Bond Trustee in the Note and in the funds and accounts mentioned in the Bond Indenture shall thereupon cease, terminate and become void and, on demand of the Agency and upon being furnished with an opinion, in form and substance satisfactory to the Bond Trustee, of counsel approved by the Bond Trustee, to the effect that all conditions precedent to the release of the Bond Indenture have been satisfied, the Bond Trustee shall release the Bond Indenture (subject to any terms of the Bond Indenture that survive in accordance with their terms) and shall execute such documents to evidence such release as may be reasonably required by the Agency and shall turn over to the College, any surplus in any, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. Otherwise, the Bond Indenture shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Trustee as hereinabove provided, (i) in addition to the requirements set forth in the Bond Indenture for the giving of any notice of redemption, the Bond Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice to be mailed by first class mail, postage prepaid, to all Bondowners setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that the Bond Indenture has been released in accordance with the provisions of the Section, and (ii) the Bond Trustee shall nevertheless retain such rights, powers and privileges under the Bond Indenture as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited, and as may be necessary and convenient for the registration of transfer and exchange of Bonds.

All money and Defeasance Obligations held by the Bond Trustee shall be held in trust and applied to the payment, when due, of the obligations payable therewith. (Section 1301.)

The Loan Agreement

The Loan Agreement contains terms and conditions relating to the loan by the Agency to the College of the proceeds of the sale of Bonds including various covenants and security provisions, certain of which are summarized below. This summary uses various terms defined in the Loan Agreement and such terms as used herein shall have the same meanings as so defined.

<u>Representations by the College</u>. The College represents and warrants as follows:

(F) It is a duly organized and existing private nonprofit college under the laws of the State and is an "eligible institution" within the meaning of such term as used in the Act.

(G) It has the corporate power to enter into the Loan Agreement and to execute and deliver the Note and perform its obligations and agreements thereunder.

(H) It has duly authorized the execution, delivery and performance of the Loan Agreement and the Note.

(I) It is an organization described in Section 501(c)(3) of the Code, and as such is exempt from Federal income taxes under Section 501(a) of the Code.

(J) The representations, warranties, certifications and other information supplied by the College that has been relied upon by Bond Counsel with respect to the eligibility of the Project and the exclusion of interest on the Bonds from gross income for federal income tax purposes, are true and correct. (Section 2.02).

Issuance of the Bonds to Fund Loan; Loan by the Agency; Repayment. To provide funds to refund the Refunded Bonds, the Agency agrees that it will sell, issue and deliver the Bonds to the purchaser or purchasers thereof. The Bonds shall be issued in accordance with the Bond Indenture.

Upon the terms and conditions of the Loan Agreement, the Agency shall lend to the College the proceeds of the sale of the Bonds. The principal amount of the Loan shall equal the sum of the aggregate principal amount of the Bonds. The proceeds of the Loan shall be deposited with the Bond Trustee and applied in accordance with the Bond Indenture.

The College agrees that its obligation to repay the Loan is absolute and unconditional and is payable from moneys of the College lawfully available therefor. As consideration for the issuance of the Bonds and the making of the Loan to the College by the Agency, the College agrees to deliver the Note to the Agency for assignment to the Bond Trustee under the Bond Indenture.

The Note will provide for the making of Note Payments on the dates, in the amounts and in the manner provided in the Bond Indenture so that moneys will be available to the Bond Trustee, for the account of the Agency, to pay the principal (by reason of maturity, scheduled amortization, acceleration or redemption), premium, if any, and interest on the Bonds.

Any amount credited under the Bond Indenture against any payment required to be made by the Agency thereunder shall be credited against the corresponding payment required to be made by the College under the Loan or Note. The College covenants that it will make Note Payments at such times and in such amounts to assure that payment of the principal of (by reason of maturity, acceleration or redemption) and premium, if any, and interest on the Bonds shall be made when due. (Section 4.01).

Covenants of the College

Covenant to Maintain Campus. The College will, at its sole cost and expense, maintain, preserve and keep the Campus with the appurtenances and every major part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the College shall not be obligated to maintain, preserve, repair, replace or renew any element or unit of the Campus the maintenance, repair, replacement or renewal of which becomes uneconomic to the College because of damage or destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulation, or the termination by the College of the operation of the facilities to which the element or unit of the Campus is an adjunct. The College covenants that it will not permit, commit or suffer any waste of the whole or any major part of the Campus and shall not use or permit the use of the Campus, or any part thereof, for any unlawful purpose or permit any nuisance to exist thereon. The College further covenants that it will not dispose of any substantial portion of its assets other than in the ordinary course of business without the consent of the Agency, which consent shall not be unreasonably withheld. (Section 4.04).

Arbitrage. The Agency and the College shall take no action, and shall not approve any action of or the making of any investment or use of the proceeds of the Bonds by the Bond Trustee, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code or that would otherwise cause the interest on the Bonds to be includable in the gross income of any holder thereof for Federal income tax purposes pursuant to the Code and the regulations thereunder as such may be applicable to the Bonds at the time of such action, investment or use. (Section 5.04).

Covenant to Maintain Corporate Existence and Tax Status. The College covenants that so long as the Bonds are outstanding it will not dispose of all or substantially all its assets and will not acquire, consolidate with or merge into another corporation; provided, however, that the College may acquire, consolidate with or merge into another corporation, or transfer to another corporation all or substantially all its assets, if the successor or transferee corporation is an "eligible institution" within the meaning of the Act and irrevocably and unconditionally assumes in writing all the obligations of the College under the Note and the Loan Agreement.

The College covenants and agrees (i) that it will use diligence so that it will not perform any acts nor enter into any agreements or omit to perform any act or fulfill any requirement that shall have the effect of prejudicing the College's tax exempt status under Section 501(c)(3) of the Code and (ii) that it will maintain, extend and renew its corporate existence under the laws of the State and all franchises, rights and privileges to it granted and upon it conferred, and will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its operations and activities restricted or whereby the payment under the Loan Agreement or the Note might or could be hindered, delayed or otherwise impeded. The College further covenants that it will use due diligence so that it will maintain its tax exempt status under Federal income tax laws and regulations, and none of its gross revenues, income or profits, either realized or unrealized, and none of its other assets or property will be distributed to any of its employees, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purpose of the College; provided, however, that this is not intended to prevent the College's paying the cost of services or property, real or personal, provided to the College by any person, association or corporation. (Section 5.06).

Secondary Market Disclosure. The College covenants for the benefit of the persons who from time to time are the owners of the Bonds for federal income tax purposes (the "beneficial owners"):

(A) to file within 150 days after the end of each of its fiscal years, beginning with its fiscal year ending June 30, 2016, with the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB, core financial information for the prior fiscal year, including (i) the College's audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data concerning the College of the type generally found under the captions "Middlebury Faculty and Staff", "Student Enrollment", "Tuition and Fees", "Financial Aid" and "Gifts, Grants and Bequests" in Appendix A to this Official Statement; and

(B) to file in a timely manner, not in excess of ten business days after the occurrence of the applicable event, with the MSRB, notice of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the College[1];

[1] This event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the College in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the College, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the College.

(xiii) the consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(C) to file in a timely manner, with the MSRB, notice of a failure of the College to provide required annual financial information described in (A) above on or before the date specified.

Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Market Access (EMMA) system, the current Internet address of which is www.emma.msrb.org. All notices, documents and information provided to the MSRB shall be provided in an electronic format prescribed by the MSRB (currently, portable document format (pdf), which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

No beneficial owner may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of any covenant above (the "Disclosure Covenant") or for any remedy for breach thereof, unless such owner shall have filed with the College written notice of and request to cure such breach, and the College shall have refused to comply within a reasonable time. All Proceedings shall be for the equal benefit of all beneficial owners of the outstanding Bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the Disclosure Covenant at issue. Notwithstanding the foregoing, no challenge to the adequacy of the information provided in accordance with the filings mentioned in clauses (A) or (B) above may be prosecuted by any beneficial owner except in compliance with the remedial and enforcement provisions of the Loan Agreement. Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described in this paragraph.

Any amendment to the Disclosure Covenant may only take effect if:

1. the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the College, or type of business conducted; the Disclosure Covenant, as amended, would have complied with the requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC") at the time of issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Beneficial Owners, as determined by parties unaffiliated with the College or the Agency; or

2. all or any part of the Rule, as interpreted by the staff of the SEC at the date of the delivery of the Bonds, ceases to be in effect for any reason, and the College elects that the Disclosure Covenant shall be deemed amended accordingly.

In the case of any amendment, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Events of Default. The terms "Event of Default" and "Default" under the Loan Agreement shall mean any one or more of the following events:

(A) The College shall fail to make any Note Payment.

(B) An Event of Default shall exist under the Bond Indenture.

(C) The College shall fail duly to perform, observe or comply with any covenant, condition or agreement on its part under the Loan Agreement (other than a failure to make any Note Payment required under the Loan Agreement), and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the College and the Agency by the Bond Trustee, or to the College and the Agency and the Bond Trustee by the Owners of at least 25% in aggregate principal amount of the Bonds then outstanding; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as the College shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion.

(D) Under any present or future bankruptcy law, the College shall apply for or consent to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of itself or of any part of its property, or shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or shall institute proceedings to be adjudged a bankrupt or insolvent, or shall seek reorganization in a proceeding under any present or future bankruptcy law or shall admit the material allegations of a petition filed against the College in any such proceeding, or shall seek relief under the provisions of any other present or future bankruptcy, insolvency or other similar law providing for the reorganization or winding up of corporations, or the College or its directors shall take action looking to the dissolution or liquidation of the College or an arrangement, composition, extension or adjustment with its creditors generally (except in connection with a consolidation or a merger of the College with or into another corporation or sale, transfer or other disposition of all or substantially all the assets of the College not prohibited by the Loan Agreement with respect to the College).

(E) The entry of a decree or order by a court having jurisdiction in the premises adjudging the College a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the College under the Federal Bankruptcy Code or any other applicable law, or under any present or future bankruptcy law appointing a receiver, liquidator, custodian, assignee, trustee, sequestrator (or other similar official) of the College or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of such decree or order unstayed and in effect for a period of 60 consecutive days.

(F) If the College shall default in the payment of the principal of or interest on any other obligation of the College for borrowed money in an amount in excess of $1,000,000 as and when the same shall become due and payable by lapse of time, by declaration, by call for redemption or otherwise and such default shall continue beyond the period of grace, if any, allowed with respect thereto; provided, however, that such default shall not constitute an Event of Default if within 30 days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the indebtedness is commenced, (i) the College in good faith commences proceedings to contest the existence or payment of such indebtedness, and (ii) sufficient moneys are escrowed with a bank or trust company for the payment of such indebtedness.

(G) If the College shall default under any indenture, agreement or other similar instrument under which any evidence of indebtedness of the College in an amount in excess of $1,000,000 may be issued and such default results in the formal acceleration of the maturity of any indebtedness of the College outstanding thereunder; provided, however, that such default shall not constitute an Event of Default if within 30 days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the indebtedness is commenced, (i) the College in good faith commences proceedings to contest the existence or payment of such indebtedness, and (ii) sufficient moneys are escrowed with a bank or trust company for the payment of such indebtedness. (Section 7.01).

Remedies on Default. Whenever any Event of Default referred to above shall have happened and be subsisting, the Agency may take the following remedial steps:

(A) In the case of an Event of Default described in clause (A), the Agency may take whatever action at law or in equity necessary or desirable to collect the Note Payments then due, including declaring the payment obligation evidenced by the Notes to be immediately due and payable;

(B) In the case of any other Event of Default, the Agency may take whatever action at law or in equity necessary or desirable to enforce the performance, observance or compliance by the College with any covenant, condition or agreement by the College under the Loan Agreement; or

(C) In the case of an Event of Default other than in clause (A) which results in the Bonds being declared immediately due and payable, the Agency shall declare the payment obligation evidenced by the Notes to be immediately due and payable.

In the enforcement of the remedies provided in the Loan Agreement, the Agency may treat all expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the College then due and owing. (Section 7.02).

Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to Payment of the Bonds, the Loan Agreement and the Bond Indenture may not be effectively amended, changed, modified, altered or terminated except in accordance with the Bond Indenture. (Section 9.11).

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PROPOSED FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

August __, 2016

Vermont Educational and Health
Buildings Financing Agency
Winooski, Vermont

Ladies and Gentlemen:

We have examined Title 16, Chapter 131, Sections 3851-3862, Vermont Statutes Annotated, as amended (the "Act"), and certified copies of the proceedings of the Board of Vermont Educational and Health Buildings Financing Agency (the "Board"), a body corporate and politic constituting a public instrumentality of the State of Vermont (the "Agency"), authorizing the issuance of revenue bonds of the Agency hereinafter described and other proofs submitted relative to the issuance of the following bonds (the "Bonds"):

$___________

VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY REVENUE REFUNDING BONDS (MIDDLEBURY COLLEGE PROJECT) SERIES 2016

Dated, maturing, bearing interest and subject to redemption all as provided in the Bond Indenture.

The Bonds are issued under and pursuant to the Act and a Bond Indenture dated as of August 1, 2016 (the "Bond Indenture"), between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds bear interest from their date and are subject to redemption prior to their maturity in the manner and upon the terms and conditions set forth therein. The Bonds are issuable in fully registered form in denominations of $5,000 and integral multiples thereof.

The Agency will lend the proceeds of the Bonds to The President and Fellows of Middlebury College (the "College") under the Loan Agreement, dated as of August 1, 2016 (the "Loan Agreement"), between the Agency and the College. The Bonds are payable from payments to be made by the College on its note (the "Note") issued by the College under the Loan Agreement and delivered to the Agency in consideration of the College's obligation to repay the loan of the proceeds of the Bonds and to perform its obligations under the Loan Agreement, and assigned by the Agency to the Trustee as security for the payment of the Bonds. The Note is an absolute and unconditional obligation of the College, secured by the general credit of the College and payable from any available moneys of the College.

We have also examined one of the Bonds as executed and authenticated.

Based upon such examination, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued.

2. The Bond Indenture has been duly authorized and executed by the Agency and is a valid, binding and enforceable agreement in accordance with its terms.

3. The Bonds are valid and binding limited obligations of the Agency payable in accordance with their terms from payments to be made by the College pursuant to the Note, funds held by the Trustee under the Bond Indenture and money attributable to the proceeds of the Bonds and the income from the investment thereof.

4. The Loan Agreement has been duly authorized and executed by the Agency and the College and is a valid, binding and enforceable agreement in accordance with its terms.

5. The Bonds shall not be deemed to constitute a debt or liability of the State of Vermont, and neither the faith and credit nor the taxing power of the State of Vermont is pledged for the payment of the principal of or the interest on the Bonds.

6. Assuming compliance by the College and the Agency with their respective covenants to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and except as provided in the following sentence, the interest on the Bonds is not includible in gross income for federal income tax purposes under current law. Interest on the Bonds will become includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds (a) in the event of a failure by the Agency or the College to comply, subsequent to the date of issue of the Bonds, with certain requirements of the Code and covenants regarding use, expenditure, and investment proceeds of the Bonds and, if required, the timely payment of certain investment earnings to the Treasury of the United States, or (b) in the event that the $150 million limitation imposed by Section 145(b) of the Code on certain outstanding, tax-exempt, nonhospital bonds is exceeded within three years of the date of issue of the Bonds. The College and the Agency have covenanted, among other things, not to take any action that would cause interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes. The covenant of the Agency does not require the Agency to make any financial contribution for which it does not receive funds from the College. Interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax on individuals and corporations imposed by the Code but will be included in the computation of the alternative minimum tax on corporations imposed by the Code. The opinions expressed in this paragraph may not be relied upon to the extent that the exclusion from gross income of the interest on the Bonds for federal income tax purposes is adversely affected as a result of any action taken, or not taken, in reliance on the advice or opinion of counsel other than this firm. Other than as described herein, we have not addressed and we are not opining on the tax consequences to any investor of the investment in, the ownership or disposition of, or receipt of any interest on, the Bonds.

The Act provides that bonds of the Agency and the income therefrom shall at all times be exempt from taxation in the State of Vermont, except for transfer and estate taxes.

The enforceability of the Bond Indenture and the Loan Agreement and the obligations of the aforementioned parties with respect to such documents are subject to bankruptcy, insolvency and other laws affecting creditors' rights generally. To the extent that the remedies under the Bond Indenture and the Loan Agreement require enforcement by a court of equity, the enforceability thereof may be limited by such principles of equity as the court having jurisdiction may impose.

In rendering the opinions in paragraph 6 above, we have relied upon the representations made by the College with respect to certain material facts within its knowledge, which facts and representations we have not independently verified, and the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, that the College is an organization described in Section 501(c)(3) of the Code and exempt from tax under section 501(a) of the Code, or corresponding provisions of prior law, and that, to such counsel's knowledge, the College has done nothing to impair such status and that use of property financed or refinanced with the proceeds of the Bonds does not constitute an unrelated trade or business under Section 513(a) of the Code.

In rendering the above opinions we have also relied, without independent investigation, upon the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, with respect to the due organization and valid existence of the College, its power and authority with respect to the transactions contemplated by, and its due authorization, execution and delivery of, the Note and the Loan Agreement.

Respectfully submitted,

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