NEW ISSUE – BOOK ENTRY ONLY **RATINGS: Moody's: Baa1**
S&P: A-
See "Ratings" herein

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 "Tax Exemption" herein.

$46,595,000
VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY REVENUE BONDS (SAINT MICHAEL'S COLLEGE PROJECT), SERIES 2012

Dated: Date of delivery **Due: October 1, as shown below**

The Bonds are one of a duly authorized series of revenue bonds of Vermont Educational and Health Buildings Financing Agency (the "Agency"), issued under a Trust Agreement dated as of May 1, 2012 (the "Trust Agreement"), between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and bond registrar. The Bonds are being issued for the purpose of providing funds to (1) refund all of the Agency's Revenue Bonds (St. Michael's Project), Series 1999, Series 2001 and Series 2003, (2) acquire, construct and equip a new student center and a new residence hall at Saint Michael's College, Inc. (the "College") and (3) pay certain expenses incurred in connection with the issuance of 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 ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive definitive Bonds. So long as DTC is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC. Disbursements of such payments to Direct Participants are the responsibility of DTC and disbursements of such payments to the beneficial owners are the responsibility of Direct Participants and Indirect Participants. See "THE BONDS – Book-Entry Only System." So long as Cede & Co. is the registered owner of the bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Bonds.

Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2012.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY AND ARE PAYABLE SOLELY FROM PAYMENTS TO BE MADE BY OR ON BEHALF OF THE COLLEGE, IN ACCORDANCE WITH THE PROVISIONS OF THE LOAN AGREEMENT (AS DEFINED BELOW) AND THE TRUST AGREEMENT 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.

The Agency will enter into a Loan Agreement dated as of May 1, 2012 (the "Loan Agreement"), with the College, under which the Agency will agree to lend to the College the proceeds of the Bonds and in consideration of the loan the College will agree to make payments to the Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for timely payment of the principal of and interest on the Bonds. As evidence of its absolute obligation to repay the loan under the Loan Agreement, the College will execute and deliver to the Agency its note (the "Note").

Pursuant to the Trust Agreement, the Agency will assign to the Trustee certain of the Agency's rights under the Loan Agreement, including all its right, title and interest in and to the Loan Repayments (subject to the reservation of certain rights of the Agency, including its rights to notices, payment of certain expenses and indemnity), and will assign to the Trustee all of its right, title and interest in and to the Note and to any and all moneys and securities in the Bond Fund (as defined herein) and, until applied in payment of any item of the Cost of the Project (as defined herein), to all money and securities in the Construction Fund.

The Bonds will be subject to redemption prior to maturity as described herein.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

$31,665,000 Serial Bonds

Maturity Date (October 1)	Amount	Interest Rate	Yield	Maturity Date (October 1)	Amount	Interest Rate	Yield
2012	$ 320,000	2.00%	0.60%	2021	$2,020,000	5.00%	2.85%
2013	2,360,000	3.00	0.88	2022	2,125,000	5.00	3.04
2014	2,430,000	3.00	1.16	2023	2,235,000	5.00	3.23*
2015	2,505,000	3.00	1.42	2024	1,425,000	5.00	3.35*
2016	2,595,000	4.00	1.69	2025	1,500,000	5.00	3.45*
2017	1,680,000	4.00	1.95	2026	1,575,000	5.00	3.53*
2018	1,750,000	4.00	2.18	2027	1,655,000	5.00	3.61*
2019	1,830,000	5.00	2.42	2028	1,740,000	5.00	3.72*
2020	1,920,000	5.00	2.65				

$ 3,310,000 4.00% Term Bonds due October 1, 2032 – Priced to Yield 4.05%
$11,620,000 5.00% Term Bonds due October 1, 2042 – Priced to Yield 4.18%*

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality by Sidley Austin LLP, New York, New York, Bond Counsel to the Agency. Certain legal matters will be passed upon for the Underwriters by their counsel, Edwards Wildman Palmer LLP, Boston, Massachusetts, for the Agency by its counsel, Deppman & Foley, P.C., Middlebury, Vermont and for the College by its counsel, Dinse, Knapp & McAndrew, P.C., Burlington, Vermont. It is expected that the Bonds will be available for delivery in definitive form to DTC in New York, New York, or its custodial agent, on or about May 24, 2012.

Morgan Stanley

Barclays **TD Securities (USA) LLC** **Wells Fargo Securities**

Dated: May 10, 2012

* Priced at the stated yield to the October 1, 2022 optional redemption date at a redemption price of 100%. See "THE BONDS – Redemption Prior to Maturity – Optional Redemption" herein.

No dealer, broker, salesman or other person has been authorized by the Vermont Educational and Health Buildings Financing Agency (the "Agency"), Saint Michael's College, Inc. (the "College") or the Underwriters to give any information or to make any representations with respect to the Bonds other than those 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. Certain 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, and is not to be construed to be the representation of the Agency or the Underwriters. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE TRUST AGREEMENT HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriters have provided the following sentence and paragraph for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

Relating To

$46,595,000

VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY

Revenue Bonds

(Saint Michael's College Project), Series 2012

INTRODUCTION

The Official Statement, including the cover page and appendices, sets forth certain information concerning the issuance and sale by Vermont Educational and Health Buildings Financing Agency (the "Agency"), a public instrumentality of the State of Vermont (the "State") of its Revenue Bonds (Saint Michael's College Project), Series 2012 in the aggregate principal amount of $46,595,000 (the "Bonds"). The Bonds are authorized to be issued pursuant to Chapter 131, Sections 3851 to 3862, inclusive, of Title 16 of the Vermont Statutes Annotated, as amended (the "Act"). The Bonds will be issued under a Trust Agreement, dated as of May 1, 2012 (the "Trust Agreement"), between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution of the Agency adopted on April 9, 2012 (the "Resolution"). The Bank of New York Mellon Trust Company, N.A. has also been appointed Bond Registrar under the Trust Agreement.

The Bonds are being issued for the purpose of providing funds to (1) refund all of the Agency's Revenue Refunding Bonds (St. Michael's College Project), Series 1999, and the Agency's Revenue Bonds (St. Michael's College Project), Series 2001 and Series 2003 (collectively, the "Refunded Bonds"), each of which was issued to finance and refinance the cost of the acquisition, construction, equipping and installation by Saint Michael's College, Inc., Colchester, Vermont (the "College") of certain educational facilities, (2) acquire, construct and equip a new student center and a new residence hall on the campus of the College and (3) pay certain expenses incurred in connection with the issuance of the Bonds.

The Agency will enter into a Loan Agreement, dated as of May 1, 2012 (the "Loan Agreement"), with the College, under which the Agency will agree to lend to the College the proceeds of the Bonds and in consideration of the loan the College will agree to make payments to the Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for timely payment of the principal of and interest on the Bonds. As evidence of its unconditional, general obligation to repay the loan under the Loan Agreement, the College will execute and deliver to the Agency its promissory note (the "Note").

Pursuant to the Trust Agreement, the Agency will, for the benefit of the owners of the Bonds, assign certain of the Agency's rights under the Loan Agreement, including all its right, title and interest in and to the Loan Repayments (subject to the reservation of certain rights of the Agency, including its rights to notices, payment of certain expenses and indemnity), and will assign all of its right, title and interest in and to the Note and to any and all moneys and securities in the Bond Fund and, until applied in payment of any item of the Cost of the Project, to all money and securities in the Construction Fund, to the Trustee in trust.

The Bonds are limited obligations of the Agency. The Agency is not obligated to pay principal or the premium, if any, or the interest on the Bonds except from (i) payments made by the College under the Loan Agreement and on the Note and (ii) other amounts held by the Trustee pursuant to the Trust

Agreement. 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 or premium, if any, or interest on the Bonds. The College's obligation on the Note is an absolute and unconditional obligation of the College, payable from any or all of its available assets or funds.

A summary of certain provisions of the Trust Agreement and the Loan Agreement is included as Appendix C to this Official Statement.

The purchase of the Bonds involves a degree of risk. Prospective purchasers should carefully consider the material under the caption "Risk Factors" herein.

The Bonds will be sold and delivered by the Agency to Morgan Stanley & Co. LLC, as representative (the "Representative") of the underwriters (the "Underwriters"), pursuant to a bond purchase agreement, dated the date of this Official Statement, by and among the Agency, the College and the Representative. (See the caption "Underwriting" herein.)

The preceding and following summaries are not comprehensive or definitive. All references to the Act, the Bonds, the Trust Agreement, the Loan Agreement and the Note are brief summaries of certain provisions thereof and are qualified in their entirety by the definitive forms of such statute and documents. Copies of the documents are available for inspection at the corporate trust office of the Trustee located at 135 Santilli Highway, Everett, MA 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 Commissioner 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.

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

Dawn D. Bugbee, Vice Chair
Chief Financial Officer
Green Mountain Power Corporation
Colchester, Vermont

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

Steve Gurin, Secretary
Senior Vice President
Key Bank
Burlington, Vermont

Ex Officio Members

Elizabeth Pearce
State Treasurer
Montpelier, Vermont

Jeb Spaulding
Secretary of Administration
Montpelier, Vermont

Armando Vilaseca
Commissioner of Education
Montpelier, Vermont

Douglas Racine
Secretary of the Agency of Human Services
Williston, Vermont

Appointed and Elected Members

Kenneth Gibbons
President
Union Bank
Morrisville, Vermont

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

Sandy Predom
Vice President
The Merchants Bank
Rutland, Vermont

Neal E. Robinson[*]
Vice President for Finance
Saint Michael's College, Inc.
Colchester, Vermont

Stuart W. Weppler
Business and Financial Consultant
Morrisville, Vermont

Executive Director

Robert Giroux
Executive Director
Vermont Educational and Health
Buildings Financing Agency
Winooski, Vermont

[*] Mr. Robinson serves as the Vice-President for Finance of the College and has abstained from all official action of the Board of the Agency undertaken in connection with the issuance of the Bonds.

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

Sidley Austin LLP, New York, New York, is Bond Counsel and will render its approving opinion 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 of Vermont. 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 for the benefit of eligible institutions in the State, including certain bonds of the Agency issued on behalf of the College. With the exception of the Agency's bond issues on behalf of the College, including the Refunded Bonds, all such outstanding Agency bond and note issues have been authorized and issued pursuant to financing documents separate from and unrelated to the Loan Agreement, the Trust Agreement and the Resolution for the Bonds and are payable from certain revenues other than those pledged for payment of 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 financing documents to assist eligible institutions in the State in the acquisition, construction, financing and refinancing of their related projects payable from revenues derived by the Agency from such institutions.

THE BONDS

Security for the Bonds

The Bonds will be secured by (1) the Loan Repayments and (2) all other moneys and securities held from time to time by the Trustee for the Bondholders under the Trust Agreement. The obligation of the College to make the Loan Repayments and all other Required Payments under the Loan Agreement is the absolute and unconditional general obligation of the College.

Pursuant to the Trust Agreement, the Agency will, for the benefit of the owners of the Bonds, assign certain of the Agency's rights under the Loan Agreement, including all its right, title and interest in and to the Loan Repayments (subject to the reservation of certain rights of the Agency, including its rights to notices, payment of certain expenses and indemnity), and will assign all of its right, title and interest in and to the Note and to any and all moneys and securities in the Bond Fund and, until applied in payment of any item of the Cost of the Project, to all money and securities in the Construction Fund, to the Trustee in trust. See Appendix C – "DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF THE LOAN AGREEMENT AND THE TRUST AGREEMENT."

Maturities, Amounts and Interest Rates

The Bonds will be dated the date of their delivery, will bear interest until their payment at the rates set forth on the cover of this Official Statement, such interest to the maturity thereof being payable on October 1, 2012 and semi-annually thereafter on April 1 and October 1 of each year and will mature (subject to the right of prior redemption) on October 1 of the years and in the amounts set forth on the cover of this Official Statement.

Each Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (1) authenticated upon any Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (2) authenticated prior to the first Interest Payment Date in which event it will bear interest from its date; provided, however, that, if at the time of authentication of any Bond interest is in default, such Bond will bear interest from the date to which interest has been paid or duly provided for. Interest on the Bonds shall be computed on the basis of a 360-day years of twelve 30-day months.

The principal of and the interest on the Bonds will be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of all Bonds will be payable at the corporate trust office of the Bond Registrar. Payment of the principal of all Bonds will be made upon the presentation and surrender of such Bonds as the same become due and payable.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name that Bond is registered at the close of business on the Regular Record Date, which will be the fifteenth day (whether or not a business day) of the calendar month preceding the month in which the Interest Payment Date occurs, and will be paid by check mailed to such registered owner at the address appearing on the registration books or, at the option of any owner of Bonds in an aggregate principal amount of $500,000 or more, by wire transfer, by submission by such owner of a written request to the Trustee specifying such method of payment and giving wiring instructions, including the address of a bank within the continental United States to which such payment is to be made.

Redemption Prior to Maturity

Optional Redemption. If the College exercises its option to prepay its Loan, the Bonds maturing on or after October 1, 2023 are required to be redeemed by the Agency on or after October 1, 2022, in whole or in part on any date (and if in part, in such order of maturity as the College determines), upon payment of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption Without Premium. The Bonds are also required to be redeemed to the extent and in satisfaction of any Sinking Fund Requirement (as set forth below) therefor on October 1 immediately after each Bond Year in which there is a Sinking Fund Requirement, upon payment of 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

The Bonds maturing on October 1, 2032 and October 1, 2042 are subject to mandatory redemption in part in the amounts set forth below at 100% of the principal amount of the Bonds being redeemed plus accrued interest to the redemption date:

Bonds Maturing October 1, 2032

Year (October 1)	Amortization Requirement	Year (October 1)	Amortization Requirement
2029	$780,000	2031	$845,000
2030	810,000	2032	875,000†

† Unamortized balance at maturity.

Bonds Maturing October 1, 2042

Year (October 1)	Amortization Requirement	Year (October 1)	Amortization Requirement
2033	$ 920,000	2038	$1,180,000
2034	965,000	2039	1,240,000
2035	1,015,000	2040	1,305,000
2036	1,065,000	2041	1,370,000
2037	1,120,000	2042	1,440,000†

† Unamortized balance at maturity.

Selection of Bonds to be Redeemed

The Bonds shall be redeemed only in whole multiples of $5,000. The Trustee will select the Bonds to be redeemed in accordance with the terms and provisions of the Trust Agreement.

If less than all of the Bonds of any maturity are to be called for redemption, the Trustee shall select, in such manner as it in its discretion may determine, the Bonds to be redeemed within each maturity, including each Sinking Fund Requirement, each $5,000 portion of principal being counted as one Bond for this purpose.

Notice of Redemption

Notice of redemption identifying the Bonds to be redeemed will be given by the Trustee by first-class mail, postage prepaid, to all owners of Bonds to be redeemed at least 30 days but not more than 60 days prior to the redemption date. Failure to mail any such notice to any owner or any defect in any notice so mailed will not affect the validity of the proceedings for the redemption of the Bonds of any other owner. No further interest will accrue on the principal of any Bond called for redemption after the redemption date if funds sufficient for such redemption have been deposited with the Trustee.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and interest on the Bonds to be redeemed and that if such moneys are not so received, such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and interest on such Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made and the Trustee shall 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.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with or for the account of DTC.

DTC, the world's largest 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 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"). 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 and www.dtc.org.

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 ("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 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 transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the security documents. 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 the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a single maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 (including sinking fund installments), redemption premium, if any, 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 Trustee on the payable 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, the College, the 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 DTC is the responsibility of the Agency or the 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, definitive Bonds are required to be printed and delivered.

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

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 or the Underwriters takes any responsibility for the accuracy thereof.

NEITHER THE TRUSTEE NOR THE AGENCY SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN IN THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER, WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PRICE, IF ANY, OR INTEREST ON THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TRUST AGREEMENT; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

In the event that the book-entry only system is discontinued, principal and redemption price will be payable upon surrender of the Bonds at the corporate trust office of the Trustee and interest will be payable on each Interest Payment Date, by check or draft mailed or, at the option of the Holder of at least $500,000 aggregate principal amount of Bonds, by wire transfer, to the Bondholders as of the close of business on the Record Date.

If the book-entry only system is discontinued and Bond certificates have been delivered as described in the Trust Agreement, the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondholder. Thereafter, Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee, as Registrar. The transfer of any Bond may be registered on the books maintained by the Trustee, as Registrar, for such purpose only upon the surrender thereof to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of Bonds, the Trustee, as Registrar, may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondholder for any exchange or registration of transfer of the Bonds. The Trustee will not be required to register the transfer of or exchange any Bond during the period from the Record Date to the Bond Payment Date or if such Bond (or any part thereof) has been selected for redemption.

THE COLLEGE

Founded in 1904, the College is an independent non-profit institution of higher education, chartered by the State. It was founded by members of the Society of Saint Edmond with which the College maintains its affiliation. It is situated on 480 acres of land located just outside the City of Burlington, Vermont, in Vermont's Champlain Valley. For a further discussion of the College, its governance, administration, facilities, academic program, student body and financial operations, see the "Information Concerning the College" included as Appendix A to this Official Statement.

PLAN OF FINANCING

Upon delivery of the Bonds, the proceeds of the Bonds will be used, together with other available funds, to: (i) refund the Refunded Bonds; (ii) finance various capital projects of the College, including the acquisition, construction and equipping of a new student center and a new residence hall and associated site development and improvements at the main campus of the College; and (iii) pay for costs incidental to the issuance of the Bonds. See Appendix A hereto – "Information Concerning the College."

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore Inc. (the "Verification Agent"), will deliver to the Agency on or before the date of issuance of the Bonds its verification report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, certain information and assertions provided by the Underwriters. Included in the scope of its examination will be a verification of the accuracy of: (i) the mathematical computations relating to the adequacy of the maturing principal of and interest earned on the Government Obligations and any initial cash balances to be held in escrow to provide for the payment of the principal of and accrued interest and redemption premium, if any, on the Refunded Bonds when due; and (ii) the mathematical computation of actuarial yield on certain Government Obligations and on the Bonds, which computations support the opinion of Sidley Austin LLP, Bond Counsel, as to the exclusion from gross income of interest on the Bonds. See "TAX EXEMPTION." The Verification Agent will express no opinion on the assumptions provided to it, nor as to the exclusion from gross income of the interest on the Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources of funds which will be available for the plan of financing described above and the estimated uses of funds required therefor:

Estimated Sources of Funds

Par amount of Bonds	$46,595,000
Net Original Issue Premium	4,395,332
Amounts on Deposit in Debt Service, Redemption and Reserve Funds for Refunded Bonds	3,700,336
Total Sources of Funds	$54,690,668

Estimated Uses of Funds

Deposit to Construction Fund	$27,507,847
Refunding of Refunded Bonds	26,627,645
Costs of Issuance [1]	555,176
Total Use of Funds	$54,690,668

[1] This amount includes underwriters' discount and other costs for legal, accounting, trustee and printing expenses and financial advisor and Agency fees relating to the issuance of the Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each year ending October 1, the principal, interest and mandatory redemption requirements on the College's outstanding bond indebtedness (rounded to the nearest dollar). The table below excludes debt service on the Refunded Bonds, all of which will be refunded with proceeds of the Bonds and other available funds. See "PLAN OF FINANCING."

Period Ending October 1	Principal	Interest	Total Debt Service
2012	$ 320,000	$ 734,095	$1,054,095
2013	2,360,000	2,074,500	4,434,500
2014	2,430,000	2,003,700	4,433,700
2015	2,505,000	1,930,800	4,435,800
2016	2,595,000	1,855,650	4,450,650
2017	1,680,000	1,751,850	3,431,850
2018	1,750,000	1,684,650	3,434,650
2019	1,830,000	1,614,650	3,444,650
2020	1,920,000	1,523,150	3,443,150
2021	2,020,000	1,427,150	3,447,150
2022	2,125,000	1,326,150	3,451,150
2023	2,235,000	1,219,900	3,454,900
2024	1,425,000	1,108,150	2,533,150
2025	1,500,000	1,036,900	2,536,900
2026	1,575,000	961,900	2,536,900
2027	1,655,000	883,150	2,538,150
2028	1,740,000	800,400	2,540,400
2029	780,000	713,400	1,493,400
2030	810,000	682,200	1,492,200
2031	845,000	649,800	1,494,800
2032	875,000	616,000	1,491,000
2033	920,000	581,000	1,501,000
2034	965,000	535,000	1,500,000
2035	1,015,000	486,750	1,501,750
2036	1,065,000	436,000	1,501,000
2037	1,120,000	382,750	1,502,750
2038	1,180,000	326,750	1,506,750
2039	1,240,000	267,750	1,507,750
2040	1,305,000	205,750	1,510,750
2041	1,370,000	140,500	1,510,500
2042	1,440,000	72,000	1,512,000
	$46,595,000	$30,032,395	$76,627,395

RISK FACTORS

Purchase of the Bonds involves a degree of risk. Prospective purchasers of the Bonds should give careful consideration to the matters referred to in the following summary. Such summary should not be considered exhaustive, but rather informational only.

No Obligation of the State or any Municipality or Political Subdivision

Neither the faith and credit nor the taxing power of the State or of any municipality or political subdivision of the State is pledged to the payment of the Bonds. The Bonds are special obligations of the Agency payable solely from the sources described in this Official Statement.

Source of Payment of the Bonds

The Bonds are payable solely from payments to be made by the College under the Note and the Loan Agreement. While the future ability of the College to meet its ongoing obligations under the Loan Agreement is based upon assumptions and business judgments which the College believes are reasonable and appropriate, they are subject to conditions that may change in the future to an extent that cannot be determined at this time. Thus, no assurance can be given that revenues will be realized by the College in amounts sufficient to pay, when due, the principal of and interest on the Bonds.

The realization of revenues by the College is subject to, among other things, demand for the higher educational programs and services offered by the College, the ability of the College to continue to provide such programs and services, competition, rates, costs, management and staff personnel and future economics and other developments, all of which are unpredictable and may affect revenues and the payment of principal of and interest on the Bonds.

The College expects that it will experience increases in operating costs due to inflation and other factors. There is no assurance that cost increases will be matched by increased tuition and other charges in amounts sufficient to generate an excess of revenues over expenses at the levels experienced by the College.

As a result of such uncertain factors, there can be no assurance that the College will realize revenues sufficient to make the Loan Repayments.

Competition for Enrollment

Competition for students by colleges and universities that are similar to the College remains intense. If the College is unable to maintain its competitive position, its ability to earn revenues and to pay debt service on the Bonds may be impaired.

Enforcement of Bondholder Remedies

The remedies available to the holders of the Bonds upon the occurrence of an event of default under the Loan Agreement or the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided may not be readily available or may be limited. A court may decide not to order the remedies specified in the Loan Agreement or the Trust Agreement. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Market Factors

The financial condition of the College as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the College's control. There can be no assurance that an adverse event will not occur that might affect the market price of and the market for the Bonds. If a significant event should occur in the affairs of the College, the market for and the market value of the Bonds could be adversely affected.

Future Legislation

Future legislation and regulations affecting non-profit colleges, their tax-exempt status, and educational institutions in general could adversely affect the operations of the College.

Secondary Market for the Bonds

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds. From time to time there may be no market for the Bonds depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the College's capabilities and the financial condition and results of operations of the College.

Potential Effects of Bankruptcy

If the College were to file a petition for relief under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the College and its property. If the bankruptcy court so ordered, the College's property, including its revenues, could be used for the benefit of the College despite the claims of its creditors (including the Trustee).

In a bankruptcy proceeding, the College could file a plan for the adjustment of its debts, which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured. The plan, when confirmed by the court, would bind all creditors who had notice or knowledge of the plan and discharge all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder.

Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors affected thereby and does not discriminate unfairly.

In case of financial difficulties, the College may also commence state court receivership proceedings.

Covenant to Maintain Tax-Exempt Status of the Bonds

The tax-exempt status of the Bonds is based on the continued compliance by the Agency and the College with certain covenants contained in the Resolution, the Loan Agreement, and certain other documents executed by the Agency and the College. These covenants relate generally to restrictions on use of facilities constructed with proceeds of the Bonds, arbitrage limitation, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds. See "TAX EXEMPTION" herein.

Bond Examinations

The Internal Revenue Service (the "IRS") has recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector with specific review of private use. In addition, the IRS has sent several hundred post-issuance compliance questionnaires to non-profit corporations that have borrowed on a tax-exempt basis regarding their post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on bonds issued for their benefit. The questionnaire included, among other things, questions relating to record retention, qualified use of bond-financed property, yield restriction and rebate requirements, and debt management policies.

The IRS has also added a new schedule to IRS Form 990, the form of tax return for 501(c)(3) organizations. This new schedule requests detailed information related to all outstanding bond issues of nonprofit institutions, including information regarding operating, management and research contracts as well as private use compliance.

Although management of the College believes that its expenditure and investment of bond proceeds, use of property financed with tax-exempt debt and record retention practices have complied with all applicable laws and regulations, there can be no assurance that the issuance of surveys will not lead to an IRS review that could adversely affect the market value of the Bonds. Additionally, the Bonds or other tax-exempt obligations issued for the benefit of the College may be, from time to time, subject to examinations by the IRS. The College believes that the Bonds and other tax-exempt obligations issued for the benefit of the College properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Bonds as described under the caption "TAX EXEMPTION." There is no assurance that any IRS examination of the Bonds will not adversely affect the market value of the Bonds. See "TAX EXEMPTION" below.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the operations of the College to an extent that cannot be determined at this time.

1. Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

2. Increased costs and decreased availability of public liability insurance.

3. Changes to the demand for higher education in general or for programs offered by the College in particular.

4. Cost and availability of energy.

5. High interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.

6. A decrease in student loan funds or other aid that permits many students the opportunity to pursue higher education.

7. An increase in the costs of health care benefits, retirement plans, or other benefit packages offered by the College to its employees.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Sidley Austin 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 of the owners thereof 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 Internal Revenue Code of 1986, as amended (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. Such 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 opinion relies 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 opinion 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 or cause the use of property financed or refinanced with the proceeds of the Bonds to 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 opinion 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 of Vermont, 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 that could result in tax consequences, upon which Sidley Austin LLP 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 owner 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 advisors 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 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 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, based on a proposal by the President, the Senate Majority Leader introduced a bill, S. 1549 (the "Proposed Legislation"), which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of thresholds specified in the Proposed Legislation in tax years beginning after December 31, 2012. The Proposed Legislation would also provide special rules for such bondholders that are also subject to the alternative minimum tax. It is unclear if the Proposed Legislation will be enacted, whether in its current or an amended form, or if other legislation that would subject interest on the Bonds to a tax or cause interest on the Bonds to be included in the computation of a tax, will be introduced or enacted. Prospective purchasers should consult their tax advisors as to the effect of the Proposed Legislation, if enacted, in its current form or as it may be amended, or such other legislation on their individual situations.

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 of Vermont 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 of Vermont 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 of 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 of Vermont 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 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 Bondholders, are fully met and discharged.

UNDERWRITING

Under the Bond Purchase Agreement entered into between the Agency, the College and the Representative, the Bonds are being purchased by the Underwriters named on the cover page of this Official Statement at an aggregate purchase price equal to $50,741,219.22, representing the principal amount of the Bonds, plus a net original issue premium of $4,395,332.45, and less an Underwriters' discount of $249,113.23. The Bond Purchase Agreement provides that the Underwriters will purchase all of such Bonds, if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Underwriters intend to offer the Bonds to the public initially at the offering yields set forth on the front cover page of this Official Statement, which yields may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers (including dealers deposing the Bonds into investment trusts) at prices lower than the public offering prices.

The College has agreed to indemnify the Underwriters and the Agency with respect to certain information contained in this Official Statement.

Morgan Stanley, parent company of the Representative, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, the Representative will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, the Representative will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

TD Securities (USA) LLC, one of the underwriters of the Bonds, has entered into a negotiated dealer agreement (the "TD Dealer Agreement") with TD Ameritrade for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to the TD Dealer Agreement, TD Ameritrade will purchase Bonds from TD Securities (USA) LLC at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that TD Ameritrade sells.

Wells Fargo Securities, an underwriter of the Bonds, is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

INDEPENDENT AUDITORS

The consolidated financial statements of the College as of June 30, 2011 and 2010 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.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC company ("S&P") (collectively, the "Rating Agencies"), have assigned the Bonds ratings of "Baa1" and "A-," respectively. Such ratings reflect only the views of such Rating Agencies, and an explanation of the significance of the ratings may be obtained only from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to the rating agencies by the College. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions made by the rating agencies. There is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely by such Rating Agencies, if in the judgment of such Rating Agencies, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or to oppose any such proposed revision or withdrawal. The College has, however, undertaken as part of its continuing disclosure obligation (see "CONTINUING DISCLOSURE" below) to file with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA") all rating changes relating to the Bonds, and S&P has agreed with the MSRB to file any such changes directly with EMMA. Any revision or withdrawal of the ratings may have an adverse effect on the market prices of the Bonds.

ABSENCE OF MATERIAL LITIGATION

There is not now pending any litigation against the Agency seeking to restrain or enjoining 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.

The College is not aware of any litigation pending or threatened, to which the College is a party, wherein any unfavorable decision would adversely affect the ability of the College to enter into the Loan Agreement and carry out its obligations thereunder.

CONTINUING DISCLOSURE

In order to assist the Underwriters 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 covenanted with the Trustee, for the benefit of the Bondholders, to file certain annual financial and other information and notices of the occurrence of certain enumerated events required to be provided by Rule 15c2-12 with the MSRB through EMMA. The specific nature of the information to be contained in the annual financial and other information and the notices of certain enumerated events is summarized in Appendix E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." The Agency has not committed to provide any continuing disclosure to the Bondholders or to any other person.

The College is subject to continuing disclosure requirements under existing continuing disclosure undertakings. The College timely filed, or caused to be filed, its annual financial information with each Nationally Recognized Municipal Securities Information Repository or EMMA, as applicable, for fiscal years 2007, 2008, 2009, 2010 and 2011. Although the College timely filed its annual financial information with the Nationally Recognized Municipal Securities Information Repositories for fiscal years 2009 and 2010, the College did not file its annual financial information with EMMA for fiscal years 2009 and 2010. Such filings were made to EMMA on March 30, 2012. The College has engaged the Trustee as Dissemination Agent to assist it with meeting its continuing disclosure obligations in the future.

FINANCIAL ADVISORS

Public Financial Management, Inc. of Boston, Massachusetts, has acted as financial advisor to the Agency in connection with the issuance of the Bonds. Public Resources Advisory Group, New York, New York, has acted as financial advisor to the College in connection with the issuance of the Bonds.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of legality by Sidley Austin LLP, New York, New York, Bond Counsel, whose approving opinion, in substantially the form set forth in Appendix D hereto, will be delivered with the Bonds. Certain legal matters will be passed upon for the Agency by its counsel, Deppman & Foley, P.C., Middlebury, Vermont; for the College by its counsel, Dinse, Knapp & McAndrew, P.C., Burlington, Vermont; and for the Underwriters by their counsel, Edwards Wildman Palmer LLP, Boston, Massachusetts.

OTHER MATTERS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The agreement of the Agency with the holders of the Bonds is fully set forth in the Trust Agreement, and this Official Statement is not to be construed as constituting an agreement with the purchasers of the Bonds.

The College has reviewed the information contained herein that relates to it and in Appendices A and B hereto, and it has approved all such information for use in this Official Statement.

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

VERMONT EDUCATIONAL AND HEALTH
BUILDINGS FINANCING AGENCY

By: /s/ Robert Giroux
Executive Director

Appendix A

Information Concerning the College

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SAINT MICHAEL'S COLLEGE, INC.
COLCHESTER, VERMONT

May 10, 2012

Vermont Educational and Health
Buildings Financing Agency
20 Winooski Falls Way
Winooski, VT 05404

Ladies and Gentlemen:

We are pleased to present the following information with respect to Saint Michael's College, Inc. ("Saint Michael's," the "College" or "SMC") and the Project. This letter and information contained herein are submitted to Vermont Educational and Health Buildings Financing Agency (the "Agency") for inclusion in its Official Statement relating to the Agency's Revenue Bonds (Saint Michael's College Project), Series 2012 (the "Bonds").

A. GENERAL INFORMATION

Saint Michael's, founded in 1904, is an independent non-profit institution of higher education, chartered by the State of Vermont. The College was founded by members of the Society of Saint Edmund with which the College maintains its affiliation. The College itself, however, is owned and governed by an independent, self-perpetuating Board of Trustees.

In accordance with the College's by-laws, the College is "a Catholic, nonprofit corporation of higher learning in the liberal arts tradition…" The College's mission is to "contribute through higher education to the enhancement of the human person and to the enhancement of human culture in the light of the Catholic faith."

In the pursuit of its mission, Saint Michael's has developed into a high-quality, Catholic, residential liberal arts College attracting undergraduates primarily from New England and the Middle Atlantic states but also throughout the country and the international community. Current undergraduate enrollment includes students from 39 states and 17 countries. The College currently sponsors three graduate programs leading to master's degrees in education, clinical psychology and teaching English as a second language ("TESOL"). Master's programs in administration and theology are currently being phased out with students in those programs having the opportunity to complete their degree programs. As of its fall 2011 census, the College had 2,038 full-time equivalent students in its credit-based programs.

The primary focus of Saint Michael's is its undergraduate program for full-time students, 99% of whom live in College housing. This program, which enrolls 1,944 traditional college age students in academic year 2011-12, includes a liberal arts core curriculum and majors in 34 fields. Degrees are awarded in liberal arts and sciences fields as well as in accounting, business, computer science, education and journalism.

The College was invited by the Phi Beta Kappa organization to establish a chapter on its campus in August 2003. As the Gamma chapter of Vermont, Saint Michael's is one of only three Vermont institutions to have Phi Beta Kappa chapters on their campuses. The University of Vermont (Alpha) and Middlebury College (Beta) are the other two institutions. Of the 220 Catholic colleges in the country, only 20 have chapters, four of which are in New England: Saint Michael's, Boston College, Holy Cross and Fairfield. Less than one percent of college graduates nationwide are admitted, and fewer than 10 percent of colleges and universities are privileged to have Phi Beta Kappa chapters on their campuses.

For an institution to be considered, at least 10 percent of its faculty must be Phi Beta Kappa members. Criteria for selection include quality of faculty and their research, quality of students and extent of student research, as well as success of students in gaining fellowships and admission to graduate or professional programs. Also considered are honors programs and library quality.

The nature of student life at Saint Michael's is determined by an emphasis on learning and growth both inside and outside the classroom. The relatively small size and residential character of the student body allows for extensive student services programming. Some of this programming includes: new student orientation, first and second year student development, residential life programs, health services, dining services, campus ministry, counseling and career development, multicultural affairs, student government, MOVE (Mobilization of Volunteer Efforts), Fire and Rescue, clubs and athletics. The College sponsors 21 varsity athletic teams for men and women and is a member of the NCAA, competing at the Division II level. Approximately 25% of Saint Michael's students participate in varsity sports. The College currently boasts the highest six-year graduation rate in Division II nationally.

B. BOARD OF TRUSTEES

The College is governed by an independent, self-perpetuating Board of Trustees (the "Board"). According to the College's bylaws, "the Board of Trustees bears full responsibility for the governance and operation of the College and for ensuring that the College is operated in a manner consistent with and in furtherance of its mission. The Board has the power to manage the property and affairs of the College, establish and require compliance with College policies and has the power to carry out any other functions that are permitted by the appropriate statutes of the State of Vermont, the Articles of Incorporation, or the Bylaws, except insofar as such powers may be limited by law."

The Board consists of not more than thirty-three (33) voting members and includes the President of the College, the Superior General of the Society of Saint Edmund or his designate, and the Immediate Past President of the Alumni Association. At least one-third of the trustees must be religious members, which means members of the Society of Saint Edmund, priests, sisters, brothers or similar members of another Catholic religious order, or diocesan priests. There are currently four vacant seats on the Board.

Elected trustees serve for three-year terms or until their successors are elected and qualified. Trustees may succeed themselves in office; however, elected trustees who have served for three consecutive full terms shall not be eligible for re-election until one year has elapsed after the end of their third full term.

Nominations for all elected positions on the Board are submitted to the Board by the Trusteeship Committee. Members are elected at the organizational meeting of the Board by a two-thirds vote of the trustees. The Board also elects former members to Senior membership or Emeritus membership. These memberships are non-voting but may involve membership on a Board committee with the exception of the Executive Committee.

There are four regular meetings of the Board each year. Special meetings of the Board may be held as needed. The Executive Committee may exercise the powers of the Board when the Board is not in session. The Board functions through the use of five standing committees: Executive, Trusteeship and Mission, Operations and Audit, Institutional Advancement, and

Learning. An Investment Committee operates as a sub-committee of the Operations and Audit Committee. Ad hoc committees are appointed from time to time.

A majority of the trustees are necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the trustees present and voting at a duly called meeting of the Board is an act of the Board. However, a two-thirds vote of all members of the Board is required to mortgage, transfer or otherwise legally burden College property, elect or remove the President, elect and remove a member of the Board of Trustees, and amend the Bylaws or the Articles of Incorporation. Upon a vote so specifying, the final details of a resolution to mortgage College property or dispose of College real property may be delegated to the Executive Committee.

From time to time, the College does business with firms with which its trustees may be affiliated. Management has determined that each such transaction is on terms no less favorable than could be obtained from unaffiliated third parties. The College has a policy pursuant to which trustees having a conflict of interest must disclose such conflict and abstain from voting on the related matters. Under Vermont Law any such transaction must benefit the College at the time it is entered into, must be publicly disclosed and must receive approval by a two-thirds vote of disinterested trustees acting in good faith. Management has no knowledge of any transactions involving trustees that are in violation of the College's conflict of interest policy or Vermont Law.

The membership of the Board with its committee chairpersons and the expiration date of each member's term as of February 2012 is as follows:

Name	**Affiliation**	**Term Expiration Date**
William H. Gallagher *Chair of the Board* *Chair of the Executive Committee*	Chief Executive Officer, Retired Atlantic Data Services, Quincy, MA	2012
Peggy R. Williams, Ed.D. *Vice Chair of the Board* *Chair, Institutional Advancement Committee*	President Emerita Ithaca College, Ithaca, NY	2013
Sultan Ahamed, M.D., M.B.A.	Senior Attending Surgeon William Backus Hospital, New Haven, CT	2014
Sr. Peg Albert, O.P., Ph.D.	President Siena Heights University, Adrian, MI	2014
Sr. Lorraine Aucoin, P.M.*	St. Monica School Methuen, MA	2013
John J. Bergeron* *Chair, Trusteeship and Mission Committee*	Attorney Bergeron, Paradis & Fitzpatrick, LLP Burlington, VT	2014

C. ADMINISTRATON

The administration and day-to-day management of the College are the responsibility of the President of the College, who is appointed by and serves at the discretion of the Board. Assisting the President in administration are the chief administrative officers.

Dr. John J. Neuhauser, PRESIDENT, 68, was appointed in August 2007. Before coming to Saint Michael's, Dr. Neuhauser was University Professor at Boston College, after serving as academic vice president and dean of faculties there and, before that, as dean and professor of the Boston College Carroll School of Management. He earned doctoral and master's degrees from Rensselaer Polytechnic Institute and his bachelor's degree from Manhattan College.

Dr. Karen A. Talentino, VICE PRESIDENT FOR ACADEMIC AFFAIRS, 62, was appointed on July 1, 2008. Before coming to Saint Michael's, she was Professor of Biology and Dean of Faculty at Stonehill College. Prior to that, she was at Simmons College, where she was a tenured Professor of Biology, and held several senior administrative positions, including Dean of Faculty and Interim Dean of the College. She received a B.S. in Biology at the University of California at Santa Barbara, and a Master's and Ph.D. in Biology from the University of Nevada at Reno.

Neal E. Robinson, VICE PRESIDENT FOR FINANCE AND TREASURER, 60, returned to this position (which he held from September 1999 to November 2007) in November 2010 after serving as Vice President and Chief Financial Officer of Vermont Electric Power Company.

Previously, he was Senior Vice President and Treasurer of Banknorth Group, Inc. He holds a B.A. from Ithaca College and a M.B.A. from Cornell University. Mr. Robinson currently serves as a member of the Board of the Vermont Educational and Health Buildings Financing Agency. Due to his position with the College, Mr. Robinson recused himself from the Agency's meeting at which the Bonds were approved.

Michael D. Samara, VICE PRESIDENT FOR STUDENT AFFAIRS/DEAN OF STUDENTS, 63, was appointed in 1977. Before coming to Saint Michael's, he was Associate Dean of Student Affairs at Rose-Hulman Institute of Technology in Terre Haute, Indiana. He earned a B.A. and a M. Ed. from the University of New Hampshire at Durham.

Patrick J. Gallivan, VICE PRESIDENT FOR INSTITUTIONAL ADVANCEMENT, 44, was appointed on July 1, 2009. He had been appointed interim Vice President in October 2008. Prior to this he served as Saint Michael's Director for Alumni and Parent Relations, since 1998. Mr. Gallivan began his employment at Saint Michael's in 1989. He received a B.A. from Saint Michael's in 1989 and received a certificate from the High Potentials Leadership Program at Harvard Business School in 2010.

Jerry E. Flanagan, VICE PRESIDENT FOR ENROLLMENT, 62, was appointed to this position in July 1997. Prior to this he served as the Associate Vice President for Admission and Enrollment Management. Mr. Flanagan began his employment at Saint Michael's in July 1973. He received a B.A. from Saint Michael's in 1971 and a M. Ed. in Student Personnel Services in Higher Education from the University of Vermont.

Michael J. New, VICE PRESIDENT FOR HUMAN RESOURCES, 61, was appointed in July 2001. Prior to coming to Saint Michael's, he was Vice President, Human Resources at The Lane Press and prior to that Senior Vice President Human Resources with Banknorth Group, Inc. He holds a B.B.A. from Saint Bonaventure University and a M.P.A. from Western Kentucky University.

William O. Anderson, CHIEF INFORMATION OFFICER, 61, was appointed in January 2002. Prior to this appointment, he served 28 years on the Saint Michael's faculty in the Department of Business Administration and Accounting and the Department of Computer Science. He holds a B.A. from Dartmouth College and a M.B.A. from the Amos Tuck School of Business Administration at Dartmouth College.

D. SOCIETY OF SAINT EDMUND

The College was founded by the Society of Saint Edmund (the "Society" or "SSE"), a religious community of priests and brothers (the "Edmundites") engaged in education and pastoral works in various areas. The Society has been experiencing a decline in membership since 1968 and currently has 33 professed members. It does not sponsor any other colleges or universities.

The College and the Society maintain a mutually supportive association, with each organization recognizing the autonomous nature of the other. There is no requirement that any non-board position or committee membership at the College be filled by a member of the Society or by individuals designated by the Society. The College seeks to appoint members of the Society with appropriate qualifications to positions at the College. Edmundites are appointed and are compensated in the same manner as members of the staff.

The College provides a residence for the Edmundite Community at the College, the expenses for which are reimbursed to the College by the Community. While under no legal obligation to do so, the Society of Saint Edmund has been a financial contributor to the College.

The College and the Society of Saint Edmund are not liable for, or obligated on, any debts that are incurred by the other.

E. ACCREDITATION

Saint Michael's was re-accredited by the New England Association of Schools and Colleges for a period of ten years at the conclusion of the College's 2010 Self-Study. The College is a member of the National Association of Independent Colleges and Universities, the Association of Catholic Colleges and Universities, the Association of American Colleges and Universities, the College Entrance Examinations Board, the New England Association of Schools and Colleges, the Association of Governing Boards of Universities and Colleges, the Vermont Higher Education Council and the Association of Vermont Independent Colleges.

F. LOCATION AND FACILITIES

The College is located two miles from Burlington, in Vermont's Champlain Valley. The Valley is bordered by Lake Champlain to the west and the Green Mountains to the east. Over the past two decades this area has enjoyed a prosperous, diverse and expanding economy. Recreation, high-tech manufacturing, higher education and agriculture are the region's principal industries. The attractiveness of Vermont and the Burlington area have proven to be strong marketing assets for the College.

The College is situated on 480 acres of land located just outside the City of Burlington in Colchester, Vermont. The College is split into two campuses, the Main Campus (approximately 100 acres) and the smaller North Campus (22 acres). The College owns 79 buildings, which contain approximately 1.4 million aggregate gross square feet. The buildings on the main campus include five academic buildings, twelve residence halls, a performing arts center, a student center, a welcome center, the Library, a fire station, sports and recreation buildings, the Chapel, administrative buildings, four clusters of townhouse residential units and several residence houses. The buildings on the North Campus include three residence halls, an art center, four student apartment buildings, trades shops, the College's day care center, and buildings that are currently rented to outside organizations. The College owns an additional 350+ acres of land adjoining the campus, of which approximately 15 acres have been developed to provide affordable apartment style housing to the general public in the community. This land has been leased to local developers and generates a regular stream of income to the College. The remaining acreage is undeveloped.

Saint Michael's funds scheduled maintenance through its annual operating and capital budgets. This policy has allowed the College to avoid significant levels of deferred maintenance.

The Project:

The proceeds of the Bonds will provide funding for two purposes. The first is the planned re-structuring of substantially all of the College's outstanding debt, which will allow the College to realize debt service savings as a result of the current low interest rate environment. The other is the construction of a new student center and a 105-bed residence hall.

In conjunction with the financing of the Project, the College intends to refund all or a portion of the outstanding revenue bonds, which were issued for its benefit by the Agency. The aggregate par amount of the outstanding Agency revenue bonds is $25,655,000, with interest rates ranging from 2.75% to 6.00% and annual principal maturities due on October 1, 2012 through October 1, 2028. The actual revenue bonds to be refunded and the savings in debt service to be achieved thereby will depend on market conditions at the time of the sale of the Bonds.

The new money portion of the Project consists of the construction, furnishing and equipping of the Quad Commons, which will be comprised of a 105-bed residential facility and a new student center. The four-story residence hall will contain 15 single rooms, each with its own bathroom, and 22 four-person suites. The suites will offer single rooms with a common area and two bathrooms. The facility will also provide apartment-style housing to a residence advisor and resident director. The projected cost of the building is $26.3 million with associated site work of $3.0 million. The cost to equip and furnish the building is expected to be approximately $700,000 bringing the total project cost to $30.0 million. Construction of the student center and residential facility is expected to be complete in August 2013.

The new student center will feature a digital lounge, food court, an activities area, fitness center, radio station, collaboration rooms, a multi-function room (accommodating 240 persons seated at tables or 425 persons in auditorium style seating), meeting rooms, meditation space, and offices for the Student Association. Together with the residential facility, the aggregate square footage of the Project is approximately 83,000 square feet.

Upon completion, there will be a net increase in available housing of 105 beds. However, it is the College's plan to take off line but not dispose of an equivalent number of inferior quality beds. This provides the College with flexibility in its housing offering should enrollment increase above projected levels. The student center provides the types of facilities more and more commonly found on college campuses and expected by prospective students.

The College has received all permits and approvals necessary for commencement of construction of the Project.

Future Capital Projects:

In spring 2011, the College formed a Facilities Planning Committee, which was tasked with the formulation of a long-range facilities plan. A preliminary draft of that plan was presented to the Board of Trustees in June 2011. The plan identifies the key facility needs of the College, prioritizes those needs and provides a cost estimate for each. The plan contains projects such as the restoration or rebuilding of Founders Hall, the first building to exist on campus, and an expansion of Alliot Hall, Saint Michael's current student center.

The first priority in the draft facilities plan is the construction of the Project along with two new townhouse units. The College expects to construct the townhouse units during the summer of 2014, allowing them to go into service at the same time as the Project. The College has not yet established any plans or timelines for the other projects identified in the facilities plan.

G. ACADEMIC PROGRAMS

Undergraduate Programs

The College conducts accredited programs leading to Bachelor of Arts and Bachelor of Science degrees, and enrolls approximately 1,900 undergraduates. All students must complete a minimum of 128 credits normally spread over four years (32 4-credit semester courses). Saint Michael's requires all students to complete a Liberal Studies Curriculum consisting of a First-year seminar, a second language, Philosophy, Study of the Christian Tradition, Literature, History, Quantitative Skills, Laboratory Science, Social Science, Global Issues, Experiential Learning, and Artistic Experience. Students must also demonstrate proficiency in writing skills, oral communication, and ethical reflection within their chosen disciplines. Each student selects a major field of study, and may complement that with another major, a minor, or electives as they wish.

For the 2010-11 academic year, the breakdown of all students by first major was as follows (students with double majors are only counted once):

Pre-Professional	%	Social Sciences	%
Accounting	2.8	Economics	1.7
Business	14.8	Environmental Studies	3.4
Education	6.5	Gender Studies	0.3
Journalism	5.1	Political Science	4.2
Total	29.2	Psychology	9.5
		Sociology/Anthropology	3.6
		Total	22.7

Humanities	%	Sciences and Mathematics	%
American Studies	0.6	Biology	10.2
Classics	0.5	Biochemistry	1.4
English Literature	5.8	Chemistry	1.1
Fine Arts	3.8	Computer Science	0.8
History	4.8	Engineering	1.6
Modern Languages	2.3	Environmental Science	0.2
Philosophy	1.1	Information Systems	0.5
Religious Studies	1.0	Mathematics	1.8
Total	19.9	Physics	1.0
		Pre-Pharmacy	0.5
Exploratory	9.1%	Total	19.1

The average class size at the College is 18.6 students. The faculty/student ratio is 1:12.4.

Graduate Programs

The College has five graduate programs, though two of them (M.S. in Administration and M.A. in Theology) are in the final stages of being phased out. The College's evaluation of the academic quality of the M.S. in Administration program and the M.A. in Theology's financial prospects led to the decision to phase out these programs. The three that remain (Clinical Psychology, Education, and Teaching English to Speakers of Other Languages) are strong both academically and financially, and will continue into the foreseeable future. The College currently enrolls 497 full- and part-time graduate students. The graduate programs generate approximately $3.1 of gross tuition revenue on an annual basis.

H. UNDERGRADUATE STUDENT BODY

Applications and Admission

The College actively pursues a number of applications and acceptances each year that it believes allow it to maintain academic quality and provide for full undergraduate enrollment. The following table provides information regarding Saint Michael's first year student applications and admission:

	For the Academic Year Beginning Fall:				
	2011	2010	2009	2008	2007
Applications received	4,474	3,363	3,228	3,618	3,504
Number accepted	3,493	2,773	2,613	2,489	2,423
Percent accepted	78%	82%	81%	69%	69%
Number enrolled	543	553	475	551	532
Percent of acceptances enrolled	16%	20%	18%	22%	22%
Average SAT Reading and Math	1,158	1,137	1,144	1,138	1,135
Average SAT Reasoning	1,731	1,700	1,713	1,713	1,704
Average rank in class	74%	75%	72%	71%	70%

Enrollment

Geographic distribution of students remains relatively stable with the geographic distribution of the undergraduate student body as of the Fall of 2011 shown below being fairly typical of historical trends.

Region	Fall 2011
New England	76.1%
Mid-Atlantic	17.6%
South	2.0%
Mid-west	1.1%
West	1.4%
States represented	39

Saint Michael's is working to broaden the geographical area from which it enrolls students. The College's recruitment efforts are now heavily focused on areas outside the New England market. Each year the College establishes a target percentage of the entering class to be from regions outside of New England. After the fall 2011 recruiting cycle, the College was ahead of its geographic diversification target.

The College has completed an analysis of its enrollment goals and seeks to achieve an average full-time undergraduate enrollment of approximately 1,925 to 1,930. The College expects average full-time undergraduate enrollment to be 1,870, 1,890 and 1,928 in academic years 2012, 2013 and 2014, respectively. The following table presents the College's enrollment for the last five academic years:

# of Undergraduates	2011-12	2010-11	2009-10	2008-09	2007-08
Fall	1,944	1,841	1,892	1,963	1,961
Spring	--	1,775	1,846	1,923	1,935
Average	--	1,808	1,869	1,943	1,948

As of the date of this Official Statement, for the spring 2012 semester, student enrollment is strong and tuition receipts exceed those of prior years for the same period. As of the February 1, 2012 application deadline, for the fall of 2012, the College drew more than 4,500 applicants for the 555-seat freshman class.

I. STUDENT LIFE

College-related activities outside the classroom are an important part of each student's educational experience, particularly at an institution where nearly 100% of the students reside on campus. In recognition of this, the College supports a wide range of activities, which provide students the opportunity to develop physically, socially, intellectually and spiritually. The College and its Student Association fund and support The Defender, the College's student newspaper, and WWPV, the College's student radio station, The Wilderness Program, MOVE (Mobilization of Volunteer Efforts) and numerous other academic clubs and community service organizations. These include a student-run volunteer fire department and fully qualified rescue squad, which provide area communities with needed emergency fire and medical services. Students also participate in chorale, wind and jazz ensemble and dramatic productions.

Students are actively involved in intramural and inter-collegiate sports. The College sponsors 21 varsity athletic teams for men and women and is a member of the NCAA, competing at the Division II level in the "Northeast 10" conference.

J. TUITION AND FEES

The following tables show the trends and annual percentage increases in tuition and fees by program for the five most recent academic years.

Undergraduate Program

Academic Year	Tuition & Fees	Residence Fee	Total	% Increase
2011-12	$36,240	$9,030	$45,270	4.0
2010-11	34,845	8,685	43,530	4.9
2009-10	33,215	8,280	41,495	4.0
2008-09	31,940	7,960	39,900	6.7
2007-08	29,945	7,460	37,405	5.4

The College believes that its cost of attendance is competitive with those institutions with which it competes for students.

The following table shows the College's tuition, fees and room and board fees charged to full-time students for the 2011-12 academic year compared with public and private institutions with which the College has the greatest overlap of applications.

Comparative Tuition, Fees and Room & Board

Private Institutions	Total Cost of Attendance	Public Institutions	Total Cost of Attendance
Fairfield University	$53,260	University of Vermont:	
Providence College	53,115	In-state	$24,492
Quinnipiac University	49,560	Out-of-state	44,132
Ithaca College	48,132	University of New Hampshire:	
Stonehill College	46,780	In-state	25,502
Saint Michael's College	**45,270**	Out-of-state	38,822
Salve Regina	44,400	University of Mass.-Amherst:	
Saint Anselm College	44,295	In-state	23,107
Roger Williams	44,128	Out-of-state	35,895
Assumption College	43,030	University of Connecticut:	
Champlain College	41,010	In-state	21,720
		Out-of-state	38,616
Average Private Institutions	$45,190	University of Rhode Island:	
		In-state	22,162
		Out-of-state	38,250
		Average Public:	
		In-state	$23,397
		Out-of-state	39,143

K. FINANCIAL AID

During the 2011-12 academic year, 94.7% of the College's full-time students are receiving some form of financial aid.

Sources of financial aid include College, state and federal grants and loans, work study programs, private student loans and grants, and scholarships from outside sources. Total aid in the 2011-12 academic year is expected to be approximately $50.7 million.

The total financial aid and the source thereof, utilized by full-time students at the College during the past five academic years is shown below (in thousands):

Outside Sources of Aid	2011-12*	2010-11	2009-10	2008-09	2007-08
Supplemental Educational Opportunity Grant	$303	$288	$333	$349	$304
Perkins Loans	808	770	785	853	847
Pell Grants	1,331	1,214	1,266	884	874
Direct/Stafford Loans	9,459	9,234	9,735	9,895	7,793
PLUS Loans	5,024	5,506	6,423	5,887	5,355
State Student Assistance	551	555	569	563	688
SMC Aid	27,543	25,349	23,044	22,279	20,879

*projected

L. FACULTY AND STAFF

Average total compensation for faculty for the 2011-2012 academic year is as follows:

Professors	$94,265
Associate Professors	$72,489
Assistant Professors	$59,793

For the 2010-11 academic year, the last year for which such figures were available, the average total compensation for faculty placed Saint Michael's near the top quintile among similarly categorized colleges in the country at the ranks of Professor, Associate Professor and Assistant Professor.

The following table illustrates the composition of full-time faculty and staff:

Spring 2012	Number	Percent Tenured	Percent with Terminal Degree
Faculty:			
Professors	54	100%	94%
Associate Professors	49	98%	86%
Assistant Professors	26	-	100%
Instructors	19	-	47%
Visiting Faculty	8	-	-
Total full-time faculty	156	69%	86.5%
Full & Part Time Staff			
Exempt	159		
Non-exempt	164		
Total Staff	323		
Total full and part-time Personnel	479		

M. EMPLOYEE RELATIONS AND PENSION PLAN

The administration believes that employee relations at the College are excellent. There are no collective bargaining units for any class of employees at the College. There has never been a strike or work stoppage. Ongoing efforts are made to initiate and maintain programs that ensure good employee communication and respond to employee needs and concerns. From time to time there are union organization efforts on campus aimed at staff employees.

The College has a defined contribution plan (401k) for all employees. After one year of service, each employee qualifies for participation. The College currently contributes 6% of the employee's eligible earnings; the employee may contribute additional amounts if she or he chooses to do so. The annual cost to the College in fiscal year 2011-12 for all employee benefits plans, including payroll taxes, was $10,168,539. The College is in full compliance with the Employee Retirement Income Security Act of 1974 (ERISA) and the retirement plan is fully qualified by the Internal Revenue Service. There are no unfunded past service liabilities.

N. INDEPENDENT AUDITORS

The College maintains its accounts in accordance with the accounting principles generally accepted in the United States applicable to institutions of higher education. An annual audit is performed by KPMG LLP.

O. FINANCIAL INFORMATION

The following table summarizes results of operations of the College for each of the three most recent fiscal years ended June 30. The data in the table has been derived from financial statements audited by KPMG LLP, independent auditors. The consolidated financial statements of the College as of June 30, 2011 and 2010 and for the fiscal years then ended, and notes thereto, appear in Appendix B to the Official Statement. The information in the following table should be read in conjunction with the information contained in Appendix B to the Official Statement.

	2011	2010	2009
Operating:		(In thousands)	
Revenues:			
Tuition and fees	$72,440	$70,448	$71,156
Residence and dining	15,251	14,910	14,862
Financial aid	(25,349)	(23,044)	(22,279)
Net student charges	62,342	62,314	63,739
Contributions	1,916	2,737	2,356
Federal and state grant revenues	1,990	2,475	2,257
Investment income used in operations	2,475	2,750	3,055
Other operating income	1,065	1,062	1,178
Other auxiliary enterprises	5,171	5,188	5,868
Total revenues	74,959	76,526	78,453
Net assets released from restrictions	470	410	341
Total operating revenues and net assets released from restrictions	75,429	76,936	78,794
Expenses:			
Instruction	24,065	25,144	25,963
Academic support	6,471	6,409	6,315
Research	599	575	578
Student services	9,747	9,329	9,532
Institutional support	11,392	11,685	12,473
Public service	1,768	1,690	1,670
Auxiliary enterprises	19,169	19,212	19,764
Total expenses	73,211	74,044	76,295
Increase in unrestricted net assets from operations	2,218	2,892	2,499
Nonoperating:			
Reinvested investment income and unrestricted gains (losses)	5,825	1,952	(18,868)
Net assets released from restrictions	15	1,990	34
Other nonoperating revenues (expenses)	(39)	(34)	(6)
Voluntary retirement incentive program expense	--	(1,522)	--
Clarification of donor intent	--	--	183
Increase (decrease) in unrestricted net assets from nonoperating activities before change in accounting principle	5,801	2,386	(18,657)
Cumulative effect of change in accounting principle	--	--	(13,620)
Increase (decrease) in unrestricted net assets	$8,019	$5,278	$(29,778)

Financial Performance

Operating Performance: Historically, operating performance of the College has been strong with the College generating operating surpluses in each of the last three years. Net student charges, which declined between 2009 and 2010 due to reduced enrollment levels, was flat in 2011. Two factors contribute to this trend. A smaller than expected first year class in the fall of 2009 reduced the College's average enrollment. Increases in the discount rate in order to remain competitive in the market place were also contributing factors. Due to the change in the value of the College's endowment, investment income used in operations was reduced in both 2010 and 2011. In response to the decline in enrollment, rising cost of financial aid and reduced investment income, the College revised its healthcare plan, offered a voluntary retirement program in an effort to reduce staff without forced layoffs, temporarily trimmed certain employee benefits, initiated a hiring and salary freeze and closely monitored the overall level of expenditures. These efforts resulted in total expenses declining from $76.3 million in 2009 to $73.2 million in 2011.

Nonoperating Performance: In fiscal year 2009, the College experienced a decrease in unrestricted net assets due to the performance of its investment portfolio. The total return on the investment portfolio was -22.8% in fiscal year 2009. The improved performance of the investment portfolio since 2009 is evidenced by reinvested investment income of $5.8 million and $2.0 million in fiscal years 2011 and 2010, respectively. In 2010, the College recognized the expense related to the voluntary retirement program.

In 2009, the College adopted the provisions of the Uniform Prudent Management of Institutional Funds Act, which gave rise to the reclassification of approximately $13.6 million of unrestricted net assets to temporarily restricted net assets. This reclassification is shown on the College's 2009 Statement of Unrestricted Activities as a cumulative effect of a change in accounting principle.

Financial Planning and Budgeting

The administration prepares an annual five-year financial plan in consultation with a number of administrative committees and presents it to the Board of Trustees. The plan includes proposals with regard to enrollment, tuition and fees, total compensation, financial aid, capital projects and other expenditures. Once the plan is approved by the Board, the administration develops an annual budget within the parameters of the plan.

The College's current projections indicate that the College will continue to generate sufficient operating revenue to meet operating expenditures and an annual program of capital expenditures for renewal and replacement. The College is not contemplating any capital projects that would cause it to access the capital markets in the next 24 to 36 months.

P. ENDOWMENT

Investment of the College's endowment funds is governed by an investment policy approved by the Board of Trustees. The College has a long-term investment horizon and strives to provide a source of spendable income that is reasonably stable and predictable from year to year. The College's investment philosophy is summarized as follows:

1. Preserve purchasing power by striving for long-term returns that exceed payouts, fees, spending policy and inflation.

2. Consistent with prudent standards for preservation of capital, maintenance of liquidity and fund risk tolerance as determined periodically by the Investment Committee in its fiduciary role, the goal of the investment fund is to earn the highest possible total rate of return.

The College's fundamental investment objective is to seek as high a level of total return for the Fund as is consistent with a reasonable level of risk and the College's ethical standards. It is also an objective that each asset class of the total portfolio outperform its comparable index measured over rolling three and five-year periods or complete market cycles, whichever period is longer. Further, the investment managers' performance should rank in the top forty percent (40%) of active investment managers using similar investment philosophies over the same time periods.

The fund focuses on total return in order to support the annual spending rate, which, consistent with donor intentions, is four and one half percent (4.50%) of the lower of the following (but not less than $2.0 million):

A. the rolling average market value for the three-year period ended two years prior to the fiscal year in which the spending from the endowment occurs, or
B. the market value as of June 30th of the fiscal year ending two years prior to the fiscal year in which the spending from the endowment occurs, or
C. the market value as of October 31st of the preceding fiscal year.

The College's endowment spending may be obtained from the Fund's annual total return, not simply the investment yield. The College treasurer is responsible for establishing a suitable schedule for drawing down the authorized amount and for communicating that schedule to the fund manager(s) so that any liquidation of securities will not disrupt the overall management of the fund.

The following table shows the book and market values of the Endowment Fund from June 2007 through June 2011, and for February 29, 2012.

As of June 30:	Book Value	Market Value	Market to Book Value
		(In thousands)	
2007	$59,827	$77,402	1.29
2008	62,577	72,038	1.15
2009	59,949	54,873	0.92
2010	60,253	58,182	0.97
2011	62,755	70,899	1.13
Feb. 2012	64,922	72,864	1.12

Q. GIFTS AND GRANTS

The College conducts an annual program of activities directed to fund-raising and to the cultivation of alumni, friends, foundations, corporations and other prospective benefactors of the College. Total restricted and unrestricted giving, as recorded under CASE Management Reporting Standards, during the past five years is as follows:

	For years ended June 30:				
	2011	2010	2009	2008	2007
			(In thousands)		
Unrestricted	$1,367	$1,710	$1,554	$1,515	$1,354
Restricted	1,309	853	1,728	4,194	2,621
Total	$2,676	$2,563	$3,282	$5,709	$3,975

The percentage of alumni who are donors to the College was 18% in 2011, 18% in 2010, 18% in 2009, 21% in 2008 and 22% in 2007.

The following table provides information relating to the sources of gifts and grants to the College:

		For years ended June 30:				
		2011	2010	2009	2008	2007
				(In thousands)		
Donors:	Trustees	$572	$46	$35	$102	$401
	Society of Saint Edmund	32	36	40	86	83
	Alumni	1,179	1,384	1,433	2,536	2,068
	Faculty/Staff	31	75	29	47	46
	Parents	360	320	214	305	338
	Friends	181	143	206	266	451
	Foundations	87	173	171	35	176
	Corporations	234	206	256	279	270
	Bequests	-	181	898	2,055	143
	Total	$2,676	$2,564	$3,282	$5,711	$3,976

R. INSURANCE AND RISK MANAGEMENT

The College maintains comprehensive coverage for all significant insurable risks. A limit of $74 million is maintained on the College's property insurance policy, while the general liability aggregate limit is maintained at $3.0 million. The College has an umbrella liability policy with a limit of $40.0 million. Coverage in the amount of $25.0 million is provided under the College educator liability policy. The College conducts an active loss prevention program that seeks to minimize risks and control insurance costs.

S. OUTSTANDING INDEBTEDNESS

The College is obligated under four loan agreements supporting four series of bonds outstanding in an aggregate principal amount of approximately $28.245 million as of June 30, 2011. The proceeds of these bonds, which have interest rates ranging from 2.75% to 6.00%, were used to finance the construction of certain campus dormitories and townhouses, the library, student center, field house, an academic building, and residential and international student facilities. The repayment obligation under the above loan agreements are either general obligations of the College or collateralized by land, buildings or equipment. The College intends to refund all or a portion of these outstanding revenue bonds.

In addition to the bonds, the college is obligated under a series of capital leases with an aggregate principal obligation of $1.5 million as of June 30, 2011. The leases, which have imputed interest rates ranging from 5.5% to 7.85%, were used to fund the acquisition of computer and other office equipment.

T. LITIGATION PENDING

To the knowledge of the College, there is no litigation or proceeding pending or threatened against the College wherein an unfavorable decision would adversely affect the ability of the College to meet its debt service obligations or would have a material adverse impact on the financial condition or results of operations of the College.

SAINT MICHAEL'S COLLEGE, INC.

By: /s/ John J. Neuhauser
John J. Neuhauser
President

Appendix B

Financial Statements of the College

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SAINT MICHAEL'S COLLEGE

Consolidated Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

SAINT MICHAEL'S COLLEGE

Table of Contents

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

Independent Auditors' Report

The President and Board of Trustees
Saint Michael's College:

We have audited the accompanying consolidated statements of financial position of Saint Michael's College and subsidiaries as of June 30, 2011 and 2010, and the related consolidated statements of unrestricted activities, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the College's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Michael's College and subsidiaries as of June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 12, 2011

SAINT MICHAEL'S COLLEGE

Consolidated Statements of Financial Position

June 30, 2011 and 2010

(In thousands)

Assets		**2011**		**2010**
Cash and cash equivalents	$	9,010	$	9,197
Accounts and other receivables, net (note 8)		1,218		1,247
Contributions receivable, net (note 5)		1,740		1,600
Other assets (note 11)		3,023		3,196
Deposits with bond trustees		4,879		4,829
Long-term investments (note 6)		73,218		60,509
Loans to students		5,453		5,465
Land, buildings, and equipment, net of accumulated depreciation (notes 9, 11, and 12)		72,444		74,714
Total assets	$	170,985	$	160,757
Liabilities and Net Assets				
Accounts payable and accrued expenses (notes 10 and 14)	$	8,722	$	10,124
Deferred income		1,842		2,113
Capital lease obligations (note 12)		1,503		1,403
Amounts held on behalf of others		2,416		2,063
Bonds payable (notes 11 and 13)		28,245		30,351
Refundable advances – U.S. government grants		4,112		4,029
Total liabilities		46,840		50,083
Net assets (note 3):				
Unrestricted		81,174		73,155
Temporarily restricted		14,902		10,404
Permanently restricted		28,069		27,115
Total net assets		124,145		110,674
Total liabilities and net assets	$	170,985	$	160,757

See accompanying notes to consolidated financial statements.

SAINT MICHAEL'S COLLEGE

Consolidated Statements of Unrestricted Activities

Years ended June 30, 2011 and 2010

(In thousands)

	2011	2010
Operating:		
Revenues:		
Tuition and fees	$ 72,440	$ 70,448
Residence and dining	15,251	14,910
Financial aid	(25,349)	(23,044)
Net student charges	62,342	62,314
Contributions	1,916	2,737
Federal and state grant revenues	1,990	2,475
Investment income used in operations (note 6 and 7)	2,475	2,750
Other operating income	1,065	1,062
Other auxiliary enterprises	5,171	5,188
Total revenues	74,959	76,526
Net assets released from restrictions (note 4)	470	410
Total operating revenues and net assets released from restrictions	75,429	76,936
Expenses (note 16):		
Instruction	24,065	25,144
Academic support	6,471	6,409
Research	599	575
Student services	9,747	9,329
Institutional support	11,392	11,685
Public service	1,768	1,690
Auxiliary enterprises	19,169	19,212
Total expenses	73,211	74,044
Increase in unrestricted net assets from operations	2,218	2,892
Nonoperating:		
Reinvested investment income and unrestricted gains (notes 6 and 7)	5,825	1,952
Other nonoperating expense	(39)	(34)
Voluntary retirement incentive program expense	—	(1,522)
Net assets released from restrictions (note 4)	15	1,990
Increase in unrestricted net assets	$ 8,019	$ 5,278

See accompanying notes to consolidated financial statements.

SAINT MICHAEL'S COLLEGE

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

(In thousands)

	2011	2010
Increase in unrestricted net assets (from previous statement)	$ 8,019	$ 5,278
Changes in temporarily restricted net assets:		
Contributions	609	176
Reinvested investment income and gains (losses) (note 6)	4,403	903
Change in value of split-interest agreement	(2)	(6)
Net assets released from restrictions (note 4)	(485)	(2,400)
Change in value of pledges expected to be received	(27)	31
Increase (decrease) in temporarily restricted net assets	4,498	(1,296)
Changes in permanently restricted net assets:		
Contributions	929	395
Change in value of pledges expected to be received	25	(112)
Increase in permanently restricted net assets	954	283
Increase in net assets	13,471	4,265
Net assets at beginning of year	110,674	106,409
Net assets at end of year	$ 124,145	$ 110,674

See accompanying notes to consolidated financial statements.

SAINT MICHAEL'S COLLEGE

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(In thousands)

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 13,471	$ 4,265
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,903	6,655
Change in value of pledges expected to be received	1	81
(Gain) loss on disposal of property and equipment	(4)	33
Noncash contributions	(236)	(165)
Realized gain on sale of investments	(1,758)	(2,012)
Change in unrealized appreciation on investments	(10,248)	(2,946)
Contributions restricted for long-term investment	(915)	(595)
Change in contributions receivable	(140)	316
Change in accounts and notes receivable	29	(271)
Change in other assets	135	(44)
Change in other liabilities	(245)	1,282
Change in deferred income	(271)	121
Change in amounts held on behalf of others	353	243
Change in refundable advance – U.S. government grants	83	114
Change in accounts payable and accrued expenses	(906)	216
Net cash provided by operating activities	6,252	7,293
Cash flows from investing activities:		
Purchase of buildings and equipment	(4,183)	(6,082)
Proceeds from sale of equipment	34	68
Purchase of investments	(14,740)	(25,555)
Proceeds from sale and maturities of investments	14,295	26,973
Disbursements of loans to students, net of repayments	12	(103)
Change in deposits with bond trustees	(50)	(30)
Net cash used in investing activities	(4,632)	(4,729)
Cash flows from financing activities:		
Contributions restricted for long-term investment	915	595
Payments on capital leases	(585)	(634)
Payments of long-term debt	(2,115)	(2,046)
Payments of annuity obligations	(22)	(331)
Net cash used in financing activities	(1,807)	(2,416)
Net (decrease) increase in cash and cash equivalents	(187)	148
Cash and cash equivalents at beginning of year	9,197	9,049
Cash and cash equivalents at end of year	$ 9,010	$ 9,197
Supplemental data:		
Cash paid for interest	$ 1,531	$ 1,633
Capital lease additions	685	—
Amounts accrued for the purchase of plant and equipment	392	642

See accompanying notes to consolidated financial statements.

(1) Description of the College

Saint Michael's College, founded in 1904 by the Society of Saint Edmund and conducted under its auspices, is an independent nonprofit educational institution chartered by the State of Vermont. The College is a Catholic institution of higher education in the liberal arts tradition. The mission of Saint Michael's College is to contribute through higher education to the development of human culture and enhancement of the human person in the light of Catholic faith.

The College serves approximately 2,000 traditional undergraduate students in a residential setting in 30 academic programs. In addition, the College offers graduate degree programs for approximately 450 adult students; and provides intensive English training, masters degree programs in teaching English as a second language, and a wide array of special language training programs.

The accompanying financial statements also include the accounts of Saint Michael's College Fire and Rescue, Inc. and Saint Michael's College Merrill Cemetery Association, Inc., both wholly owned subsidiaries of the College. All significant intercompany transactions and balances have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

(a) Basis of Statement Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The College's net assets and activities that increase or decrease net assets are classified as follows:

Permanently Restricted Net Assets contain donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the College and primarily consist of the historic dollar value of contributions to establish or add to donor-restricted endowment funds.

Temporarily Restricted Net Assets contain donor-imposed stipulations as to timing of their availability or use for a particular purpose. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions. Net assets of donor-restricted endowment funds in excess of their historic dollar value are classified as temporarily restricted net assets until appropriated by the College.

Unrestricted Net Assets contain no donor-imposed restrictions and are available for the general operations of the College. Such net assets may be designated by the College for specific purposes, including functioning as endowment funds.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally 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 their uses are restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, when the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications among the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Promises to give that are scheduled to be received after the balance sheet date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

The College reports contributions of land, buildings, or equipment as unrestricted nonoperating support unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as unrestricted nonoperating support provided the long-lived assets are placed in service in the same reporting period; otherwise, the contributions are reported as temporarily restricted support until the assets are acquired and placed in service.

(b) Operations

The statement of unrestricted activities reports the change in unrestricted net assets from operating and nonoperating activities. Operating revenues consist of those items attributable to the College's instructional programs, research conducted by the academic departments, residential services and other auxiliary enterprises. Investment income and gains on the College's unrestricted investments over the amount appropriated under the College spending plan, as discussed in note 7, are reported as nonoperating revenue. Net assets released from restriction related to capital asset purchase or construction is reported as nonoperating revenues.

Expenses associated with the operation and maintenance of College plant assets, including interest and depreciation expense, is allocated on the basis of building space utilized by the functional areas.

(c) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the College considers investments with maturities at date of purchase of three months or less to be cash equivalents. Included in cash and cash equivalents are money market funds of $1.4 million as of June 30, 2011 and 2010, respectively, which are considered to be Level 1 investments per the fair value hierarchy.

(d) Fair Value Measurements

Fair value is the price that the College would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measures and Disclosures*, established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets and liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- Level 3 – unobservable inputs are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

(e) Long-Term Investments

Investments are reported at fair value. If an investment is held directly by the College and an active market and quoted prices exist, the College reports the fair value of such investment as the market price of an identical security. The value of shares in mutual funds is based on share values reported by the funds as of the last business day of the fiscal year. The College also holds shares or units in alternative investment funds involving hedge, private equity, subordinated debt and real estate strategies. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and these holdings are priced accordingly. In addition, such funds may hold assets which require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers considering variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

A portion of the College's investments use net asset value (NAV) or its equivalent reported by each underlying alternative investment fund as a practical expedient to estimate the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operation of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds. Although such investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different than the reported value, and the differences could be material.

(f) Land, Buildings, and Equipment

Constructed and purchased property and equipment are carried at cost. Library books are expensed during the period the expenditures are incurred. Land, buildings, or equipment donated to the College are generally recorded in the accounts at appraised value at the date of the gift. Long-lived fixed assets, with the exception of land and artwork, are depreciated using the straight-line method over their estimated useful lives. Plant and equipment under capital leases are stated at the present value of the minimum lease payments and are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with FASB ASC topic 410, *Asset Retirement Obligations*, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the College capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long lived asset. The liability is accreted to its present value each period and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligations, any difference between the cost to settle the asset retirement obligation and the liability recorded will be recognized as a gain or loss in the statement of unrestricted revenues and expenses.

(g) Bond Issue Costs

Bond issue costs are included in other assets and have been deferred. Bond issue costs are amortized using the straight-line method over the life of the associated bond issue.

(h) Student Deposits

Student deposits, along with advance payments for tuition, room and board related to the next semester, have been deferred as amounts held on behalf of others and will be reported as unrestricted revenue as the programs occur.

(i) Tax Status

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The College believes it has taken no significant uncertain tax positions.

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates. The current economic environment increases the inherent uncertainty in those estimates.

(k) Contributed Services

Contributed services are recorded at fair value, and the amount recorded represents the value of volunteer ambulance staff time donated by members of Saint Michael's Fire and Rescue, Inc. Contributed services of $420 thousand are included in contribution revenue and salaries of Saint Michael's College in 2011 and 2010, respectively.

(l) Functional Expenses

Expenses are reported in the statements of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program services are instruction and public service. Expenses reported as academic support, student services, institutional support, and auxiliaries are incurred in support of these primary program services.

(m) Split-Interest Agreements

The College's split-interest agreements with donors consist of irrevocable charitable gift annuities, and charitable remainder trusts held and administered by others. For annuity contracts, the contributed assets are included as part of long-term investments at fair value. Charitable gift annuity assets as of June 30, 2011 and 2010 were $268 thousand and $234 thousand, respectively. Contribution revenues are recognized as of the date the donated assets are transferred to the College and liabilities are recorded for the present value of the estimated future payments to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the annuities consistent with changes in actuarial assumptions.

For charitable remainder trusts held and administered by others, the present values of the estimated future cash receipts from the trusts are recognized as contributions receivable, and contribution revenues as of the dates the trusts are established. Distributions from these trusts reduce the contribution receivable, assets received are recognized at fair value and any difference is reported as a change in value of split-interest agreements. Annually, the carrying value of the assets is adjusted for changes in the estimates of future receipts.

(3) Net Assets

The College's net assets as of June 30 are as follows (in thousands):

	2011			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Undesignated	$ 6,086	$ —	$ —	$ 6,086
Designated for:				
Student loans	923	—	—	923
Student aid	—	2,150	18,316	20,466
Investment in plant	42,696	521	—	43,217
Long-term accumulated investment/endowment gains	31,344	11,277	—	42,621
Contributions receivable	—	522	1,218	1,740
Other purposes	125	423	4,994	5,542
Instruction	—	9	3,541	3,550
Total net assets	$ 81,174	$ 14,902	$ 28,069	$ 124,145

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Undesignated	$ 5,407	$ —	$ —	$ 5,407
Designated for:				
Student loans	895	—	—	895
Student aid	—	2,380	17,768	20,148
Investment in plant	42,960	322	—	43,282
Long-term accumulated investment/endowment gains	23,768	6,935	—	30,703
Contributions receivable	—	396	1,204	1,600
Other purposes	125	341	4,617	5,083
Instruction	—	30	3,526	3,556
Total net assets	$ 73,155	$ 10,404	$ 27,115	$ 110,674

(Continued)

(4) Net Assets Released from Restrictions

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors are as follows at June 30, 2011 and 2010 (in thousands):

	2011	2010
Purpose restrictions:		
Student aid	$ 288	$ 204
Construction or purchase of buildings and equipment	15	1,990
Other	182	206
	$ 485	$ 2,400

The net assets released from restrictions are allocated between operating and nonoperating as follows (in thousands):

	2011	2010
Operating	$ 470	$ 410
Nonoperating	15	1,990
	$ 485	$ 2,400

(5) Contributions Receivable

Contributions receivable consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Unconditional promises expected to be collected in:		
Less than one year	$ 410	$ 401
One year to five years	323	333
Less allowance for uncollectible contributions	(40)	(98)
Less discount to present value	(21)	(28)
	672	608
Contributions receivable under charitable gift trust agreements	1,698	1,698
Less discount to present value	(630)	(706)
	1,068	992
Total	$ 1,740	$ 1,600

The College uses a discount rate ranging from 1.58% to 5.10% as established upon receipt of the contribution to determine the present value of contributions receivable. Discount rates used to calculate the College's present value of charitable gift trust agreements range from 4.00% to 6.88%.

(Continued)

(6) Long-Term Investments

The following tables summarize the College's investments by major category in the fair value hierarchy as of June 30, 2011 and 2010, as well as the related liquidity (in thousands):

	2011					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
Investments:						
Cash	$ 2,260	$ —	$ —	$ 2,260	Daily	1 – 3
Domestic equities	7,677	—	—	7,677	Daily	1 – 3
Domestic equities index fund	—	4,707	—	4,707	Daily	1 – 3
Global equities mutual funds	—	30,526	—	30,526	Daily/monthly	—
Domestic fixed income mutual fund	6,109	—	—	6,109	Daily	1 – 3
Hedge fund-of-funds	—	2,395	10,147	12,542	Quarterly/annual	65 – 95
Private equity	—	—	3,134	3,134	Subject to lock up	—
Direct hedge fund	—	—	4,391	4,391	2 year initial lockup, then quarterly	60
Subordinated debt	—	—	1,589	1,589	Subject to lock up	—
Real estate	—	—	283	283	Illiquid	—
Total	$ 16,046	$ 37,628	$ 19,544	$ 73,218		

	2010					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
Investments:						
Cash	$ 6,005	$ —	$ —	$ 6,005	Daily	1 – 3
Domestic equities	5,687	—	—	5,687	Daily	1 – 3
Domestic equities index fund	—	3,488	—	3,488	Daily	1 – 3
Global equities mutual funds	—	23,147	—	23,147	Daily/monthly	—
Domestic fixed income mutual fund	5,738	—	—	5,738	Daily	1 – 3
Hedge fund-of-funds	—	2,249	6,792	9,041	Quarterly/annual	65 – 95
Private equity	—	—	2,596	2,596	Subject to lock up	—
Direct hedge fund	—	—	4,109	4,109	2 year initial lockup, then quarterly	60
Subordinated debt	—	—	403	403	Subject to lock up	—
Real estate	—	—	295	295	Illiquid	—
Total	$ 17,430	$ 28,884	$ 14,195	$ 60,509		

The College owns interests in alternative investment funds rather than in the securities underlying each fund, and therefore it is generally required to consider such investments as Level 2 or 3, even though the underlying securities may not be difficult to value or may be readily marketable. Also, because NAV is used as a practical expedient to estimate fair value, the level in the fair value hierarchy in which each fund's fair value measurement is classified is based primarily on the College's ability to redeem its interest at or near the date of the statement of financial position. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities.

The following table presents the College's activity for the fiscal year ended June 30, 2011 and June 30, 2010 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	2011						
	Short term fund	Hedge fund-of funds	Private equity	Direct hedge fund	Subordinated debt	Real estate	Total
Fair value at July 1, 2010	$ —	$ 6,792	$ 2,596	$ 4,109	$ 403	$ 295	$ 14,195
Purchases	—	2,492	392	—	1,102	—	3,986
Distributions	—	—	(170)	—	—	—	(170)
Net realized and unrealized gains		863	316	282	84	(12)	1,533
Fair value at June 30, 2011	$ —	$ 10,147	$ 3,134	$ 4,391	$ 1,589	$ 283	$ 19,544

	2010						
	Short term fund	Hedge fund-of funds	Private equity	Direct hedge fund	Subordinated debt	Real estate	Total
Fair value at July 1, 2009	$ 399	$ 11,785	$ 1,991	$ —	$ —	$ 280	$ 14,455
Purchases	—	1,000	219	4,000	403	6	5,628
Distributions	(423)	(6,629)	(100)	—	—	—	(7,152)
Net realized and unrealized gains	24	636	486	109	—	9	1,264
Fair value at June 30, 2010	$ —	$ 6,792	$ 2,596	$ 4,109	$ 403	$ 295	$ 14,195

Long-term investment activities consist of the following for the year ended June 30, 2011 and 2010 (in thousands):

		2011		2010
Investment return:				
Interest and dividends, net of investment fees of $345 thousand in 2011 and $296 thousand in 2010	$	691	$	310
Unrealized gains		10,254		3,283
Realized gains		1,758		2,012
Total return on investments		12,703		5,605
Amount appropriated for operations		(2,475)		(2,750)
Reinvested investment income	$	10,228	$	2,855
Reinvested investment income:				
Reinvested in unrestricted, designated groups	$	5,825	$	1,952
Reinvested in temporarily restricted group		4,403		903
Total reinvested investment income	$	10,228	$	2,855

Private equity investments are generally made through limited partnerships. Under the terms of these agreements, the College is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, and under such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The College cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year are uncertain. The College had outstanding commitments to private equity, real estate, and subordinated debt investments of $4.8 million as of June 30, 2011. These commitments are expected to be funded from existing investments included within the endowment. Generally, these commitments have 10 year terms, with the option to extend. As of June 30, 2011, the average remaining life of the investments is 4 years. The remaining outstanding commitments are summarized in the table below (in thousands):

Private equity	$	2,801
Subordinated debt		1,995
Real estate		35
	$	4,831

The investment fair values as of June 30, 2011 are summarized below by redemption or sale period (in thousands):

		Investment fair values
Investment redemption or sale period:		
Daily	$	33,417
Monthly		17,862
Quarterly		2,395
Annual		10,147
Lock up until liquidation		9,397
Total as of June 30, 2011	$	73,218

(7) Endowment

The College's endowment consists of approximately 200 individual funds established for a variety of purposes, including both donor-restricted endowment funds (true endowment) and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

Effective May 5, 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by the State of Vermont. This replaces a previous law, UMIFA, the Uniform Management of Institutional Funds Act. Under UMIFA, spending below the historic dollar value of an endowment was not permitted; and the accounting definition of permanently restricted funds was the historic-dollar-value of a donor-restricted gift to endowment.

Under UPMIFA, the historic-dollar-value threshold is eliminated, and the governing board has discretion to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the College to appropriate for expenditure or accumulate so much of the endowment fund as the College determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Several criteria are to be used to guide the College in its yearly expenditure decisions: (1) duration and preservation of the fund; (2) the purposes of the College and the donor-restricted endowment fund; (3) general economic conditions; (4) effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the College; and, (7) the investment policy of the College.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the permanently restricted amount will remain intact. This perspective is aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic-dollar-value may be dipped into on a temporary basis.

In accordance with appropriate accounting standards, the College 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 as permanently restricted net assets is classified as temporarily restricted net assets, until appropriated for spending by the Board of Trustees.

In 2011, the College determined that a correction to prior period financial statements was required. The correction was the result of a detailed review of the net asset classification of unspent accumulated earnings on endowments. The classification error arose in periods prior to June 30, 2010. As a result, management determined that an adjustment to its previously reported June 30, 2010 balances for unrestricted and temporarily restricted net assets of approximately $7.7 million and $(7.7) million, respectively, was necessary to correct this immaterial error. In addition, management adjusted the statement of activities for the year ended June 30, 2010, by approximately $200,000, to correct the investment return classification between unrestricted and temporarily restricted net assets. Certain related footnotes have also been revised as a result of the correction. There was no change to the total net assets on the statement of financial position as of June 30, 2010; the total increase in net assets for the year ended June 30, 2010 on the statement of activities or to any balance on the statement of cash flows for the year ended June 30, 2010. Further, the previous classification did not affect the College's historical management, investment or use of the funds within the endowment pool.

Endowment net asset composition by type of fund consists of the following at June 30, 2011 (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (119)	$ 11,468	$ 26,535	$ 37,884
College designated endowment funds	32,805	542	—	33,347
Total endowment net assets	$ 32,686	$ 12,010	$ 26,535	$ 71,231

Endowment net asset composition by type of fund consists of the following at June 30, 2010 (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (1,295)	$ 7,121	$ 25,767	$ 31,593
College designated endowment funds	26,406	520	—	26,926
Total endowment net assets	$ 25,111	$ 7,641	$ 25,767	$ 58,519

Changes in endowment net assets for the year ended June 30, 2011 are as follows (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2010	$ 25,111	$ 7,641	$ 25,767	$ 58,519
Total return, including realized and unrealized earnings, net of fees	7,118	5,551	—	12,669
Endowment income appropriated	(1,293)	(1,182)	—	(2,475)
Contributions	—	—	768	768
Transfers	1,750	—	—	1,750
Endowment net assets, June 30, 2011	$ 32,686	$ 12,010	$ 26,535	$ 71,231

Changes in endowment net assets for the year ended June 30, 2010 are as follows (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2009	$ 23,158	$ 6,765	$ 25,273	$ 55,196
Total return, including realized and unrealized earnings, net of fees	3,722	1,857	—	5,579
Endowment income appropriated	(1,769)	(981)	—	(2,750)
Contributions	—	—	494	494
Endowment net assets, June 30, 2010	$ 25,111	$ 7,641	$ 25,767	$ 58,519

(Continued)

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Deficiencies of this nature reported in unrestricted net assets were $119 thousand and $1.3 million at June 30, 2011 and 2010. These deficiencies resulted from market losses on long-term investments. Subsequent gains that restore the fair value of the assets of the endowment funds to the required level will be classified as an increase in unrestricted net assets.

(c) Return Objectives and Risk Parameters

The primary objective of the investments for endowment, quasi-endowment, and similar funds is to provide for preservation of capital adjusted for inflation with an emphasis on long-term growth of principal and with a risk profile which would be deemed to be prudent by institutional fiduciaries generally. Consistent with this objective, a reasonable return is expected. Since short-term market fluctuations may cause variations in investment performance, it is intended that the objectives will be achieved over a full market cycle.

(d) Strategies Employed for Achieving Objectives

The College targets a diversified asset allocation that places emphasis on investment in: global and U.S. equity (53%), alternative investments (35%), fixed income and cash (10%), and private real estate (2%). The portfolio is reviewed quarterly and rebalanced as needed.

(e) Endowment Spending Policy

The College has interpreted relevant state law as generally permitting the spending of gains on endowment funds. The College's endowment spending policy is up to 4.5% of the lowest of the following, but not less than $2.0 million:

1. the rolling average market value for the three year period ended two years prior to the fiscal year in which the spending from the endowment occurs,

2. the market value as of June 30th of the fiscal year ending two years prior to the fiscal year in which the spending from the endowment occurs, or

3. the market value as of October 31st of the preceding fiscal year.

(8) Allowances for Uncollectible Accounts

Accounts receivable are net of an allowance for uncollectible accounts of $937 thousand and $802 thousand, at June 30, 2011 and 2010, respectively. Bad debt expense charged to operations was $168 thousand and $24 thousand in 2011 and 2010, respectively.

(9) Land, Buildings, and Equipment

The following is a summary of the College's property and equipment as of June 30, 2011 and 2010 (in thousands):

	Estimated lives	2011	2010
Artwork	—	$ 309	$ 309
Land	—	2,335	2,335
Land improvements	25 – 33 years	4,047	3,991
Buildings and improvements	5 – 50 years	118,297	117,655
Equipment and furniture	3 – 10 years	34,551	34,063
Construction in progress	—	1,168	2,526
		160,707	160,879
Less accumulated depreciation		(88,263)	(86,165)
Net land, buildings, and equipment		$ 72,444	$ 74,714

Depreciation expense charged to operations was $6.9 million and $6.6 million in 2011 and 2010, respectively.

(10) Retirement and Similar Plans

The College has a defined contribution retirement plan providing retirement benefits for eligible employees. Employees are generally eligible to participate in the plan after one year of continuous employment. College contributions to the plan are calculated as a percentage of the participant's annual base compensation, and additional voluntary contributions by participants are permitted. College contributions to the plan totaled $1.8 million and $2.4 million in 2011 and 2010, respectively.

The College adopted a voluntary retirement incentive program for faculty and staff, the effective date was March 1, 2010. To be eligible for the plan, employees must be full-time and benefits-eligible, be at least 62 years of age and have at least 20 years of consecutive service to the College as of September 1, 2010. The program benefits include a one-time lump sum payment equal to two weeks of base pay up to a maximum of one year of base pay, continued participation in the College dental and health insurance plans to age 65 or a one-time lump sum payment in lieu of participation. Faculty and staff were given retirement date options of June 30, 2010, December 31, 2010, June 30, 2011 or June 30, 2012. The amount recorded as an accrued liability was $985 thousand and $1.5 million at June 30, 2011 and 2010, respectively.

(11) Bonds Payable

Bonds payable consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Dormitory bonds:		
Townhouse 200-300 mortgage notes:		
Payable to Berkadia Commercial Mortgage, LLC; 3% interest rate; principal and interest paid in level semi-annual installments over 30 years ending in fiscal 2013; collateralized by dormitory structure	$ 334	$ 494
1999 bonds:		
Payable to VEHBFA; consists of bonds issued aggregating $20.9 million with fixed interest rates ranging from 3.00% to 5.00%, maturing serially through 2015; and a $2.8 million 5.00% term bond due October 1, 2023; interest is payable semi-annually; the face amount of the bonds is $9.5 million and $10.7 million at June 30, 2011 and 2010, respectively. Unamortized original issue discount of $18 thousand and $22 thousand has been netted against this liability at June 30, 2011 and 2010, respectively	9,457	10,663
2001 bonds:		
Payable to VEHBFA; consists of bonds issued aggregating $4.7 million with fixed interest rates ranging from 2.75% to 4.60%, maturing serially through 2016; and a $4.1 million 5.00% term bond due October 1, 2023; interest is payable semi-annually; the face amount of the bonds is $6.3 million and $6.6 million at June 30, 2011 and 2010, respectively. Unamortized original issue discount of $46 thousand and $52 thousand has been netted against this liability at June 30, 2011 and 2010, respectively	6,214	6,523

(Continued)

		2011		2010
2003 bonds:				
Payable to VEHBFA; consists of bonds issued aggregating $10.4 million with fixed interest rates ranging from 2.00% to 5.00%, maturing serially through 2023; and $1.6 million, 5.125% and $3.0 million, 6.00% term bonds due October 1, 2028; interest is payable semi-annually; the face amount of the bonds is $12.2 million and $12.7 million at June 30, 2011 and 2010, respectively. Unamortized original issue premium of $15 thousand and $16 thousand has been added to this liability at June 30, 2011 and 2010, respectively	$	12,240	$	12,671
Total	$	28,245	$	30,351

All bonds are subject to trust indentures. The agreements contain various covenants, which include the maintenance of debt service reserve funds. The College is in compliance with these debt covenants at June 30, 2011 and 2010.

Annual principal payments due on bonds and mortgage notes payable, excluding the original issue discount or premium are as follows (in thousands):

Year ending June 30:		
2012	$	2,210
2013		2,294
2014		2,230
2015		2,330
2016		2,180
Thereafter		17,051
	$	28,295

Bond issuance costs of $994 thousand less accumulated amortization of $407 thousand and $369 thousand are reported and are included in other assets at their net value of $538 thousand and $576 thousand at June 30, 2011 and 2010, respectively.

Interest expense charged to operations was $1.4 million in 2011 and $1.5 million in 2010, respectively.

The College has a revocable unsecured line of credit in the amount of $3 million at June 30, 2011 and 2010, which is available for working capital needs. The current line of credit expires on January 15, 2012. There were no amounts outstanding as of June 30, 2011 and 2010.

(Continued)

(12) Capital Leases

Capital leases for computers and equipment consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Obligation payable for office equipment, imputed interest of 6.75%, secured by equipment, monthly installments of $4 thousand through 2011	$ —	$ 2
Obligation payable for office equipment, imputed interest of 6.75%, secured by equipment, monthly installments of $7 thousand through 2011	—	10
Obligation payable for computer equipment, imputed interest of 6.17%, secured by equipment, quarterly installments of $11 thousand through 2011	—	30
Obligation payable for computer equipment, imputed interest of 6.75%, secured by equipment, monthly installments of $18 thousand through 2013	149	246
Obligation payable for computer equipment, imputed interest of 5.5%, secured by equipment, monthly installments of $38 thousand through 2014	793	1,115
Obligation payable for copier and printer equipment, imputed interest of 8.15%, secured by equipment, quarterly installments of $40 thousand through 2015	458	—
Obligation payable for print shop equipment, imputed interest of 7.84%, secured by equipment, quarterly installments of $9 thousand through 2015	103	—
Obligations under capital leases	$ 1,503	$ 1,403

Future minimum lease payments under these capital leases as of June 30, 2011 are as follows (in thousands):

Year ending June 30:		
2012	$	984
2013		859
2014		425
2015		78
Total minimum lease payments		2,346
Less amounts representing estimated maintenance, supplies and service costs		682
Net minimum lease payments		1,664
Less amounts representing interest		161
Total future minimum lease payments	$	1,503

(13) Disclosure about Fair Value of Financial Instruments

The estimated fair values of the College's financial instruments as of June 30, 2011 and 2010 have been determined by using, where practicable, appropriate valuation methodologies.

The College's bonds trade periodically in a limited market. Utilizing available market pricing information provided by a third-party, the College estimated that the aggregate fair value of its fixed-rate debt as of June 30, 2011 and 2010 was $29,112 thousand and $31,591 thousand, respectively.

(14) Commitments and Contingencies

The College is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the College's financial statements.

The College provides health and dental insurance coverage to its eligible employees through self-funded plans administered by a regulated insurance carrier. The College carries stop loss insurance for any claim exceeding $125 thousand during the annual contract period, and for aggregate claims exceeding 125% of estimated claims for the year. There are no upper limits on these policies for the contract period ended December 31, 2011; a $1.0 million maximum applies to any claims related to the Medicare supplemental plans. The amount reserved for incurred but not reported health and dental claims was $530 thousand and $689 thousand at June 30, 2011 and 2010, respectively.

The College participates in the Independent 529 Plan (the Plan). The Plan permits families to purchase tuition certificates which provide prepaid annual tuition benefits. One annual tuition benefit covers the cost of full-time student tuition and mandatory fees. The College is obligated to accept certificates purchased during the period the College is a participant in the Plan as payment of tuition and fees without regard to the standard tuition rate in effect at the time of the individual's enrollment at the College. The effect of this program cannot be determined as it is contingent on future tuition increases and the Plan participants who attend the College.

The College joined SAGE Scholars, Inc. which is a private college enrollment marketing tool. SAGE maintains a database of participating students whose families are actively saving and planning for higher education. Families earned tuition reward points based on their investments with SAGE's Financial Affiliates which are redeemable at participating member institutions. The maximum discount that a participant is required to offer to SAGE scholars is one year's tuition applied evenly over four years. Tuition discounts offered under this program are included in the student's financial aid award, not an additional award. Similar to the 529 plan above, the effect of this program cannot be determined.

(15) Fundraising

The College classifies fundraising expenses as institutional support. The amount included in operating expenses was $1.5 million and $1.9 million in 2011 and 2010, respectively.

(16) Operating Expenses

The natural classification of operating expenses for the years ended June 30, 2011 and 2010 was (in thousands):

	2011	2010
Salaries and benefits	$ 40,119	$ 42,490
General supplies and expenses	11,242	10,343
Cost of items purchased for resale	5,259	5,358
Depreciation	6,916	6,661
Plant maintenance	5,022	4,694
Interest and debt fees	1,567	1,670
Travel and entertainment	2,358	2,113
Library acquisitions	728	715
Total operating expenses	$ 73,211	$ 74,044

(17) Subsequent Events

The College considers events or transactions that occur after the balance sheet date, but before the financial statements were issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on December 12, 2011, and subsequent events have been evaluated through that date.

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Appendix C

Definitions of Certain Terms and Summaries of the Loan Agreement and the Trust Agreement

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DEFINITIONS OF CERTAIN TERMS

The following is a summary of the definitions of certain terms contained in the Loan Agreement and the Trust Agreement and used in this Official Statement.

"Annual Administrative Fee" means the annual fee for the general administrative expenses of the Agency in an amount not to exceed one-tenth of one percent (1/10 of 1%) of the principal amount of the Bonds then Outstanding.

"Bond Fund" means the "Vermont Educational and Health Buildings Financing Agency (Saint Michael's College Project) Series 2012 Bond Fund" created under the Trust Agreement and described in the Summary of the Trust Agreement in this Appendix C.

"Bond Year" means the period commencing on October 1 of any calendar year and ending on September 30 of the next succeeding calendar year.

"Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in any city in which the principal office of the Trustee is located are authorized or required by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

"Campus" means, collectively, the Existing Facilities, the Project and any Improvements.

"Code" means the Internal Revenue Code of 1986, as amended.

"College" means Saint Michael's College, Inc., a private, nonprofit college organized and existing under the laws of the State and located in the Town of Colchester, Vermont.

"Construction Fund" means the "Vermont Educational and Health Buildings Financing Agency (Saint Michael's College Project) Series 2012 Construction Fund" created under the Trust Agreement and described in the Summary of the Trust Agreement in this Appendix C.

"Defaulted Interest" means any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

"Defeasance Obligations" means (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers, which obligations are rated in the highest rating category by S&P and Moody's, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of and premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

"Depositary" means one or more banks or trust companies authorized under the laws of the United States of America or the State to engage in the banking business within the State and designated by the Agency, with the approval of the College, as a depositary of money under the provisions of the Trust Agreement.

"Existing Facilities" means the property of the College in the Town of Colchester, Vermont, in the State with all improvements, buildings, structures, fixtures, machinery, equipment and other facilities existing and situated in and upon said property on the date of delivery of and payment for the Bonds.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Holder" means a person in whose name a Bond is registered in the registration books provided for in the Trust Agreement.

"Improvements" means any additions, enlargements, improvements, extensions, alterations, fixtures, equipment, land, appurtenances and other facilities to or for the Project or the Existing Facilities.

"Independent Counsel" means any attorney or attorneys duly admitted to practice law before the highest court of the State and not officers or full-time employees of the Agency, the Trustee or the College.

"Initial Administrative Fee" means the fee required to be paid to the Agency on the date of issuance of the Bonds for its administrative expenses in connection with its financing of the Project and the refunding of the Refunded Bonds.

"Interest Payment Date" means April 1 or October 1, as the case may be.

"Interest Account" means the account in the Bond Fund created and so designated by the Trust Agreement.

"Interest Requirements" for any Bond Year means the amount that is required to pay interest on all Outstanding Bonds on April 1 in such Bond Year and on October 1 of the following Bond Year.

"Investment Obligations" means:

A. Defeasance Obligations;

B. bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or any other like governmental or government-sponsored agencies which may be created: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Bank System; Export Import Bank of the United States; Farmers Home Administration; Small Business Administration; Inter-American Development Bank; International Bank for Reconstruction and Development; Federal Land Banks; and Government National Mortgage Association;

C. direct and general obligations of any state of the United States of America or any municipality or political subdivision of such state, or obligations of any corporation, if such obligations are rated in one of the two highest rating categories by each of S&P and Moody's (without regard to any gradations within such categories) or, upon the discontinuance of either or both of such services, any other nationally recognized rating services;

D. negotiable or non-negotiable certificates of deposit, time deposits, or other similar banking arrangements, issued by any bank (including the Trustee), banking association or trust company or any savings and loan association, and either (i) the long-term obligations of such bank, banking association, trust company or savings and loan association are rated in one of the two highest rating categories by S&P and Moody's (without regard to any gradations within such categories) or (ii) the deposits are continuously secured as to principal, but only to the extent not insured by the Federal Deposit Insurance Corporation or similar corporation chartered by the United States of America, (a) by lodging with a bank or trust company, as collateral security, obligations described in paragraphs A. or B. above or other marketable securities eligible as security for the deposit of trust funds under applicable 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 (b) if the furnishing of security as provided in clause (a) of this paragraph is not permitted by applicable law, in such 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;

E. repurchase agreements with respect to obligations listed in paragraphs A. or B. above if entered into with a bank (including the Trustee), banking association, trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in government securities which reports to, trades with and is recognized as a primary dealer by a Federal Reserve Bank, and which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safe-keeping receipt issued by a depository satisfactory to the Trustee, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the repurchase price, (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee and (iii) such obligations are free and clear of any adverse third party claims;

F. commercial paper rated in the highest rating category by S&P and Moody's;

G. money market mutual funds that invest primarily in obligations listed in paragraphs A., B. or C. above which mutual funds are rated in the highest category by each of S&P and Moody's;

H. investment agreements continuously secured by the obligations listed in paragraphs A., B. or D. above, with any bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in government securities, reports to, trades with and is recognized as a primary dealer by, a Federal Reserve Bank, and is a member of the Securities Investors Protection Corporation if (i) such obligations are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder, (ii) a prior perfected security interest in the obligations which are securing such agreement has been granted to the Trustee, and (iii) such obligations are free and clear of any adverse third party claims; and

I. investment agreements with any bank or trust company which has long-term obligations rated in one of the two highest rating categories by each of S&P and Moody's (without regard to any gradations within such categories).

Any of the above-described investments may be issued by or acquired through the Trustee or its affiliates, or any entity which the Trustee or its affiliates provide services (and receives compensation) if such investment otherwise satisfies the requirements of this definition.

"Loan" means, with respect to the Bonds, the aggregate amount of the moneys loaned to the College pursuant to the Loan Agreement and shall be equal to the aggregate principal amount of the Bonds issued by the Agency.

"Loan Repayments" means the payments so described under the caption "Loan Repayments; Required Payments Under the Loan Agreement" in the Summary of the Loan Agreement in this Appendix C.

"Maximum Annual Debt Service on the Bonds" means, at any given time of determination, the maximum Principal and Interest Requirements for the Bonds for the then current or any succeeding Bond Year. For purposes of this definition, Principal and Interest Requirements for any Bond Year shall not include any principal, Sinking Fund Requirement, or interest due in such Bond Year by reason of the failure of the Agency to pay the same when due in any prior Bond Year.

"Moody's" means Moody's Investors Service, its successors and assigns and if for any reason Moody's shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized securities rating agency appointed by the College and approved by the Agency.

"Note" means the promissory note of the College delivered to the Agency pursuant to the Loan Agreement.

"Operating Assets" means any or all land, leasehold interests, buildings, machinery, equipment, hardware and inventory of the College used in its trade or business, but not including cash, investment securities and other property held for investment purposes.

"Outstanding" when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued under the Trust Agreement, except:

1. Bonds paid or redeemed or delivered to the Bond Registrar for cancellation;

2. Bonds, for the payment of which, money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal or Redemption Price of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Trustee or the Bond Registrar in trust for the holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal or Redemption Price of, and the interest accruing on, such Bonds to such date;

3. Bonds in exchange for or in lieu of which other Bonds have been issued and authenticated under the Trust Agreement; and

4. Bonds deemed to have been paid in accordance with the Trust Agreement.

"Plans and Specifications" means the outline plans and specifications prepared for the Project as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and equipping of the Project in accordance with the Loan Agreement.

"Principal Account" means the account in the Bond Fund created and so designated by Section 501 of the Trust Agreement.

"Principal and Interest Requirements" for any Bond Year means the sum of the Principal Requirements and Interest Requirements for such Bond Year.

"Principal Requirements" for any Bond Year means the Sinking Fund Requirement for any Term Bonds and the principal of any Serial Bonds coming due on October 1 of the following Bond Year.

"Project" consists of the acquisition, construction and equipping acquisition, construction and equipping of the Quad Commons consisting of a four-story, approximately 83,000 square-foot, 105-bed residence hall and apartment-style housing for a residence advisor and residence director and a student center consisting of a digital lounge, food court, activities area, fitness center, radio station, collaboration rooms, multi-function room accommodating 240 persons seating at tables or 425 persons in auditorium-style seating, meeting rooms, meditation space and offices for the College's Student Association, the financing of which is authorized by the Act and the Trust Agreement, including any modifications thereof, substitutions thereof, substitutions therefor or additions thereto and excluding deletions therefrom, all as provided by the Plans and Specifications.

"Redemption Price" means, with respect to Bonds or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with the terms of the Trust Agreement.

"Required Payments under the Loan Agreement" means the payments so described under the caption "Loan Repayments; Required Payments Under the Loan Agreement" in the Summary of the Loan Agreement in this Appendix C.

"Serial Bonds" means the Bonds which are stated to mature in consecutive annual installments.

"Sinking Fund Account" means the account in the Bond Fund created and so designed by the Trust Agreement.

"Sinking Fund Requirement" means, with respect to the Bonds constituting Term Bonds for any Bond Year, the principal amount fixed or computed as set forth in the Trust Agreement for the retirement of such Term Bonds by purchase or redemption on October 1 of the following Bond Year.

"S&P" means Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business, its successors and assigns and if for any reason S&P shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency appointed by the College and approved by the Agency.

"State" means the State of Vermont.

"Term Bonds" means Bonds other than Serial Bonds.

"Total Required Payments" means the sum of Loan Repayments and Required Payments.

SUMMARY OF THE LOAN AGREEMENT

Loan Repayments; Required Payments Under the Loan Agreement

The College is required to make Total Required Payments under the Loan Agreement when due. Loan Repayments are to be paid, when due and payable, to the Trustee for deposit in the Bond Fund and the Redemption Fund, as the case may be. All other Required Payments under the Loan Agreement are to be paid by the College directly, when due and payable, to the persons entitled thereto.

Loan Repayments are required to be sufficient in the aggregate to repay the loan and interest thereon and to pay in full all Bonds issued under the Trust Agreement, together with the total interest and redemption premium, if any, thereon. The College is required to repay the Loan in monthly installments, each installment being deemed a Loan Repayment. The College may prepay all or any part of the Loan as provided in the Loan Agreement.

The College shall also pay, when due and payable, as Required Payments under the Loan Agreement, the following costs and expenses, exclusive of costs and expenses payable from the proceeds of the Bonds:

(i) the fees and other costs payable to the Bond Registrar and the Trustee;

(ii) all costs incurred in connection with the purchase or redemption of Bonds to the extent money is not otherwise available therefor;

(iii) the fees and other costs incurred for services of such attorneys, management consultants, insurance advisers, and accountants as are employed to make examinations, provide services, render opinions or prepare reports required under the Loan Agreement or the Trust Agreement; and

(iv) reasonable fees and other costs that the College is obligated to pay, not otherwise paid under the Loan Agreement or the Trust Agreement, incurred by the Agency in connection with its administration and enforcement of, and compliance with, the Loan Agreement or the Trust Agreement, including, but not limited to, certain fees of the Agency and reasonable attorney's fees.

Absolute Obligation to Make Total Required Payments

The obligation of the College to make the Loan Repayments and all other Required Payments under the Loan Agreement and the Note and to perform and observe the other agreements contained in the Loan Agreement is absolute and unconditional. The College will pay without abatement, diminution or deduction all such amounts, regardless of any defense or any rights of setoff, recoupment or counterclaim that the College may have or assert against the Agency or the Trustee or any other person.

Covenants of the College

The Loan Agreement provides that the College will comply with certain covenants with respect to: maintenance of the College's corporate existence; maintenance and preservation of the College's campus; examination of the Project and the books and records of the College by the Trustee and the Agency; compliance with applicable law; furnishing of financial statements to the Agency and the Trustee; non-religious use of the Project; and the execution and delivery of supplements, amendments and other corrective instruments as may reasonably be required with respect to the performance of the Loan Agreement.

The College covenants and agrees 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 Internal Revenue Code of 1986, as amended. 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 thereunder 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.

Additional Indebtedness

The College covenants that it will only incur additional long-term indebtedness if (a) the maximum annual debt service on all long-term indebtedness outstanding after the issuance of such proposed additional long-term indebtedness is less than or equal to ten percent (10%) of the Operating Revenues of the College as shown on its most recently audited financial statements and (b) the Liquid Unrestricted Net Assets (being the sum of the College's Unrestricted Net Assets less Net Investments in Buildings and Equipment, as shown on its most recently audited financial statements) of the College is greater than or equal to fifty percent (50%) of the sum of the College's outstanding long-term indebtedness after the issuance of such proposed additional long-term indebtedness.

Liens and Encumbrances

The College covenants that it will not create or suffer to be created any lien, encumbrance or charge upon the Campus or any part thereof, and that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands (except such as may arise from or in connection with the acquisition, construction and equipping of the Project) for labor, materials, supplies or other items which, if not satisfied, might by law become a lien upon the Campus or any part thereof. If any such lien shall be filed or asserted against the Campus or any part thereof, by reason of labor, materials, supplies or other items supplied or claimed to have been supplied on or to the Campus at the request or with the permission of the College or of anyone claiming to act for the College, then the College shall, within thirty (30) days after it receives notice of the filing or the assertion thereof, cause the same to be discharged of record or effectively prevent the enforcement or foreclosure thereof against the Campus or any part thereof, by contest, payment, deposit, bond, order of court or otherwise. The College is not required to satisfy or discharge any such lien, encumbrance, charge, claim or demand so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, and such contest does not jeopardize the interest of the Agency, the College and the Holders in the Campus, or any part thereof.

Defaults and Remedies

Events of Default are defined in the Loan Agreement to include: (a) failure of the College to make all or any part of any Total Required Payment under the Loan Agreement when due, or (b) failure by the College to pay when due any payment required under the Loan Agreement, other than any Total Required Payment, 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 by the Agency or the Trustee, unless the Agency and the Trustee shall agree in writing to an extension of such time prior to its expiration, or (c) failure of the College 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 payments in clauses (a) and (b) above), and such failure continues for a period of 90 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the College by the Trustee or the Agency, unless the Agency and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if such failure cannot be corrected within such 90-day period, it shall not constitute an Event of Default if corrective action is instituted by the College within such period and diligently pursued until such failure is corrected, or (d) under any present or future bankruptcy law, the application 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 the admission in writing of its inability to pay its debts generally as they come due, or the making of a general assignment for the benefit of creditors, or the institution of proceedings to be adjudged a bankrupt or insolvent, or the seeking of reorganization in a proceeding under any present or future bankruptcy law or the admission of the material allegations of a petition filed against the College in any such proceeding, or the seeking of 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, or (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 or 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, or (f) abandonment by the College of the Project, or any substantial part thereof, or the operations therein other than as permitted in the Loan Agreement, and such abandonment shall continue for a period of thirty (30) days after written notice thereof shall have been given to the College by the Agency or the Trustee, or (g) failure of the College to pay the principal of or interest on any other obligation of the College for borrowed money in excess of $750,000 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 any such default regardless of amount shall be a default if such default adversely affects repayment or jeopardizes the interests granted by the College under the Loan Agreement, or (h) default by the College under any indenture, agreement or other similar instrument under which any evidence of indebtedness of the College may be issued and such default results in the formal acceleration of the maturity of any indebtedness of the College outstanding thereunder in excess of $100,000 or (i) an event of default under the Trust Agreement shall have, occurred and be continuing.

The provisions of subsections (b) and (c) of the paragraph above are subject to the following limitations: if by reason of Force Majeure, the College is unable in whole or in part to carry out any of its agreements contained in the Loan Agreement, failure of the College to carry out any such agreement other than the obligations on the part of the College contained in the Loan Agreement relating to the College's agreement relating to the nature of the Loan and its covenant maintain its existence and tax status, shall not be deemed an Event of Default during the continuance of such Force Majeure, including a reasonable time for the removal of the effect thereof.

The term "Force Majeure" shall mean, without limitations, the following:

(a) acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; order or restraints of any kind of the government of the United States or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; war; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; droughts; floods; washouts; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(b) any cause, circumstance or event not reasonably within the control of the College.

The College agrees, however, to use its best efforts to remedy with all reasonable dispatch Force Majeure preventing it from carrying out its agreement; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the College, and the College shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the College unfavorable to the College.

Upon the happening of an Event of Default under the Loan Agreement, the Agency may take any of the following actions: (a) declare all unpaid Loan Repayments and all amounts payable under the Note to be immediately due and payable, whereupon the same shall become immediately due and payable; or (b) take any action at law or in equity to collect the payments then due and thereafter to become due, to enforce performance and observance of any obligation, agreement or covenant of the College under the Loan Agreement.

Any amounts collected pursuant to such action shall be paid to the Trustee for deposit in the Bond Fund and applied in accordance with the provisions of the Trust Agreement.

Prepayment of Loan

The College has the option to prepay, together with accrued interest, all or any portion of the amounts payable under the Note at any time. Such prepayment shall be made by the College taking, or causing the Agency to take, the actions required (i) for payment of the Bonds, or (ii) to effect a partial redemption of the Bonds.

Insurance

The College agrees that it will maintain, or cause to be maintained, the following types of insurance (including one or more self-insurance programs considered to be adequate) in such amounts as, in its judgment, are adequate to protect the Campus: (i) comprehensive general public liability insurance, including blanket contractual liability and automobile insurance including owned and hired automobiles (excluding collision and comprehensive coverage thereon), (ii) fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard coverage and vandalism and malicious mischief endorsements and business interruption insurance covering such periods, and (iii) boiler insurance.

The College shall employ an insurance consultant to review the insurance requirements of the College from time to time (but not less frequently than biannually). If the Insurance Consultant makes recommendations for the increase of any coverage, except as permitted in the Loan Agreement, the College shall increase or cause to be increased such coverage, in accordance with such recommendations, subject to a good faith determination of the board of trustees of the College that such recommendations in whole or in part, are in the best interest of the College.

If the College shall fail to obtain or maintain insurance as required in the Loan Agreement, the College shall forthwith notify the Agency and the Trustee of such failure, and the Trustee may, at its option, obtain and maintain such insurance and the College shall be obligated to promptly reimburse the Trustee for all amounts expended in connection therewith, together with interest thereon at the then announced prime rate charged by the commercial lending department of the Trustee.

No acceptance or approval of any insurance policy or plan of self-insurance by the Agency or the Trustee shall relieve or release the College from any liability, duty or obligation under the provisions of the Loan Agreement.

Amendments to Loan Agreement

The Loan Agreement may be amended without the consent of or notice to any of the Holders, to cure any ambiguity or formal defect or omission therein or in any supplement thereto, to grant or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted or conferred upon the Holders or the Trustee, and to add conditions, limitations and restrictions on the College to be observed thereafter. Any other amendments to the Loan Agreement require approval of the Holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding.

Members, Directors, Trustees, Officers and Employees of the Agency Not Liable

Notwithstanding any other provision of the Loan Agreement (a) the Agency shall not be liable to the College, the Trustee, the Holders or any other person for any failure of the Agency to take action under the Loan Agreement unless the Agency (i) is requested in writing by an appropriate person to take such action and (ii) is assured of payment of or reimbursement for any expenses in such action, and (b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Agency nor any director of the Agency or any other official or employee of the Agency shall be liable to the College, the Trustee, the Holders or any other person for any action taken by it or by its officers, servants, agents or employees, or for any failure to take action under the Loan Agreement or the Trust Agreement. In acting under the Loan

Agreement, or in refraining from acting under the Loan Agreement, the Agency may conclusively rely on the advice of its legal counsel.

SUMMARY OF THE TRUST AGREEMENT

Various Funds and Accounts Created by the Trust Agreement

The Trust Agreement creates the following funds:

(1) the Bond Fund;

(2) the Redemption Fund; and

(3) the Construction Fund.

All proceeds of the Bonds, after the payments and deposits required by the Trust Agreement, including the deposit to the escrow fund for the benefit of the holders of the Refunded Bonds, are made, shall be deposited immediately upon receipt to the credit of the Construction Fund. Payment of the Cost of the Project shall be made from the Construction Fund.

The Trust Agreement also creates separate accounts in the Bond Fund designated the "Interest Account," the "Principal Account" and the "Sinking Fund Account."

The money in each of the aforementioned funds and accounts will be held in trust and will be subject to a lien and charge in favor of the Holders of the Bonds until paid out or transferred as provided in the Trust Agreement.

Deposits to the Bond Fund

The Trustee will deposit all amounts received as Loan Repayments and Required Payments under the Loan Agreement in the following order, subject to the credits provided in the Trust Agreement:

(i) on October 20, 2012, and on the 20th day of each month thereafter, into the Interest Account, one-sixth (1/6) of the interest payable on the Bonds on the next ensuing Interest Payment Date, until the amount in the Interest Account is equal to the interest payable on the Bonds on the next ensuing Interest Payment Date;

(ii) on October 20, 2012, and on the 20th day of each month thereafter, into the Principal Account, one-twelfth (1/12) of the amount equal to the principal of all Serial Bonds due on the next ensuing October 1 until the amount in the Principal Account is equal to the principal payable on such October 1; and

(iii) on October 20, 2028, and on the 20th day of each month thereafter, into the Sinking Fund Account, one-twelfth (1/12) of that amount which is sufficient to retire the Term Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing October 1 until the amount in the Sinking Fund Account equals the Sinking Fund Requirement.

For the October 1, 2012 Interest Payment Date for the Bonds and the Serial Bond maturing on October 1, 2012, the College shall deposit on the 20th day of each Month, beginning on June 20, 2012 and continuing through September 20, 2012, inclusive, to the credit of the Interest Account, one-fourth of the interest payable on the Bonds on the October 1, 2012 Interest Payment Date, and to the credit of the Principal Account, one-fourth of the principal due on the Serial Bond maturing on October 1, 2012.

If, after giving effect to the credits specified below, any installment of Total Required Payments is insufficient to enable the Trustee to make the deposits required above, the Trustee will notify the College and request that it increase each future installment of the Total Required Payments to make up any previous deficiency in any of the required monthly payments and to make up any deficiency or loss in any of the above-mentioned accounts and funds.

To the extent that investment earnings are credited to the Interest Account, Principal Account or Sinking Fund Account in accordance with the Trust Agreement, or amounts are credited thereto as a result of the application of Bond proceeds or a transfer of investment earnings on any other fund or account held by the Trustee, or otherwise, future deposits to such accounts will be reduced by the amount so credited, and the Loan Repayments due from the College in the months following the date of the credit will be reduced by the amounts so credited.

Bond Fund Accounts

Money on deposit in the Interest Account of the Bond Fund will be transferred by the Trustee to the Bond Registrar on the Business Day next preceding each Interest Payment Date, date for payment of Defaulted Interest, or date when Bonds are to be redeemed to pay interest due on the Bonds. If the balance in the Interest Account on the 20th day of the month next preceding an Interest Payment Date or date upon which Bonds are to be redeemed is insufficient to pay interest becoming due on the Bonds on the next ensuing Interest Payment Date or date when Bonds are to be redeemed, then the Trustee will notify the College of such deficiency and the College will immediately deliver funds sufficient to cure the same.

Money on deposit in the Principal Account of the Bond Fund will be transferred by the Trustee to the Bond Registrar on each October 1 to pay the principal of all Bonds maturing on such October 1.

Money held for the credit of the Sinking Fund Account will be applied during each Bond Year to retire Term Bonds as follows:

(a) The Trustee shall, at the written direction of the College, endeavor to purchase and cancel Term Bonds or portions thereof then subject to redemption by operation of the Sinking Fund Account at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price provided in the Trust Agreement. The Trustee will pay the interest accrued on such Term Bonds or portions thereof to the date of purchase from the Interest Account and the purchase price from the Sinking Fund Account, but the Trustee will not purchase the Bonds from money in the Sinking Fund Account within the forty-five (45) days immediately preceding the next October 1 on which such Term Bonds are subject to redemption.

(b) The Trustee will call for redemption on the October 1 immediately following such Bond Year, Term Bonds or portions thereof then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Term Bonds for that Bond Year, less the principal amount of any such Term Bonds retired by purchase as described in the preceding subparagraph.

In the event the balance in the Sinking Fund Account on the 20th day of September in any year is insufficient for the payment of the Sinking Fund Requirement on the Term Bonds on the next ensuing October 1, the Trustee shall notify the College of the amount of such deficiency. Upon notification, the College shall, not later than the Business Day prior to such October 1 deliver to the Trustee an amount, in immediately available funds, sufficient to cure the same.

Redemption Fund

Moneys held for the credit of the Redemption Fund will be applied to the purchase or redemption of Bonds as provided in the Trust Agreement. The expenses in connection with the purchase or redemption of Bonds are required to be paid by the College as part of the Required Payments under the Loan Agreement.

Investment of Money

Money held for the credit of all funds and accounts, as nearly as may be practicable, will be continuously invested and reinvested by the Trustee in Investment Obligations. 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.

Investment Obligations acquired with money and credited to any fund or account established under the Trust Agreement will be held by or under the control of the Trustee and will be deemed at all times to be part of such fund or account in which such money was originally held. Interest accruing on such Investment Obligations and any profit or loss realized upon the disposition or maturity of the same will be credited to or charged against such fund. The Trustee will sell at the best price attainable or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to provide money to make any payment or transfer of money from any such fund or account. The Trustee will not be liable or responsible for any loss resulting from any investment in Investment Obligations.

Events of Default

Each of the following events is an Event of Default under the Trust Agreement:

(a) payment of any installment of interest on any of the Bonds shall not be made when due and payable; or

(b) payment of the principal or the redemption premium, if any, of any Bonds shall not be made when due and payable, whether at maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise; or

(c) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Trust Agreement or any agreement supplemental thereto and such default shall continue for thirty (30) days or such further time as may be granted in writing by the Trustee after receipt by the College or the Agency, as the case may be, of a written notice from the Trustee specifying such default and requiring the same to be remedied; or

(d) an "Event of Default" shall have occurred under the Loan Agreement, and such "Event of Default" shall not have been remedied or waived.

Remedies on Default

Upon the happening and continuance of any Event of Default under the Trust Agreement, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Agency and the College, declare the principal of all Bonds then Outstanding to be due and payable. Such declaration may be rescinded under circumstances specified in the Trust Agreement.

No Holder may institute any suit, action or proceeding on any Bonds for any remedy under the Trust Agreement unless he previously has given to the Trustee written notice of the Event of Default under the Trust Agreement on account of which such suit, action or proceeding is to be instituted, and unless such Holder has made a written request to the Trustee to act and furnished indemnity as required in the Trust Agreement and the Trustee has refused or neglected to comply with such request; except that the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders. Except as provided in the Trust Agreement, no Holder will have any right in any manner whatever to enforce any right thereunder, and any individual rights given to such Holders by law are restricted by the Trust Agreement to the rights and remedies therein granted.

Notice to Bondholders

Except as described below, notice of any Event of Default will be mailed to all Holders within 30 days after the Trustee receives notice of the same. The Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any such notice.

Except upon the happening of an Event of Default with respect to, among other things, the payment of the principal of and interest on or redemption premium on Bonds when due, the Trustee may withhold notice of any Event of Default to Holders if in its opinion such withdrawal is in the interest of the Holders. The Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any such notice.

Payment of Trustee's and Bond Registrar's Fees

If the Agency fails to cause required payments to be made to the Trustee or the Bond Registrar for compensation and expenses, the Trustee or the Bond Registrar may make such payment from any monies in its possession and will be entitled to a preference therefor over any Bonds Outstanding, except from moneys set aside in trust for the Holders

Modification of the Trust Agreement

The Agency and the Trustee may, from time to time, execute without the consent of the Holders such supplemental trust agreements as shall be consistent with the terms and provisions of the Trust Agreement and the Loan Agreement and, in the opinion of the Trustee, who may rely conclusively upon a written Opinion of Independent Counsel, shall not affect adversely or prejudice the interest of the Holders to cure any ambiguity or formal defect or omission, to modify, alter, amend, add to or rescind in any particular, any of the terms or provisions contained in the Trust Agreement, to grant to or confer upon the Trustee for the benefit of the Holders of Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Trustee, to add to the provisions of the Trust Agreement other conditions, limitations and restrictions or covenants of the Agency, to comply with any federal or state securities law, to provide for the issuance of Bonds in bearer form or to provide for the issuance of Bonds under a book-entry system.

Except as provided in the immediately preceding paragraph, the Trust Agreement may be amended in any particular with the consent of the Holders of more than 50% in aggregate principal amount of the Bonds Outstanding, provided, that nothing contained in the Trust Agreement will permit (a) any extension of the maturity of principal of or interest on any Bonds, (b) a reduction in the principal amount of or the redemption premium or the rate of interest on any Bonds, (c) the creation of a pledge of receipts and revenues to be received by the Agency under the Loan Agreement superior to the pledge created by the Trust Agreement, (d) a preference or priority of any Bond over any other Bond, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement.

Defeasance

When, among other things, the principal, premium, if any, and interest due upon all of the Bonds is paid or sufficient money or Defeasance Obligations are held by the Trustee for such purpose, then the right, title and interest of the Trustee in the funds and accounts created in the Trust Agreement will cease and the Trustee will release the Trust Agreement.

Recourse Against the Agency

The members, officers and employees of the Agency are not personally liable for any costs, losses, damages or liabilities caused or incurred by the Agency in connection with the performance of any obligation under the Trust Agreement.

Appendix D

Proposed Form of Legal Opinion

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May _, 2012

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”):

$46,595,000

VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY REVENUE BONDS (SAINT MICHAEL’S COLLEGE PROJECT) SERIES 2012

Dated, maturing, bearing interest and subject to redemption all as provided in the Trust Agreement.

The Bonds are issued under and pursuant to the Act and a Trust Agreement, dated as of May 1, 2012 (the “Trust Agreement”), 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 Saint Michael’s College (the “College”) under the Loan Agreement, dated as of May 1, 2012 (the “Loan Agreement”), between the Agency and the College. As evidence of the College’s obligation to repay the loan of the proceeds of the Bonds and to perform its obligations under the Loan Agreement, the College issued its promissory note, dated as of May 1, 2012 (the “Note”). The Note is an absolute and unconditional obligation of the College. The Note and the Loan Agreement (except for certain rights of the Agency) have been assigned to the Trustee as security for the payment of the Bonds. The Bonds are additionally secured by funds held by the Trustee under the Trust Agreement, income from the investment thereof and, under certain circumstances, proceeds of insurance and condemnation awards.

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 Trust Agreement 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 Trust Agreement, money attributable to the proceeds of the Bonds, the income from the investment thereof and, under certain circumstances, proceeds of insurance and condemnation awards.

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 of the owners thereof 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 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 Trust Agreement 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 Trust Agreement 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 or cause the use of property financed or refinanced with the proceeds of the Bonds to constitute an unrelated trade or business under Section 513(a) of the Code in excess of any allowable amount permitted by Section 145(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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Appendix E

Form of Continuing Disclosure Agreement

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered, effective May 24, 2012[1], by Saint Michael's College, Inc. (the "College") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in connection with the issuance and sale by Vermont Educational and Health Buildings Financing Agency (the "Agency") of its $46,595,000 Revenue Bonds (Saint Michael's College Project) Series 2012 (the "Bonds"). The Bonds were issued pursuant to a Trust Agreement, dated as of May 1, 2012 (the "Trust Agreement"), between the Agency and the Trustee. The proceeds of the Bonds are being loaned by the Agency to the College pursuant to a Loan Agreement, dated as of May 1, 2012 (the "Loan Agreement"), between the College and the Agency.

In consideration of the mutual promises and agreements made herein and in the Trust Agreement and the Loan Agreement, the receipt and sufficiency of which consideration are hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the College and the Trustee for the benefit of the Beneficial Owners (defined below) and in order to assist each Participating Underwriter (defined below) in complying with the Rule (defined below). The College and the Trustee acknowledge that the Agency has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and the Agency has no liability to any person, including any Beneficial Owner, with respect to any such reports, notices or disclosures. The College and the Agency acknowledge that the Trustee has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which definitions apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the College pursuant to, and as described in, Section 3(a) of this Disclosure Agreement.

"Beneficial Owner" shall mean, while the Bonds are held in a book-entry only system, the actual purchaser of each Bond, the ownership interest of which is to be recorded on the records of the direct and indirect participants of DTC or its nominee, and otherwise shall mean the Holder.

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[1] Agreement to be effective dated the date of delivery of the Bonds.

"Commission" shall mean the Securities and Exchange Commission, or any successor body thereto.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the College and which has filed with the College and the Trustee a written acceptance of such designation.

"Fiscal Year" shall mean the twelve-month period, at the end of which the College's financial position and the results of its operations for the preceding twelve months are determined. Currently the College's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"Listed Events" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which events are as follows:

(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;[2]

(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) appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The College covenants, for the benefit of the Beneficial Owners of the Bonds, to file, or cause the Dissemination Agent to file, within 180 days after the end of each of its Fiscal Years (the "**Filing Deadline**"), beginning with its Fiscal Year ending June 30, 2012, with the MSRB, an Annual Report containing 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 in Appendix A to the Official Statement, dated May 10, 2012, relating to the Bonds, including but not limited to information of the type set forth under the headings "Undergraduate Student Body", "Tuition and Fees", "Financial Aid" and "Employee Relations and Pension Plan".

(b) If the College elects to have the Dissemination Agent file the Annual Report, the College will provide the Dissemination Agent with the Annual Report at least fifteen (15) days prior to the Filing Deadline, together with a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB.

(c) The College shall, in a timely manner, provide or cause the Dissemination Agent to provide to the MSRB notice of failure by the College to file any Annual Report by the Filing Deadline. If the College elects to have the Dissemination Agent file the foregoing,

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[2] For the purposes of the event specified in (xii), the 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.

the College will provide the Dissemination Agent with the notice, together with a letter authorizing the Dissemination Agent to file the notice with the MSRB.

(d) The Dissemination Agent shall not be under any obligation to verify the content or correctness of, and shall not be responsible for the sufficiency of, the Annual Report or for compliance of the contents of any Annual Report with the Rule or with this Disclosure Agreement.

SECTION 4. Reporting of Listed Events. The College shall provide, or cause the Dissemination Agent to provide, in a timely manner, not in excess of ten business days after the occurrence of the event, to the MSRB notice of any of the Listed Events with respect to the Bonds. If the College elects to have the Dissemination Agent file notice of any Listed Event, the College will provide the notice to the Dissemination Agent within seven business days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 5. Dissemination Agent. The College may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee. If at any time there is not any other designated Dissemination Agent, the College shall be the Dissemination Agent. The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Agency, the College and the Beneficial Owner of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the College or by a court upon the application of the Dissemination Agent.

SECTION 6. Format of Filings. 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.

SECTION 7. Termination of Reporting Obligation. The College's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment. Any amendment to the Disclosure Agreement may only take effect if:

(a) 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; this Section, as amended, would have complied with the requirements of Rule 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

(b) all or any part of the Rule, as interpreted by the staff of the Commission at the date of the Closing, ceases to be in effect for any reason, and the College elects that this Section shall be deemed amended accordingly.

In the event of any amendment to the type of financial or operating data provided in an Annual Report provided pursuant to Section 3(a) hereof, or any change in accounting principles reflected in such Annual Report, the College agrees that the Annual Report will explain, in narrative form, the reasons for the amendment or change and the effect of such change, including comparative information, where appropriate. To the extent not otherwise included in such Annual Report, the College will also provide or cause to be provided timely notice of any change in accounting principles to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the College from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the College chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the College shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. No Beneficial Owner may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of any provision of this Disclosure Agreement or for any remedy for breach thereof, unless such owner shall have filed with the College and Trustee 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 provision of this Disclosure Agreement at issue. In no event shall the Dissemination Agent be liable for monetary damages in the event of a default by the College under this Disclosure Agreement. In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 11. Duties, Immunities and Liabilities of Trustee; Assignment by Trustee. Solely for the purpose of (a) defining the standards of care and performance applicable to the Trustee in the performance of its obligations under this Disclosure Agreement, (b) the manner of execution by the Trustee of those obligations; (c) defining the manner in which, and the conditions under which, the Trustee may be required to take action at the direction of Beneficial Owners, including the condition that indemnification satisfactory to the Trustee be provided, and (d) matters of removal, resignation and succession of the Trustee under this Disclosure Agreement, Article IX and Article X of the Trust Agreement are hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement; provided that the Trustee shall have only such duties under this Disclosure Agreement as are specifically set forth in this Disclosure Agreement. Anything herein to the contrary notwithstanding, the Trustee shall have no duty to investigate or monitor compliance by the College with the terms of this Disclosure Agreement, including without limitation, reviewing the accuracy or completeness of any information or notices filed by the College hereunder. Anything herein to the contrary notwithstanding, the Trustee shall not be construed as having any duty to the Participating Underwriters, except to the extent that a Participating Underwriter is a Beneficial Owner. The Trustee shall assign this Disclosure Agreement to any successor Trustee appointed pursuant to the terms of the Trust Agreement.

The College agrees to pay the Trustee from time to time reasonable compensation for services provided by the Trustee under this Disclosure Agreement and to pay or reimburse the Trustee upon request such compensation as shall be agreed to in writing between the College and the Trustee, expenses, disbursements and advances incurred or made in accordance with this Disclosure Agreement (including reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ) or as a result of the Trustee's duties and obligations hereunder, or as a result of the College's failure to perform its obligations hereunder, except to the extent that any such expenses, disbursement or advance is due to the gross negligence or willful misconduct of the Trustee.

The Trustee is a party to this Disclosure Agreement for and on behalf of the holders and Beneficial Owners of the Bonds and shall not be considered to be the agent of the College when performing any actions required to be taken by the Trustee under this Disclosure Agreement. Nothing in this Disclosure Agreement prevents the College from designating the Trustee to act as agent on its behalf in performing its obligations under this Disclosure Agreement.

None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the College hereunder to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the College, the Trustee, the Participating Underwriters, and Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Disclosure Agreement to be executed as of the date first above written.

SAINT MICHAEL'S COLLEGE, INC.

By:________________________________
Authorized Officer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A,
as Trustee

By:_________________________________
Authorized Officer

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