

UNIVERSITY OF DELAWARE
ANNUAL DISCLOSURE INFORMATION
SERIES 2009B, 2010A, 2010B, 2013A, 2013B, 2013C and 2015 BONDS

As of June 30, 2015
Student Data as of September 2015
Employee Data as of October 2015

PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,400 students in 48 undergraduate residence halls, and several graduate and special interest housing units on the main campus in Newark, Delaware. This represents approximately 42% of the total number of undergraduate students attending the University at the main campus. Freshmen are required to live in University housing and agreements are enforced for the entire academic year.

The University's main campus in Newark offers students numerous dining hall, snack bar, restaurant and convenience store facilities. The University's dining halls have combined seating capacity of approximately 2,700. During the 2015-16 year, approximately 8,500 students have some type of meal contract.

LITIGATION

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's financial position, statement of activities, or cash flows.

On February 4, 2015, a complaint was filed in the Superior Court of the State of Delaware by The Data Centers, LLC against the University and 1743 Holdings, LLC, a Delaware limited liability company wholly owned by the University. The complaint alleges that the University breached a long-term ground lease for the property on which the plaintiff intended to build a data center and electric generating plant. The plaintiff estimates its damages are at least \$200 million. The case is still in its infancy. While the University has meritorious defenses to the plaintiff's claims, the University is not yet able to determine the likelihood of any particular outcome or range of loss.

FACULTY AND STAFF

During the 2015-16 academic year, the University's faculty and staff consist of 4,135 full-time and 208 part-time employees. Members of the University's instructional staff for fall 2015 totaled 1,207 full-time members including department chairpersons, academic center directors and faculty with administrative appointments as follows: 455 professors; 365 associate professors; 297 assistant professors; and 90 instructors. More than 81% of the University's full-time tenure-eligible faculty are tenured and over 90% of full-time faculty hold a doctorate or terminal professional degree in their field.

The University faculty is represented by the American Association of University Professors; the contract was renewed July 1, 2013 and terminates June 30, 2016. The maintenance

and service employees are represented by two locals (439 and 3472) of the American Federation of State, County and Municipal Employees, AFL-CIO. Both contracts terminate on December 31, 2016. There are 46 uniformed police officers of the Department of Public Safety who are represented by the Fraternal Order of Police, whose contract terminates June 30, 2016. There are also 4 senior police personnel and 1 sworn Constable not covered by the contract.

DEBT SERVICE COVERAGE

Gross Revenue Coverage The following debt service coverage schedule is based on Gross Revenues derived from University Project Facilities. Revenues are based on the University's fiscal years ending June 30. The debt service coverage computations based on Gross Revenues are included herein based on the pledge of such Gross Revenues under the Trust Agreement and the University's covenant with respect to the expenses of maintaining and repairing the Project Facilities as set forth under the "Maintenance Covenant."

Revenue Source	2011	2012	2013	2014	2015
Housing	\$46,867,406	\$50,948,799	\$54,415,935	\$56,688,371	\$60,364,526
Dining	33,150,505	35,270,470	37,959,327	40,097,195	43,477,012
Ice Arenas	1,512,967	1,541,705	1,447,696	1,447,581	1,550,479
Parking	4,810,220	5,300,885	5,666,667	5,972,574	6,300,714
Bookstore	679,114	905,766	975,478	975,295	975,000
Student Health Fee (mandatory)	10,375,811	10,736,392	10,203,441	10,248,158	9,809,156
Student Center Fee (mandatory)	4,394,243	4,588,195	4,700,002	4,719,486	4,913,871
Comprehensive Student Fee (mandatory)	6,855,250	12,302,245	12,532,608	12,626,615	12,542,275
Gross Revenue	<u>\$108,645,516</u>	<u>\$121,594,457</u>	<u>\$127,901,154</u>	<u>\$132,775,275</u>	<u>\$139,933,033</u>
Maximum Annual Debt Service ⁽¹⁾	\$23,639,930	\$22,931,635	\$30,083,143	\$30,083,143	\$33,298,032
Debt Service Coverage	459.58%	530.25%	425.16%	441.36%	420.24%

Net Revenue Coverage The following debt service coverage schedule is based on net revenues (Gross Revenues less Gross Expenditures of the Project Facilities) derived from University Project Facilities. Revenues are based on the University's fiscal years ended June 30.

	2011	2012	2013	2014	2015
<u>Gross Revenues</u>	<u>\$108,645,516</u>	<u>\$121,594,457</u>	<u>\$127,901,154</u>	<u>\$132,775,275</u>	<u>\$139,933,033</u>
<u>Expenditures</u>					
Housing	19,635,107	19,760,454	19,917,740	18,772,873	19,838,486
Dining	29,904,184	30,366,110	33,565,064	34,408,360	37,009,810
Ice Arenas	1,269,051	1,317,835	1,217,404	1,241,578	1,417,074
Parking	2,154,453	1,591,348	1,606,163	2,567,653	2,393,171
Bookstore	234,057	160,178	75,966	57,130	48,657
Student Health Fee (mandatory)	9,091,321	9,455,459	9,013,345	9,485,309	9,398,380
Student Center Fee (mandatory)	1,009,036	1,207,229	1,204,433	1,261,962	1,260,566
Comprehensive Student Fee (mandatory)	2,701,186	1,255,360	1,197,448	1,416,364	1,175,415
Gross Expenditures	<u>65,998,395</u>	<u>65,113,973</u>	<u>67,797,563</u>	<u>69,211,229</u>	<u>72,541,559</u>
Net Revenue	<u>\$42,647,121</u>	<u>\$56,480,484</u>	<u>\$60,103,591</u>	<u>\$63,564,046</u>	<u>\$67,391,474</u>
Maximum Annual Debt Service ⁽¹⁾	\$23,639,930	\$22,931,635	\$30,083,143	\$30,083,143	\$33,298,032
Debt Service Coverage	180.40%	246.30%	199.79%	211.29%	202.39%

⁽¹⁾ The maximum annual debt service for each year is based upon the debt service on the outstanding bonds of each Series as of the end of each fiscal year and the assumptions set forth in the Debt Service Requirements section therein, and reflects BAB Subsidy payments expected to be received by the University.

DEBT SERVICE REQUIREMENTS

The following sets forth, for each of the periods indicated, the estimated amount required in such period to be made available for debt service based upon the following calculations and assumptions for each issue.

- Debt service on the Series 2004B Bonds is calculated based on an assumed interest rate of 3.25% per annum, and assuming amortization of the balloon principal payment due November 1, 2034 during the fiscal years 2019 to 2035 inclusive in annual amounts ranging from \$1,415,000 to \$2,460,000. The assumed interest rate (excluding the cost of remarketing and liquidity) is based on an existing interest rate exchange agreement (“2004B Swap”). Under the 2004B Swap, the University receives a variable rate equal to 67% of 1-month LIBOR which may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2004B Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2004B Bonds will exceed the amount shown in the following table. The University has no legal obligation to retire any Series 2004B Bonds prior to their stated maturity date of November 1, 2034.
- Debt service on the Series 2005 Bonds is calculated based on: (i) an assumed interest rate of 3.75% per annum (excluding the cost of remarketing and liquidity) based on an existing interest rate exchange agreement (“2005 Swap I”), applicable to a portion (in the original amount of \$12,945,000) of the balloon principal payment due on November 1, 2035, and assuming amortization of such portion during the fiscal years 2019 to 2023 inclusive in annual amounts ranging from \$1,030,000 to \$1,205,000; (ii) an assumed interest rate of 3.87% per annum (excluding the cost of remarketing and liquidity) based on an existing interest rate exchange agreement (“2005 Swap II”), applicable to the remaining portion (in the original amount of \$37,000,000) of the balloon principal payment due on November 1, 2035, and assuming amortization of such portion during the fiscal years 2019 to 2036 inclusive in annual amounts ranging from \$1,045,000 to \$2,115,000. Under the 2005 Swap I and 2005 Swap II, the University receives a variable rate equal to 67% of 1-month LIBOR which may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2005 Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2005 Bonds will exceed the amounts shown in the following table. The University has no legal obligation to retire any Series 2005 Bonds prior to their stated maturity date of November 1, 2035.
- Debt service on the Series 2009B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2010A Bonds, also referred to as the Build America Bonds (BAB), is based upon the actual fixed rates of interest and amortization requirements for such bonds. The debt service is shown before and after the expected periodic payments from the United States Treasury on each interest payment date originally equal to 35% of the corresponding interest payable on such Series 2010A Bonds (the “BAB Subsidy”). The BAB Subsidy was lowered by 7.3% to 27.7% for Fiscal Year 2015 due to federal budget sequestration.

- Debt service on the Series 2010B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2013A Bonds and the Series 2013B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2013C Bonds is calculated based on an assumed interest rate of 3.764% per annum, and assuming amortization of the balloon principal payment due November 1, 2037 during the fiscal years 2019 to 2038 inclusive in annual amounts ranging from \$2,035,000 to \$4,290,000. The assumed interest rate is based on an existing interest rate exchange agreement (the “2007 Swap”). Under the 2007 Swap, the University receives a variable rate equal to 67% of 3-month LIBOR until November 1, 2022 and 100% of SIFMA from such date until November 1, 2037, which rates may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2013C Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2013C Bonds will exceed the amounts shown in the following table. The University has no legal obligation to retire any Series 2013C Bonds prior to their stated maturity date of November 1, 2037.
- Debt service on the Series 2015 Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.

Fiscal Year Ending June 30	Total Debt Service (Pre-2010 BABs Subsidy)	Total Debt Service (Net of 2010 BABs Subsidy)
2016	\$34,812,990	\$32,357,893
2017	35,036,390	32,581,293
2018	35,713,865	33,258,768
2019	35,753,129	33,298,032
2020	33,484,101	31,029,004
2021	35,453,816	32,998,719
2022	35,372,783	32,917,686
2023	35,376,043	32,920,946
2024	34,165,509	31,710,412
2025	32,312,847	29,857,750
2026	32,296,164	29,841,067
2027	32,316,600	29,861,503
2028	30,682,687	28,227,590
2029	30,638,687	28,246,517
2030	31,148,536	28,897,363
2031	30,991,761	28,899,755
2032	30,823,384	28,896,704
2033	30,637,199	28,882,261
2034	30,451,670	28,875,146
2035	30,244,212	28,852,980
2036	27,561,816	26,363,062
2037	25,201,581	24,202,800
2038	25,406,136	24,615,025
2039	20,829,327	20,253,895
2040	20,611,306	20,259,918
2041	20,378,040	20,259,422
2042	8,480,109	8,480,109
2043	8,484,322	8,484,322
2044	8,485,797	8,485,797
2045	3,302,875	3,302,875
2046	3,305,625	3,305,625
	\$829,759,307	\$780,424,238

BLUE HEN HOTEL LLC BONDS

In September 2001, the Blue Hen Hotel, LLC, a Company wholly owned by the University and consolidated into the University's financial statements, issued \$11,500,000 of Blue Hen Hotel, LLC Variable Rate Demand Bonds, Series 2001 (Series 2001 Bonds), which were also guaranteed by the University. The Series 2001 Bonds funded the design, construction, and start-up operating costs of the hotel.

The Series 2001 Bonds bear interest at a Weekly Rate (0.35% at June 30, 2015) and will continue to bear interest at a Weekly Rate until converted to bear interest at a Daily, Flexible, Term, or Fixed Rate to maturity. The interest rate to be in effect for a particular period of time will be reset by the remarketing agent and will never exceed 18% per annum. A 5.50% interest cost through September 1, 2027 is anticipated based on an existing interest rate exchange agreement, with additional costs of remarketing and a Standby Bond Purchase Agreement (SBPA) that was renewed on December 31, 2014 with a scheduled termination date of December 31, 2016. The swap agreement counterparty has the right to terminate the Agreement under certain market conditions in which the daily weighted average of the one-month LIBOR equals or exceeds 9.00% for the previous six-month period. If such right is exercised, the bond interest would revert to the market rate for weekly traded variable rate demand bonds.

The Series 2001 Bonds mature on September 1, 2027, but are subject to optional redemption and tender for purchase prior to maturity.

Debt service on the Blue Hen Hotel, LLC Bonds is not included in the Debt Service Requirements above.

OPERATING INFORMATION

Enrollment Summary - FTE (excludes Professional and Continuing Studies)

Year	Undergraduate	Graduate	Total
Fall 2015	17,806	3,255	21,061
Fall 2014	17,713	3,191	20,904
Fall 2013	17,140	3,115	20,255
Fall 2012	16,921	3,095	20,016
Fall 2011	16,539	3,039	19,578

First-Time Freshman Admissions Activity (Newark Campus)

Year	Total Applications	Completed Applications	Offered Admission	Offer Rate %	Accepted Admission	Yield Rate %
Fall 2015	26,595	24,705	15,567	63.0	4,103	26.4
Fall 2014	26,386	25,032	16,491	65.9	4,181	25.4
Fall 2013	26,221	25,423	15,673	61.6	3,808	24.3
Fall 2012	26,771	26,224	14,829	56.5	3,819	25.8
Fall 2011	24,779	23,647	13,768	58.2	3,917	28.5

Student Tuition and Fees, 2015-16 Academic Year

	State Resident (\$)	Out-of-State Resident (\$)
Pennsylvania State University	17,964	31,346
Rutgers University	14,742	30,132
University of Virginia	14,476	43,090
University of Delaware	12,520	31,420
Virginia Polytechnic University	12,485	29,129
University of Maryland	10,002	31,150

FINANCIAL STATEMENT INFORMATION

Expenditures for Scholarship, Fellowship and Other Student Aid

Fiscal Year	Undergraduate (\$)	Graduate (\$)	Total (\$)
2015	87,358,824	64,141,030	151,499,854
2014	75,062,164	64,106,129	139,168,293
2013	66,326,492	59,632,734	125,959,226
2012	56,347,501	56,834,834	113,182,335
2011	46,541,347	57,312,653	103,854,000

State Financial Support

Year	Operating Appropriation (\$)	Original Capital Appropriation (\$)
2014-15	117,004,600	4,300,000
2013-14	117,043,700	4,000,000
2012-13	115,071,900	3,000,000
2011-12	112,427,100	13,500,000
2010-11	116,152,000	3,000,000

Federal Financial Support

Year	Operating Appropriation (\$)	Contracts & Grants (\$)	Total (\$)
2014-15	3,340,426	105,962,880	109,303,306
2013-14	2,987,449	109,259,759	112,247,208
2012-13	4,973,613	111,301,529	116,275,142
2011-12	2,529,607	114,151,145	116,680,752
2010-11	3,698,139	105,428,176	109,126,315

Endowment Funds and Earnings

Year Ended June 30	Market Value of University Held (\$)	Market Value of Funds Held in Trust by Others (\$)	Spending Distribution (\$)
2015	1,274,692,000	66,681,000	50,152,000
2014	1,242,266,000	67,867,000	48,187,000
2013	1,110,513,000	60,653,000	46,557,000
2012	1,029,661,000	58,209,000	44,603,000
2011	1,077,637,000	60,566,000	43,902,000

Fund Raising - Contributions

Fiscal Year	Contributions Received (\$)	Net Change in Contributions Receivable (\$)	Total (\$)
2015	46,720,000	(8,226,000)	38,494,000
2014	48,600,000	4,400,000	53,000,000
2013	47,809,000	2,498,000	50,307,000
2012	53,556,000	10,232,000	63,788,000
2011	31,540,000	6,696,000	38,236,000

Investment in Physical Plant as of June 30 (\$000s)

Category	2011	2012	2013	2014	2015
Land and Improvements	99,860	101,346	101,499	118,789	120,109
Buildings	1,162,413	1,223,193	1,415,789	1,609,649	1,634,896
Equipment and Furnishings	404,136	423,016	443,247	458,914	484,385
Collections and Works of Art	8,872	8,872	8,756	8,756	8,756
Capital Leasehold	15,003	15,235	15,235	15,235	44,910
Construction in Progress	<u>107,297</u>	<u>203,740</u>	<u>164,359</u>	<u>63,992</u>	<u>130,957</u>
Total Property, Plant and Equipment	1,797,581	1,975,402	2,148,885	2,275,335	2,424,013
Less: Accumulated Depreciation	<u>(729,723)</u>	<u>(779,572)</u>	<u>(827,254)</u>	<u>(882,238)</u>	<u>(947,858)</u>
Total Property, Plant and Equipment, Net	<u>1,067,858</u>	<u>1,195,830</u>	<u>1,321,631</u>	<u>1,393,097</u>	<u>1,476,155</u>

Outstanding Indebtedness of the University

	Fiscal Year of Maturity	Interest Rate(s) %	Outstanding Principal	
			2015	2014
Variable-rate debt:				
Series 2004B	2035	3.25	\$ 32,185	\$ 32,185
Series 2005	2036	3.87	32,925	32,925
Series 2013C	2038	3.76	57,475	57,475
Blue Hen Hotel LLC Bonds	2028	5.6	7,925	8,325
Variable-rate debt			<u>130,510</u>	<u>130,910</u>
Fixed-rate bonds:				
Series 2009B	2027	3.0-5.0	37,435	43,495
Series 2010A Taxable	2041	4.0	119,580	119,580
Series 2010B	2020	2.1-3.8	11,080	11,080
Series 2013A	2034	3.0-5.0	85,605	91,385
	2044	5.0	27,825	27,825
Series 2013B Taxable	2027	0.6-4.0	8,765	9,430
	2034	4.0	6,770	6,770
	2044	4.0	13,555	13,555
Series 2015	2036	4.0-5.0	25,060	-
	2041	5.0	11,385	-
	2046	5.0	14,625	-
Fixed-rate debt			<u>361,685</u>	<u>323,120</u>
Capital leases			34,553	35,771
Line of credit			-	1,352
			<u>526,748</u>	<u>491,153</u>
Premium on long-term debt, net			29,135	22,278
Long-term debt and capital leases			<u>\$ 555,883</u>	<u>\$ 513,431</u>

Capital Lease Obligations

The University has obligations under capital leases with annual lease payments ranging from \$900,000 to \$1,998,000. As of June 30, 2015, the gross amount of assets and accumulated depreciation thereon accounted for as capital leases amounted to \$44,910,000 and \$6,772,000, respectively.