

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

As of June 30, 2017
Student Data as of October 2017
Employee Data as of October 2017

PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,300 students in 40 undergraduate residence halls, and several graduate and special interest housing units on the main campus in Newark, Delaware. This represents approximately 40% 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 3,000. During the 2017-18 year, approximately 8,600 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 consolidated balance sheet, statement of activities, or cash flows.

FACULTY AND STAFF

During the 2017-18 academic year, the University's faculty and staff consist of 4,412 full-time and 81 part-time employees. Members of the University's instructional staff for fall 2017 totaled 1,276 full-time members including department chairpersons, academic center directors and faculty with administrative appointments as follows: 390 professors; 363 associate professors; 337 assistant professors; and 95 instructors. Approximately 74% of the University's full-time tenure-eligible faculty are tenured and approximately 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 current contract was adopted July 1, 2016, and expires June 30, 2021. 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, 2019. There are 44 uniformed police officers of the Police Department who are represented by the Fraternal Order of Police, whose contract terminates June 30, 2019. There are also 6 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."

Gross Revenue Coverage					
Revenue Source	2013	2014	2015	2016	2017
Housing	54,415,935	56,688,371	60,364,526	58,697,352	58,764,050
Dining	37,959,327	40,097,195	43,477,012	44,134,839	44,479,072
Student Health Fee	10,203,441	10,248,158	9,809,156	9,752,446	9,626,718
Ice Arena	1,447,696	1,447,581	1,550,479	1,588,607	1,613,402
Parking	5,666,667	5,972,574	6,300,714	6,468,064	6,555,753
Student Center Fee	4,700,002	4,719,486	4,913,871	4,948,915	4,954,101
Comprehensive Student Fee	12,532,608	12,626,615	12,542,275	10,166,239	10,149,679
Book Store	975,478	975,295	975,000	975,000	900,000
Gross Revenues	127,901,154	132,775,275	139,933,033	136,731,462	137,042,775
Maximum Annual Debt Service *	30,083,143	30,083,143	33,298,032	33,298,032	33,298,032
Debt Service Coverage	425.16%	441.36%	420.24%	410.63%	411.56%

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

Net Revenue Coverage					
	2013	2014	2015	2016	2017
Gross Revenues	127,901,154	132,775,275	139,933,033	136,731,462	137,042,775
Expenditures:					
Housing	19,917,740	18,772,873	19,838,486	19,583,658	20,476,734
Dining	33,565,064	34,408,360	37,009,810	37,503,832	37,739,741
Health	9,013,345	9,485,309	9,398,380	9,727,092	10,009,107
Ice Arena	1,217,404	1,241,578	1,417,074	1,474,594	1,424,519
Parking	1,606,163	2,567,653	2,393,171	2,162,514	2,257,085
Student Center	1,204,433	1,261,962	1,260,566	1,333,360	1,366,290
Student Recreation Expenses	1,197,448	1,416,364	1,175,415	1,172,569	935,512
Book Store	75,966	57,130	48,657	37,147	65,621
Gross Expenditures	67,797,563	69,211,229	72,541,559	72,994,766	74,274,609
Net Revenues	60,103,591	63,564,046	67,391,474	63,736,696	62,768,165
Maximum Annual Debt Service *	30,083,143	30,083,143	33,298,032	33,298,032	33,298,032
Debt Service Coverage	199.79%	211.29%	202.39%	191.41%	188.50%

* 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

Following is our current Debt Service both excluding and including the Build America Bonds subsidy (BABs):

Fiscal Year Ending June 30	Total Debt Service (Pre-BABs Subsidy)	Total Debt Service (Net of BABs Subsidy)
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
	\$759,909,927	\$715,485,053

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 is based upon the actual fixed rates of interest and amortization requirements for such bonds and is shown before and after the expected periodic payments from the United States Treasury on each interest payment date equal to 35% of the corresponding interest payable on such Series 2010A Bonds (the “BAB Subsidy”). The BAB Subsidy was lowered by 7.1% for Fiscal Year 2017 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.
- On July 6, 2017, the Blue Hen Hotel LLC bonds were mandatorily tendered, repaid in full, and are no longer outstanding from that day forward. The University will continue to service the outstanding swap agreement associated with this debt.

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OPERATING INFORMATION

Enrollment Summary - FTE (excludes Professional and Continuing Studies)

Year	Undergraduate	Graduate	Total
Fall 2013	17,140	3,115	20,255
Fall 2014	17,713	3,191	20,904
Fall 2015	17,806	3,255	21,061
Fall 2016	17,994	3,264	21,258
Fall 2017	18,431	3,467	21,898

First-Time Freshman Admissions Activity (Newark Campus)

Year	Completed Applications	Offered Admission	Offer Rate %	Accepted Admission	Yield Rate %
Fall 2013	25,423	15,673	61.6	3,808	24.3
Fall 2014	25,032	16,491	65.9	4,181	25.4
Fall 2015	24,705	15,567	63.0	4,103	26.4
Fall 2016	24,153	15,879	65.7	3,960	24.9
Fall 2017	27,510	16,648	60.5	4,312	25.9

Student Tuition and Fees, 2017-18 Academic Year

	State Resident (\$)	Out-of-State Resident (\$)
Pennsylvania State University	18,436	33,664
University of Virginia	16,781	46,634
Rutgers University	14,638	30,579
Virginia Polytechnic University	13,230	30,410
University of Delaware	13,160	33,150
University of Maryland	10,399	33,606

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FINANCIAL STATEMENT INFORMATION

Expenditures for Scholarship, Fellowship and Other Student Aid

Fiscal Year	Undergraduate (\$)	Graduate (\$)	Total (\$)
2013	66,326,492	59,632,734	125,959,226
2014	75,062,164	64,106,129	139,168,293
2015	87,358,824	64,141,030	151,499,854
2016	91,851,859	62,524,659	154,376,518
2017	94,059,096	65,520,932	159,580,028

State Financial Support

Year	Operating Appropriation (\$)	Original Capital Appropriation (\$)
2012-2013	115,071,900	3,000,000
2013-2014	117,043,700	4,000,000
2014-2015	117,004,600	4,300,000
2015-2016	118,748,600	6,000,000
2016-2017	121,185,900	5,500,000

Federal Financial Support

Year	Operating Appropriation (\$)	Contracts & Grants (\$)	Total (\$)
2012-2013	4,973,613	111,301,529	116,275,142
2013-2014	2,987,449	109,259,759	112,247,208
2014-2015	3,340,426	105,962,880	109,303,306
2015-2016	3,726,740	106,908,531	110,635,271
2016-2017	3,733,407	117,580,689	121,314,096

Endowment Funds and Earnings

Year	Market Value of University Held (\$)	Market Value of Funds Held in Trust by Others (\$)	Spending Distribution (\$)
2013	1,110,513,000	60,653,000	46,557,000
2014	1,242,266,000	67,867,000	48,187,000
2015	1,274,692,000	66,681,000	50,152,000
2016	1,192,718,000	69,072,000	50,470,000
2017	1,289,926,000	74,131,000	51,032,600

Fund Raising - Contributions

Fiscal Year	Contributions Received (\$)	Net Change in Contributions Receivable (\$)	Total (\$)
2013	47,809,000	2,498,000	50,307,000
2014	48,600,000	4,400,000	53,000,000
2015	46,720,000	(8,226,000)	38,494,000
2016	51,627,000	(590,000)	51,037,000
2017	40,740,000	(3,372,000)	37,368,000

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

Category	2013	2014	2015	2016	2017
Land and Improvements	101,499	118,789	120,109	129,815	130,047
Buildings	1,415,789	1,609,649	1,634,896	1,741,686	1,778,631
Equipment and Furnishings	443,247	458,914	484,385	510,377	529,159
Collections and Works of Art	8,756	8,756	8,756	9,183	8,757
Capital Leasehold	15,235	15,235	44,910	46,017	46,017
Construction in Progress	<u>164,359</u>	<u>63,992</u>	<u>130,957</u>	<u>38,821</u>	<u>75,087</u>
Total Property, Plant and Equipment	2,148,885	2,275,335	2,424,013	2,475,899	2,567,698
Less: Accumulated Depreciation	<u>(827,254)</u>	<u>(882,238)</u>	<u>(947,858)</u>	<u>(996,686)</u>	<u>(1,060,872)</u>
Total Property, Plant and Equipment, Net	<u>1,321,631</u>	<u>1,393,097</u>	<u>1,476,155</u>	<u>1,479,213</u>	<u>1,506,826</u>

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Outstanding Indebtedness of the University

Long-Term Debt and Capital Leases

Indebtedness at June 30, 2017 and 2016 consisted of the following (in thousands):

	<u>Fiscal years of maturity</u>	<u>Interest rate(s) %</u>	<u>Outstanding Principal</u>	
			<u>2017</u>	<u>2016</u>
Variable-rate debt:				
Series 2004B	2035	3.73	32,185	32,185
Series 2005	2036	4.32	32,925	32,925
Series 2013C	2038	4.15	57,475	57,475
Blue Hen Hotel LLC Bonds	2028	6.05	7,050	7,500
Variable Rate Debt			<u>129,635</u>	<u>130,085</u>
Fixed-rate bonds:				
Series 2009B	2027	3.00-5.00	28,645	33,155
Series 2010A Taxable (BABs)	2041	3.95	119,580	119,580
Series 2010B Taxable	2020	2.69-3.80	6,845	8,990
Series 2013A	2034	3.00-5.00	73,535	79,660
	2044	5.00	27,825	27,825
Series 2013B Taxable	2027	1.12-3.00	7,430	8,100
	2034	3.83	6,770	6,770
	2044	3.98	13,555	13,555
Series 2015	2036	4.00-5.00	25,060	25,060
	2041	5.00	11,385	11,385
	2046	5.00	14,625	14,625
Fixed-rate debt			<u>335,255</u>	<u>348,705</u>
Capital leases	2021-2043	3.68-4.11	<u>31,930</u>	<u>33,271</u>
			496,820	512,061
Premium on long-term debt, net of debt issue			<u>27,390</u>	<u>28,262</u>
Long-term debt and capital leases			<u>\$ 524,210</u>	<u>\$ 540,323</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, 2017, the gross amount of assets and accumulated depreciation thereon accounted for as capital leases amounted to \$46,017,000 and \$9,368,000, respectively.