

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

As of June 30, 2012
Student Data as of September 30, 2012

PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,300 students in 48 dormitory buildings and several special interest housing units at the main campus in Newark, Delaware. This represents approximately 45% 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 with a combined seating capacity of approximately 2,500. During the 2012-13 academic year, approximately 8,200 students will have some type of meal contract.

ABSENCE OF MATERIAL LITIGATION

There is no litigation of any nature pending or, to the knowledge of the University, threatened against the University at the date of this Disclosure Report which would have a material adverse effect on the University, its operations or the Pledged Revenues.

FACULTY AND STAFF

During the 2011-12 Academic Year; the University's faculty and staff consist of approximately 3,941 full-time and 215 part-time employees. Members of the University's instructional staff for Fall 2012 total 1,131 full-time members: 395 professors; 334 associate professors; 300 assistant professors; and 102 instructors. Approximately 80% of the University's full-time tenure-eligible faculty are tenured and almost 90% of full-time faculty hold the 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, 2010 and terminates June 30, 2013. The maintenance and service employees are represented by two locals (3472 and 439) of the American Federation of State, County, and Municipal Employees, the contracts with which terminate December 31, 2013. There are 43 uniformed police officers of the Department of Public Safety who are represented by the Fraternal Order of Police, the contract with which terminates June 30, 2013. There are also 7 senior police personnel not covered by the Collective Bargaining Agreement.

ENROLLMENT SUMMARY – FTE

Year	Undergraduate	Graduate	Total
Fall-12	16,921	3,095	20,016
Fall-11	16,539	3,039	19,578
Fall-10	16,146	3,041	19,187
Fall-09	16,031	2,992	19,023
Fall-08	15,550	2,872	18,422

FIRST-TIME FRESHMAN ADMISSIONS ACTIVITY – (NEWARK CAMPUS)

Year	Total Completed Applications	Offered Admission	Offer Rate	Accepted Admission	Yield Rate
Fall-12	26,225	14,829	56.5	3,819	25.8
Fall-11	23,647	13,768	58.2	3,917	28.5
Fall-10	23,510	12,752	54.2	3,393	26.6
Fall-09	22,886	13,425	58.7	3,818	28.4
Fall-08	22,491	12,586	56.0	3,526	28.0

STUDENT TUITION AND FEES, 2012-13 ACADEMIC YEAR

	State Resident (\$)	Out-of-State Resident (\$)
Pennsylvania State University	16,444	28,746
Rutgers University	13,073	26,393
University of Virginia	12,216	38,228
Virginia Polytechnic University	10,923	25,915
University of Delaware	11,682	28,772
University of Maryland	8,908	27,287

EXPENDITURES FOR SCHOLARSHIP, FELLOWSHIP AND OTHER STUDENT AID

Fiscal Year	Undergraduate (\$)	Graduate (\$)	Total (\$)
2012	56,347,501	56,834,834	113,182,335
2011	46,541,347	57,312,653	103,854,000
2010	42,420,804	50,789,196	93,210,000
2009	40,469,969	37,333,031	77,803,000
2008	38,934,181	34,683,819	73,618,000

STATE SUPPORT

Year	Operating Appropriation \$	Capital Appropriation \$
2011-12	112,427,100	13,500,000
2010-11	116,152,000	3,000,000
2009-10	117,873,200	1,000,000
2008-09	126,743,600	5,000,000
2007-08	127,166,300	3,700,000

FEDERAL SUPPORT

Year	Operations (\$)	Contracts & Grants (\$)	Total (\$)
2011-12	2,529,607	114,151,145	116,680,752
2010-11	3,698,139	105,428,176	109,126,315
2009-10	3,252,326	109,303,106	112,555,432
2008-09	2,967,881	90,005,667	92,973,548
2007-08	5,114,730	90,509,126	95,623,856

ENDOWMENT FUNDS AND EARNINGS

Year Ended June 30	Market Value of University Held (\$)	Market Value of Funds Held in Trust by Others (\$)	Spending Distribution (\$)
2012	1,029,661,000	58,209,000	44,603,000
2011	1,077,637,000	60,566,000	43,902,000
2010	927,530,000	54,021,000	46,239,000
2009	859,959,000	50,871,000	54,158,000
2008	1,131,737,000	71,222,000	49,489,000

CONTRIBUTIONS

Fiscal Year	Contributions Received	Net Change in Contributions Receivable	Total (\$)
2012	53,558,000	10,232,000	63,790,000
2011	31,540,000	6,696,000	38,236,000
2010	31,737,000	10,255,000	41,992,000
2009	28,425,000	740,000	29,165,000
2008	30,767,000	(1,755,000)	29,012,000

INVESTMENT IN PHYSICAL PLANT (\$ thousands)

Category	2008	2009	2010	2011	2012
Land & Improvements	45,590	52,102	79,440	99,860	101,346
Buildings	1,014,107	1,122,491	1,141,013	1,162,413	1,223,193
Equipment & Furnishings	341,488	360,767	380,750	404,136	423,016
Collections & Works of Art	8,762	8,853	8,673	8,872	8,872
Capital Lease Hold	14,719	14,715	14,841	15,003	15,235
Construction in Progress	94,799	16,250	23,546	107,297	203,740
Total Property, Plant & Equipment	1,519,465	1,575,178	1,648,263	1,797,581	1,975,402
Less: Accumulated Depreciation	(594,107)	(639,790)	(677,289)	(729,723)	(779,572)
Total Property, Plant and Equipment, Net	<u>925,358</u>	<u>935,388</u>	<u>970,974</u>	<u>1,067,858</u>	<u>1,195,830</u>

OUTSTANDING INDEBTEDNESS

Obligation	Interest Rate(s)	Original Amount (\$)	Outstanding Amount 06/30/2012(\$)	Final Maturity
Series 2004B Revenue Bonds	VRDB	40,835,000	39,720,00	2034
Series 2005 Revenue Bonds	VRDB	49,945,000	43,750,000	2035
Series 2009A Revenue Bonds	VRDB	71,310,000	68,600,000	2037
Series 2009B Revenue Bonds	2.00%-4.00%	64,000,000	55,085,000	2026
Series 2010A Revenue Bonds	5.866%*	119,580,000	119,580,000	2040
Series 2010B Revenue Bonds	.65-3.796%	12,080,000	11,080,000	2019
Blue Hen Hotel LLC Bonds	VRDB	11,500,000	9,055,000	2027
University Learning Center Line of Credit	Floating	<u>5,000,000</u>	3,251,000	2013
Premiums on Notes and Bonds Payable			<u>3,872,000</u>	
TOTAL		<u>\$374,250,000</u>	<u>\$353,993,000</u>	

The table of outstanding indebtedness above is as of June 30, 2012.

Debt Service Coverage

The following three pages present the debt service coverage ratio calculated as described in the most recent Remarketing Circular for each Fiscal Year shown with the modification hereinafter described. This presentation assumes existing interest rate exchange agreements (SWAPS) are not terminated and continue in effect for the life of the bond issues.

In the most recent Remarketing Circular the maximum annual debt service for each year in this table is based upon the debt service on the outstanding bonds of each Series as of the end of each such fiscal year and the assumptions set forth in the Debt Service Requirements section herein, and reflects BAB Subsidy Payments expected to be received by the University in connection with the Series 2010A Bonds.

* 3.8129% after Build America Bond Subsidy payments are received.

DEBT SERVICE COVERAGE

Gross Revenue Coverage

<u>Revenue Source</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	\$	\$	\$	\$	\$
Housing	38,263,493	41,794,862	45,887,871	46,867,406	50,948,799
Dining	29,652,555	30,559,566	32,346,372	33,150,505	35,270,470
Student Health Fee	8,681,560	9,291,246	10,077,493	10,375,811	10,736,392
Ice Arena	1,662,950	1,579,455	1,487,773	1,512,967	1,541,705
Parking	4,389,776	4,269,351	4,466,874	4,810,220	5,300,885
Student Center Fee	3,874,790	3,998,739	4,233,030	4,394,243	4,588,195
Comprehensive Student Fee	Na	Na	3,670,432	6,855,250	12,302,245
Book Store	701,347	759,480	708,320	679,114	905,766
Gross Revenue	87,226,471	92,252,699	102,878,165	108,645,516	121,594,457
Maximum Annual Debt Service	17,408,826	17,408,826	17,785,629	23,639,930	22,931,635
Debt Service Coverage	501.05%	529.92%	578.43%	459.58%	530.25%

Net Revenue Coverage

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	\$	\$	\$	\$	\$
<u>Gross Revenues</u>	87,226,471	92,252,699	102,878,165	108,645,516	121,594,457
<u>Expenditures</u>					
Housing	17,502,513	18,805,988	18,706,138	19,635,107	19,760,454
Dining	26,680,955	27,722,886	29,155,164	29,904,184	30,366,110
Health	7,816,837	8,070,279	8,728,650	9,091,321	9,455,459
Ice Arena	1,268,534	1,194,616	1,149,420	1,269,051	1,317,835
Parking	1,620,365	2,091,597	2,470,315	2,154,453	1,591,348
Student Center	918,135	1,012,319	988,000	1,009,036	1,207,229
Comprehensive Student Expense	Na	Na	2,755,497	2,701,186	1,255,360
Bookstore	206,693	239,614	217,047	234,057	160,178
Gross Expenditures	56,014,032	59,137,299	64,170,231	65,998,395	65,113,973
Net Revenues	31,212,439	33,115,400	38,707,934	42,647,121	56,480,484
Maximum Annual Debt Service	17,408,826	17,408,826	17,785,629	23,639,930	22,931,635
Debt Service Coverage	179.29%	190.22%	217.64%	180.40%	246.30%

Debt Service Requirements

The following table 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 2012 to 2035 inclusive in annual amounts ranging from \$1,115,000 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 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 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 2006 to 2023 inclusive in annual amounts ranging from \$70,000 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 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 2007 to 2036 inclusive in annual amounts ranging from \$635,000 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 2009A Bonds is calculated based on an assumed interest rate of 3.764% per annum, and assuming amortization of the balloon principal payment due on November 1, 2037 during fiscal years 2013 to 2038, inclusive in annual amounts ranging from \$1,625,000 to \$4,500,000, such amortization is anticipated, but not mandatory. 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 2009A Bonds. If such amounts are insufficient, the University's debt service costs for the Series 2009A Bonds will exceed the amounts shown in the following table. The University has no legal obligation to retire any Series 2009A Bonds prior to their stated maturity date of November 1, 2037.

- 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 and the Series 2010B Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds and is shown net of the expected periodic interest subsidy payments from the United States Treasury on each interest payment date equal to 35% of the amount of interest payable on the Series 2010A Bonds (the "BAB Subsidy Payments").

Fiscal Year Ending June 30	Debt Service on Outstanding Bonds (Series 2004B, 2005, 2009B, 2010A and 2010B)	Debt Service on Series 2009A Bonds		Total Debt Service Requirements
		Principal*	Interest	
2012	\$19,519,120	0	\$2,582,104	\$22,101,224
2013	18,573,974	\$1,775,000	2,582,661	22,931,635
2014	18,414,899	1,625,000	2,479,613	22,519,513
2015	18,411,507	1,675,000	2,417,351	22,503,858
2016	18,471,544	1,750,000	2,352,657	22,574,201
2017	18,519,919	1,825,000	2,285,140	22,630,059
2018	18,433,068	1,875,000	2,215,349	22,523,418
2019	18,458,516	1,950,000	2,143,128	22,551,644
2020	16,215,291	2,025,000	2,068,083	20,308,374
2021	13,803,336	2,100,000	1,990,215	17,893,551
2022	13,716,492	2,200,000	1,908,975	17,825,467
2023	13,736,361	2,275,000	1,824,521	17,835,881
2024	12,523,481	2,375,000	1,736,694	16,635,175
2025	10,718,182	2,450,000	1,645,652	14,813,834
2026	10,704,140	2,550,000	1,551,239	14,805,379
2027	10,728,089	2,650,000	1,453,061	14,831,150
2028	9,112,965	2,750,000	1,351,119	13,214,084
2029	15,138,184	2,875,000	1,244,865	19,258,049
2030	16,358,694	2,975,000	1,134,454	20,468,148
2031	16,377,621	3,100,000	1,019,730	20,497,352
2032	16,379,405	3,225,000	900,302	20,504,706
2033	16,387,588	3,350,000	776,168	20,513,757
2034	16,397,682	3,475,000	647,330	20,520,011
2035	16,404,047	3,600,000	513,786	20,517,833
2036	13,924,530	3,750,000	374,989	18,049,519
2037	11,779,881	3,900,000	230,545	15,910,426
2038	11,774,206	4,500,000	70,575	16,344,781
2039	11,773,661	-	-	11,773,661
2040	11,772,578	-	-	11,772,578
2041	11,775,290	-	-	11,775,290
Total	\$446,304,251	\$68,600,000	\$41,500,304	\$556,404,554

* Anticipated, but not mandatory.

January 31, 2013

UNIVERSITY OF DELAWARE Interest Rate Swaps

The University of Delaware (UD) had entered into four interest rate SWAP agreements with Morgan Stanley Capital Services, INC. (MSCS) which are still in effect.

The first, issued in the amount of \$40,835,000 (notional amount as of 12/31/12 is \$38,570,000) in connection with the Series 2004 B has MSCS paying UD 67% of the US\$ one month LIBOR and the UD Paying MSCS a fixed rate of 3.25%, declining concurrently with the bond retirement schedule, as published in the Official Statement.

The second and third interest rate exchange agreements with MSCS are forward SWAPS, issued on July 30, 2004. The second, issued in the amount of \$37,000,000 (notional amount as of 12/31/12 is \$31,955,000) and an effective date of July 14, 2005, has MSCS paying UD 67% of US\$ one month LIBOR and the UD paying MSCS 3.867%. The third was also issued on July 30, 2004, with an effective date of July 14, 2005 and in the amount of \$12,945,000 (notional amount as of 12/31/12 is \$10,165,000). MSCS will pay UD 67% of US\$ one month LIBOR and UD will pay a 3.75% fixed rate to MSCS. The notional amounts decline based on a schedule expected to coincide with the notional amounts of the Series 2005 Bonds issued in July, 2005.

The fourth interest rate exchange agreement with MSCS issued in the amount of \$73,600,000 (notional amount as of 12/31/12 is \$66,375,000) in conjunction with the 2007 Bonds (which were refinanced with the 20009A Bonds) has MSCS paying 67% of US\$ of three month LIBOR and UD paying 3.764%, declining concurrently with the bond retirement schedule as published in the Official Statement for the 2007 Bonds.

There is also an interest rate SWAP agreement related to the Blue Hen Hotel LLC bonds which are payable by the LLC, but are guaranteed by the University. This agreement, with PNC Bank, has PNC paying the LLC the USD one month LIBOR rate and the LLC paying PNC a fixed rate of 5.5% on a value of \$11,500,000 (notional amount as of 12/31/12 is \$8,700,000), declining concurrently with the bond redemption schedule contemplated for the bonds at the time of issue. PNC has the option of terminating the SWAP agreement on any reset date up to August 1, 2027 if USD-LIBOR-BAA-one month rate equals or exceeds 9.00% on a rolling daily average over the previous six months.

Obligations Under Capital Leases

The University has obligations under capital leases that amounted to \$6,557,000 and \$7,099,000 as of June 30, 2012 and 2011, respectively. The University's obligation at June 30, 2012 includes a building lease with Delaware Technology Park for the Delaware Biotechnology Institute, a unit of the University. The lease consists of annual lease payments ranging from \$345,000 to \$900,000 to be paid over a 20 year term.