

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

As of June 30, 2013
Student Data as of October 2013
Employee Data as of November 26, 2013

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 2013-14 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 2013-14 Academic Year, the University's faculty and staff consist of approximately 4,005 full-time and 212 part-time employees. Members of the University's instructional staff for Fall 2013 total 1,175 full-time members including department chairpersons and academic center directors: 433 professors; 352 associate professors; 291 assistant professors; and 99 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, 2013 and terminates June 30, 2016. 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 (excludes Professional & Continuing Studies)

| <u>Year</u> | <u>Undergraduate</u> | <u>Graduate</u> | <u>Total</u> |
|-------------|----------------------|-----------------|--------------|
| Fall-13 | 17,140 | 3,115 | 20,255 |
| 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 |

FIRST-TIME FRESHMAN ADMISSIONS ACTIVITY – (NEWARK CAMPUS)

| <u>Year</u> | <u>Total Applications</u> | <u>Offered Admission</u> | <u>Offer Rate</u> | <u>Accepted Admission</u> | <u>Yield Rate</u> |
|-------------|---------------------------|--------------------------|-------------------|---------------------------|-------------------|
| Fall-13 | 24,657 | 15,621 | 63.4 | 3,809 | 24.4 |
| 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 |

STUDENT TUITION AND FEES, 2013-14 ACADEMIC YEAR

| | <u>State Resident (\$)</u> | <u>Out-of-State Resident (\$)</u> |
|---------------------------------|----------------------------|-----------------------------------|
| Pennsylvania State University | 16,992 | 29,566 |
| Rutgers University | 13,499 | 27,523 |
| University of Virginia | 12,668 | 40,054 |
| University of Delaware | 12,112 | 29,932 |
| Virginia Polytechnic University | 11,455 | 27,211 |
| University of Maryland | 9,162 | 28,348 |

EXPENDITURES FOR SCHOLARSHIP, FELLOWSHIP AND OTHER STUDENT AID

| <u>Fiscal Year</u> | <u>Undergraduate (\$)</u> | <u>Graduate (\$)</u> | <u>Total (\$)</u> |
|--------------------|---------------------------|----------------------|-------------------|
| 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 |
| 2010 | 42,420,804 | 50,789,196 | 93,210,000 |
| 2009 | 40,469,969 | 37,333,031 | 77,803,000 |

STATE SUPPORT

| <u>Year</u> | <u>Operating Appropriation \$</u> | <u>Capital Appropriation \$</u> |
|-------------|---|---|
| 2012-13 | 115,071,900 | 3,000,000 |
| 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 |

FEDERAL SUPPORT

| <u>Year</u> | <u>Operations (\$)</u> | <u>Contracts & Grants (\$)</u> | <u>Total (\$)</u> |
|-------------|------------------------|--|-------------------|
| 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 |
| 2009-10 | 3,252,326 | 109,303,106 | 112,555,432 |
| 2008-09 | 2,967,881 | 90,005,667 | 92,973,548 |

ENDOWMENT FUNDS AND EARNINGS

| <u>Year Ended June 30</u> | <u>Market Value of University Held (\$)</u> | <u>Market Value of Funds Held in Trust by Others (\$)</u> | <u>Spending Distribution (\$)</u> |
|---------------------------|---|---|---------------------------------------|
| 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 |
| 2010 | 927,530,000 | 54,021,000 | 46,239,000 |
| 2009 | 859,959,000 | 50,871,000 | 54,158,000 |

CONTRIBUTIONS

| <u>Fiscal Year</u> | <u>Contributions Received</u> | <u>Net Change in Contributions Receivable</u> | <u>Total (\$)</u> |
|--------------------|-------------------------------|---|-------------------|
| 2013 | 47,809,000 | 2,498,000 | 50,307,000 |
| 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 |

INVESTMENT IN PHYSICAL PLANT (\$ thousands)

| <u>Category</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Land & Improvements | 52,102 | 79,440 | 99,860 | 101,346 | 93,999 |
| Buildings | 1,122,491 | 1,141,013 | 1,162,413 | 1,223,193 | 1,415,789 |
| Equipment & Furnishings | 360,767 | 380,750 | 404,136 | 423,016 | 450,747 |
| Collections & Works of Art | 8,853 | 8,673 | 8,872 | 8,872 | 8,756 |
| Capital Lease Hold | 14,715 | 14,841 | 15,003 | 15,235 | 15,235 |
| Construction in Progress | <u>16,250</u> | <u>23,546</u> | <u>107,297</u> | <u>203,740</u> | <u>164,359</u> |
| Total Property, Plant & Equipment | 1,575,178 | 1,648,263 | 1,797,581 | 1,975,402 | 2,148,885 |
| Less: Accumulated Depreciation | <u>(639,790)</u> | <u>(677,289)</u> | <u>(729,723)</u> | <u>(779,572)</u> | <u>(827,254)</u> |
| Total Property, Plant and Equipment, Net | <u>935,388</u> | <u>970,974</u> | <u>1,067,858</u> | <u>1,195,830</u> | <u>1,321,631</u> |

OUTSTANDING INDEBTEDNESS

| <u>Obligation</u> | <u>Interest Rate(s)</u> | <u>Original Amount (\$)</u> | <u>Outstanding Amount 06/30/2013(\$)</u> | <u>Final Maturity</u> |
|--|-------------------------|-----------------------------|--|-----------------------|
| Series 2004B Revenue Bonds | VRDB | 40,835,000 | 33,375,000 | 2034 |
| Series 2005 Revenue Bonds | VRDB | 49,945,000 | 34,615,000 | 2035 |
| Series 2009B Revenue Bonds | 2.00%-4.00% | 64,000,000 | 49,305,000 | 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 |
| Series 2013A Revenue Bonds | 3.00%-5.00 | 119,210,000 | 119,210,000 | 2043 |
| Series 2013B Revenue Bonds | .488%-2.997% | 29,755,000 | 29,755,000 | 2043 |
| Series 2013C Revenue Bonds | VRDB | 57,475,000 | 57,475,000 | 2016 |
| Blue Hen Hotel LLC Bonds | VRDB | 11,500,000 | 8,700,000 | 2027 |
| University Learning Center Line of Credit | Floating | <u>5,000,000</u> | 3,027,000 | 2013 |
| Premiums on Notes and Bonds Payable | | | <u>22,927,000</u> | |
| TOTAL | | <u>\$509,380,000</u> | <u>\$489,049,000</u> | |

The table of outstanding indebtedness above is as of June 30, 2013.

Obligations Under Capital Leases

The University has three obligations under two capital leases that amounted to \$5,985,000 and \$6,557,000 as of June 30, 2013 and 2012, respectively. The University's obligation at June 30, 2013 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.

Debt Service Coverage

Gross Revenue Coverage. The following debt service coverage schedule, taking into account the Series 2013 Bonds, 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 "Maintenance Covenant" above.

| <u>Revenue Source</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013⁽¹⁾</u> |
|---|---------------------|----------------------|----------------------|----------------------|---------------------------|
| Housing | \$41,794,862 | \$45,887,871 | \$46,867,406 | \$50,948,799 | \$53,564,011 |
| Dining | 30,559,566 | 32,346,372 | 33,150,505 | 35,270,470 | 37,162,800 |
| Student Health Fee | 9,291,246 | 10,077,493 | 10,375,811 | 10,736,392 | 11,046,088 |
| Ice Arena | 1,579,455 | 1,487,773 | 1,512,967 | 1,541,705 | 1,554,525 |
| Parking | 4,269,351 | 4,466,874 | 4,810,220 | 5,300,885 | 5,779,400 |
| Student Center Fee | 3,998,739 | 4,233,030 | 4,394,243 | 4,588,195 | 4,478,070 |
| Comprehensive Student Fee | n/a | 3,670,432 | 6,855,250 | 12,302,245 | 12,675,250 |
| Book Store | <u>759,480</u> | <u>708,320</u> | <u>679,114</u> | <u>905,766</u> | <u>900,000</u> |
| Gross Revenues | <u>\$92,252,699</u> | <u>\$102,878,165</u> | <u>\$108,645,516</u> | <u>\$121,594,457</u> | <u>\$127,160,144</u> |
| Maximum Annual Debt Service ⁽²⁾ | \$17,408,826 | \$17,785,629 | \$23,639,930 | \$22,931,635 | \$30,083,143 |
| Debt Service Coverage (Maximum Annual Debt Service) | 529.92% | 578.43% | 459.58% | 530.25% | 422.70% |

¹ Based on budget for fiscal year ending June 30, 2013.

² 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.

Net Revenue Coverage. The following debt service coverage schedule, taking into account the Series 2013 Bonds, 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 or ending June 30.

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013⁽¹⁾</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------------|
| <u>Gross Revenues</u> | \$92,252,699 | \$102,878,165 | \$108,645,516 | \$121,594,457 | \$127,160,144 |
| <u>Expenditures:</u> | | | | | |
| Housing | 18,805,988 | 18,706,138 | 19,635,107 | 19,760,454 | 20,448,872 |
| Dining | 27,722,886 | 29,155,164 | 29,904,184 | 30,366,110 | 32,149,525 |
| Health | 8,070,279 | 8,728,650 | 9,091,321 | 9,455,459 | 10,568,555 |
| Ice Arena | 1,194,616 | 1,149,420 | 1,269,051 | 1,317,835 | 1,395,047 |
| Parking | 2,091,597 | 2,470,315 | 2,154,453 | 1,591,348 | 1,987,699 |
| Student Center | 1,012,319 | 988,000 | 1,009,036 | 1,207,229 | 1,371,319 |
| Comprehensive Student Expenses | n/a | 2,755,497 | 2,701,186 | 1,255,360 | 1,440,208 |
| Book Store | <u>239,614</u> | <u>217,047</u> | <u>234,057</u> | <u>160,178</u> | <u>59,656</u> |
| Gross Expenditures | <u>59,137,299</u> | <u>64,170,231</u> | <u>65,998,395</u> | <u>65,113,973</u> | <u>69,420,881</u> |
| Net Revenues | <u>\$33,115,400</u> | <u>\$38,707,934</u> | <u>\$42,647,121</u> | <u>\$56,480,484</u> | <u>\$57,739,263</u> |
| Maximum Annual Debt Service ⁽²⁾ | \$17,408,826 | \$17,785,629 | \$23,639,930 | \$22,931,635 | \$30,083,143 |
| Debt Service Coverage (Maximum Annual Debt Service) | 190.22% | 217.64% | 180.40% | 246.30% | 191.93% |

¹ Based on budget for fiscal year ending June 30, 2013.

² 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.

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 after the issuance of the Series 2013 Bonds 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 2013 to 2035 inclusive in annual amounts ranging from \$1,150,000 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 2013 to 2023 inclusive in annual amounts ranging from \$815,000 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 2013 to 2036 inclusive in annual amounts ranging from \$815,000 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”).

- 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 2018 to 2037 inclusive in annual amounts ranging from \$1,950,000 to \$4,500,000. 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.

| Fiscal Year Ending June 30 | Debt Service on Outstanding Bonds Before BAB Subsidy* | Debt Service on Outstanding Bonds After BAB Subsidy*† | Debt Service on Series 2013 Bonds | | | Total Debt Service After Issuance of Series 2013 Bonds† |
|----------------------------------|--|--|--------------------------------------|----------------------|----------------------|---|
| | | | Principal | Interest | Total | |
| 2013** | \$25,854,940 | \$23,399,843 | \$ - | \$ - | \$ - | \$23,399,843 |
| 2014 | 20,409,410 | 17,954,313 | - | 7,087,499 | 7,087,499 | 26,866,438 |
| 2015 | 17,499,077 | 15,043,980 | 6,445,000 | 6,752,159 | 13,197,159 | 30,002,173 |
| 2016 | 17,558,462 | 15,103,365 | 6,610,000 | 6,752,986 | 13,362,986 | 30,047,105 |
| 2017 | 17,595,232 | 15,140,135 | 6,795,000 | 8,148,008 | 14,943,008 | 30,083,143 |
| 2018 | 17,506,596 | 15,051,499 | 6,945,000 | 7,955,620 | 14,900,620 | 29,952,118 |
| 2019 | 20,936,723 | 18,481,626 | 3,725,000 | 7,788,356 | 11,513,356 | 30,001,365 |
| 2020 | 18,672,157 | 16,217,060 | 3,850,000 | 7,658,369 | 11,508,369 | 27,732,032 |
| 2021 | 16,282,042 | 13,826,945 | 8,460,000 | 7,404,199 | 15,864,199 | 29,697,950 |
| 2022 | 16,194,751 | 13,739,654 | 8,855,000 | 7,018,832 | 15,873,832 | 29,620,575 |
| 2023 | 16,214,174 | 13,759,077 | 9,245,000 | 6,613,419 | 15,858,419 | 29,624,804 |
| 2024 | 14,997,618 | 12,542,521 | 9,675,000 | 6,187,816 | 15,862,816 | 28,412,927 |
| 2025 | 13,177,254 | 10,722,157 | 10,090,000 | 5,741,643 | 15,831,643 | 26,561,595 |
| 2026 | 13,177,040 | 10,721,943 | 10,540,000 | 5,274,174 | 15,814,174 | 26,544,178 |
| 2027 | 13,199,910 | 10,744,813 | 11,030,000 | 4,783,740 | 15,813,740 | 26,566,896 |
| 2028 | 11,583,647 | 9,128,550 | 11,530,000 | 4,266,215 | 15,796,215 | 24,933,375 |
| 2029 | 17,544,750 | 15,152,581 | 5,915,000 | 3,874,611 | 9,789,611 | 24,951,148 |
| 2030 | 18,623,011 | 16,371,838 | 5,585,000 | 3,633,325 | 9,218,325 | 25,599,385 |
| 2031 | 18,474,361 | 16,382,355 | 5,815,000 | 3,396,075 | 9,211,075 | 25,602,996 |
| 2032 | 18,317,857 | 16,391,176 | 6,050,000 | 3,148,952 | 9,198,952 | 25,600,025 |
| 2033 | 18,152,683 | 16,397,744 | 6,290,000 | 2,891,692 | 9,181,692 | 25,589,661 |
| 2034 | 17,982,899 | 16,406,375 | 6,540,000 | 2,623,946 | 9,163,946 | 25,580,876 |
| 2035 | 17,802,676 | 16,411,444 | 6,790,000 | 2,344,636 | 9,134,636 | 25,556,949 |
| 2036 | 15,129,089 | 13,930,335 | 7,075,000 | 2,052,927 | 9,127,927 | 23,069,539 |
| 2037 | 12,778,662 | 11,779,881 | 7,370,000 | 1,748,794 | 9,118,794 | 20,910,343 |
| 2038 | 12,565,316 | 11,774,206 | 8,115,000 | 1,422,070 | 9,537,070 | 21,324,732 |
| 2039 | 12,349,093 | 11,773,661 | 4,005,000 | 1,172,234 | 5,177,234 | 16,950,895 |
| 2040 | 12,123,966 | 11,772,578 | 4,200,000 | 980,840 | 5,180,840 | 16,953,418 |
| 2041 | 11,893,908 | 11,775,290 | 4,400,000 | 780,132 | 5,180,132 | 16,955,422 |
| 2042 | - | - | 4,605,000 | 569,859 | 5,174,859 | 5,174,859 |
| 2043 | - | - | 4,830,000 | 349,447 | 5,179,447 | 5,179,447 |
| 2044 | - | - | 5,060,000 | 118,297 | 5,178,297 | 5,178,297 |
| Total | <u>\$474,597,301</u> | <u>\$417,896,941</u> | <u>\$206,440,000</u> | <u>\$130,540,872</u> | <u>\$336,980,872</u> | <u>\$760,224,508</u> |

* Includes debt service on the Series 2004B Bonds, Series 2005 Bonds, Series 2009B Bonds, Series 2010A Bonds and Series 2010B Bonds.

† Net of assumed BAB Subsidy of 35%.

** Includes debt service on Bonds that matured on November 1, 2012.