

UNIVERSITY OF DELAWARE
ANNUAL DISCLOSURE INFORMATION
SERIES 2010A, 2010B, 2013B, 2013C, 2015, 2018 and 2019 BONDS

As of June 30, 2019
Student Data as of October 2019
Employee Data as of October 2019

PROJECT FACILITIES AND PLEDGED REVENUES

The University of Delaware's housing system accommodates approximately 7,237 students in 44 undergraduate residence halls plus 131 students in 7 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 facilities have combined seating capacity of approximately 3,115. During the 2019-20 year, approximately 8,200 students have some type of meal contract.

In addition to revenues received from the University's housing and dining facilities, Pledged Revenues include revenues from the operation of the ice arenas and on campus parking facilities, student health fees, the comprehensive student fees, and student center fees (all three of which must be paid by all full-time undergraduate students) and revenues derived by the University from the operation of the book store.

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 2019-20 academic year, the University's faculty and staff consist of 4,688 full-time and 71 part-time employees. Full-time faculty members for fall 2019 totaled 1,354 including 62 department chairpersons and academic center directors and 27 faculty with administrative appointments as follows: 477 professors; 383 associate professors; 397 assistant professors; and 97 instructors. More than 76% of the University's full-time tenure-eligible faculty are tenured and 91% 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 June 30, 2023. There are 44 uniformed police officers of the Police Department who are

represented by the Fraternal Order of Police, whose contract terminates June 30, 2022. There are also 6 senior police personnel and 1 sworn Constable not covered by the contract.

DEBT SERVICE COVERAGE

Pledged Gross Revenue Coverage The following debt service coverage schedule is based on Pledged Gross Revenues. Revenues are based on the University’s fiscal years ending June 30. The debt service coverage computations based on Pledged Gross Revenues are included herein based on the pledge of such Pledged 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.”

<u>Pledged Gross Revenue Coverage</u>					
<u>Pledged Revenue Source</u>	2015	2016	2017	2018	2019
Housing	60,364,526	58,697,352	58,764,050	62,599,473	65,138,593
Dining	43,477,012	44,134,839	44,479,072	46,800,823	47,600,514
Student Health Fee	9,809,156	9,752,446	9,626,718	10,055,326	10,021,530
Ice Arena	1,550,479	1,588,607	1,613,402	1,599,472	1,724,934
Parking	6,300,714	6,468,064	6,555,753	7,042,191	7,497,844
Student Center Fee	4,913,871	4,948,915	4,954,101	5,088,422	5,112,777
Comprehensive Student Fee	12,542,275	10,166,239	10,149,679	10,433,169	12,808,736
Book Store	975,000	975,000	900,000	900,000	905,240
Pledged Gross Revenues	139,933,033	136,731,462	137,042,775	144,518,876	150,810,169
Pledged Revenue Maximum Annual Debt Service *	33,298,032	33,298,032	33,298,032	33,298,032	25,364,505
Pledged Revenue Debt Service Coverage	420.24%	410.63%	411.56%	434.02%	594.57%

* Pledged Revenue Maximum Annual Debt Service for each year is based solely upon the debt service on the outstanding bonds of each pledged revenue series as of the end of each 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. Amounts do not include the unsecured Series 2018 and Series 2019 Bonds.

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

Net Revenue Coverage	2015	2016	2017	2018	2019
<u>Pledged Gross Revenues</u>	139,933,033	136,731,462	137,042,775	144,518,876	150,810,169
<u>Expenditures:</u>					
Housing	19,838,486	19,583,658	20,476,734	21,004,101	21,613,334
Dining	37,009,810	37,503,832	37,739,741	40,022,157	40,179,905
Health	9,398,380	9,727,092	10,009,107	10,170,054	11,130,237
Ice Arena	1,417,074	1,474,594	1,424,519	1,600,563	1,688,468
Parking	2,393,171	2,162,514	2,257,085	2,835,336	3,001,167
Student Center	1,260,566	1,333,360	1,366,290	1,297,038	2,137,826
Student Recreation Expenses	1,175,415	1,172,569	935,512	804,297	997,326
Book Store	48,657	37,147	65,621	90,923	75,605
<u>Pledged Gross Expenditures</u>	<u>72,541,559</u>	<u>72,994,766</u>	<u>74,274,609</u>	<u>77,824,468</u>	<u>80,823,868</u>
<u>Pledged Net Revenues</u>	<u>67,391,474</u>	<u>63,736,696</u>	<u>62,768,165</u>	<u>66,694,408</u>	<u>69,986,301</u>
<u>Pledged Maximum Annual Debt Service *</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>25,364,505</u>
<u>Pledged Revenue Debt Service Coverage</u>	202.39%	191.41%	188.50%	200.30%	275.92%
<u>Enterprise Maximum Annual Debt Service **</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>42,064,349</u>	<u>41,313,189</u>

* Pledged Revenue Maximum Annual Debt Service for each year is based solely upon the debt service on the outstanding bonds of each pledged revenue series as of the end of each 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. Amounts do not include the unsecured Series 2018 and Series 2019 Bonds.

** Enterprise Maximum Annual Debt Service for each year is based upon the debt service on all outstanding bonds of each Series as of the end of each 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. Amounts do include debt service due on the unsecured Series 2018 and Series 2019 Bonds.

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DEBT SERVICE REQUIREMENTS

Following is our current total Revenue Bond Debt Service both excluding and including the Build America Bonds subsidy (BABs), General Obligation Debt Service, and the two combined (“Enterprise Debt Service”):

Fiscal Year Ending June 30	Pledged Revenue Bond Debt Service (Pre-BABs Subsidy) ¹	Pledged Revenue Bond Debt Service (Net of BABs Subsidy) ¹	General Obligation Debt Service ²	Enterprise Debt Service (Net of BABs Subsidy) ²
2020	24,255,151	21,800,054	17,544,685	39,344,739
2021	21,842,566	19,387,469	21,925,720	41,313,189
2022	21,842,133	19,387,036	21,848,720	41,235,756
2023	21,843,643	19,388,546	21,846,845	41,235,391
2024	20,624,609	18,169,512	21,856,845	40,026,357
2025	20,608,297	18,153,200	20,024,470	38,177,670
2026	20,595,639	18,140,542	20,021,220	38,161,762
2027	20,595,800	18,140,703	20,035,970	38,176,673
2028	20,585,312	18,130,215	18,379,970	36,510,185
2029	26,553,562	24,161,392	12,368,720	36,530,112
2030	27,610,411	25,359,238	11,822,720	37,181,958
2031	27,456,511	25,364,505	11,820,845	37,185,350
2032	27,285,509	25,358,829	11,819,595	37,178,424
2033	27,101,449	25,346,511	11,818,720	37,165,231
2034	26,913,045	25,336,521	11,822,845	37,159,366
2035	26,707,962	25,316,730	11,821,720	37,138,450
2036	24,028,316	22,829,562	11,815,345	34,644,907
2037	21,666,581	20,667,800	11,818,345	32,486,145
2038	21,870,761	21,079,650	11,820,220	32,899,870
2039	17,294,952	16,719,520	11,815,845	28,535,365
2040	17,074,681	16,723,293	11,819,845	28,543,138
2041	16,841,290	16,722,672	11,821,720	28,544,392
2042	4,945,609	4,945,609	13,153,560	18,099,169
2043	4,949,822	4,949,822	13,153,872	18,103,694
2044	4,949,547	4,949,547	13,153,694	18,103,241
2045	3,302,875	3,302,875	14,844,396	18,147,271
2046	3,305,625	3,305,625	14,840,647	18,146,272
2047	0	0	18,146,496	18,146,496
2048	0	0	18,148,483	18,148,483
2049	0	0	18,146,844	18,146,844
2050	0	0	18,145,869	18,145,869
2051	0	0	18,144,741	18,144,741
2052	0	0	18,147,425	18,147,425

2053	0	0	18,147,168	18,147,168
2054	0	0	18,147,323	18,147,323
2055	0	0	18,146,836	18,146,836
2056	0	0	18,149,546	18,149,546
2057	0	0	18,149,291	18,149,291
2058	0	0	18,149,912	18,149,912
2059	0	0	18,150,141	18,150,141
Total	\$522,651,658	\$483,136,978	\$642,757,174	\$1,125,894,152

¹ Includes the Series 2004B, Series 2005, Series 2010A, Series 2010B, Series 2013B, Series 2013C, and Series 2015 Bonds.

² Includes all outstanding Series of Bonds.

The estimated amounts required in each period to be made available for debt service shown in the previous table are 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 3.867% 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 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 6.2% for Fiscal Year 2019 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 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.
- Debt service on the Series 2018 Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.
- Debt service on the Series 2019 Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.

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OPERATING INFORMATION

Enrollment Summary - FTE (excludes Professional and Continuing Studies)

Year	Undergraduate	Graduate	Total
Fall 2015	17,806	3,255	21,061
Fall 2016	17,994	3,264	21,258
Fall 2017	18,431	3,467	21,898
Fall 2018	18,576	3,617	22,193
Fall 2019	18,584	3,552	22,136

First-Time Freshman Admissions Activity (Newark Campus)

Year	Completed Applications	Offered Admission	Offer Rate %	Accepted Admission	Yield Rate %
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
Fall 2018	27,412	17,277	63.0	4,252	24.6
Fall 2019	26,501	18,106	68.3	4,146	22.9

Student Tuition and Fees, 2019-20 Academic Year

	State Resident (\$)	Out-of-State Resident (\$)
Pennsylvania State University	18,450	35,514
University of Virginia	17,891	50,920
Rutgers University	15,407	32,189
Virginia Polytechnic University	13,691	32,835
University of Delaware	14,280	35,710
University of Maryland	10,778	36,890

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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
2016	91,851,859	62,524,659	154,376,518
2017	94,059,096	65,520,932	159,580,028
2018	103,787,415	69,464,943	173,252,358
2019	116,254,124	76,528,771	192,782,895

State Financial Support

Fiscal Year	Operating Appropriation (\$)	Original Capital Appropriation (\$)	Capital Appropriation Expenditure (\$)*
2015	117,004,600	4,300,000	3,250,524
2016	118,748,600	6,000,000	3,211,886
2017	121,185,900	5,500,000	5,780,704
2018	118,793,500	5,500,000	827,513
2019	122,320,320	6,500,000	186,565

*The State of Delaware has provided capital appropriations to the University for certain new academic facilities and capital improvements. Capital appropriations are listed in the year appropriations were expended. The table provides operating and capital appropriations for the periods indicated.

Federal Financial Support

Fiscal Year	Operating Appropriation (\$)*	Contracts and Grants (\$)*	Total (\$)
2015	3,340,426	105,962,880	109,303,306
2016	3,726,740	106,908,531	110,635,271
2017	3,733,407	117,580,689	121,314,096
2018	3,120,278	111,741,077	114,861,355
2019	3,122,420	123,311,978	126,434,398

*The breakout between "Operating Appropriation" and "Contracts and Grants" is required for disclosure applicable to the 2010A, 2010B, 2013B, 2013C, and 2015 Bonds.

Endowment Funds and Earnings

Fiscal Year	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
2016	1,192,718,000	69,072,000	50,470,000
2017	1,289,926,000	74,131,000	51,032,600
2018	1,336,129,985	77,067,473	51,428,747
2019	1,387,414,579	78,655,355	51,938,405

Fund Raising - Contributions

Fiscal Year	Contributions Received (\$)	Net Change in Contributions Receivable (\$)*	Total (\$)
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
2018	46,727,640	8,260,781	54,988,421
2019	53,593,733	14,272,695	67,866,428

* The column "Net Change in Contributions Receivable" is required for disclosure applicable to the 2010A, 2010B, 2013B, 2013C, and 2015 Bonds.

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

Category	2015	2016	2017	2018	2019
Land and Improvements	120,109	129,815	130,047	133,786	137,751
Buildings	1,634,896	1,741,686	1,778,631	1,837,009	1,830,197
Equipment and Furnishings	484,385	510,377	529,159	557,263	590,813
Collections and Works of Art	8,756	9,183	8,757	8,674	8,829
Capital Leasehold	44,910	46,017	46,017	46,017	102,407
Construction in Progress	<u>130,957</u>	<u>38,821</u>	<u>75,087</u>	<u>118,947</u>	<u>202,422</u>
Total Property, Plant and Equipment	2,424,013	2,475,899	2,567,698	2,701,696	2,872,419
Less: Accumulated Depreciation	<u>(947,858)</u>	<u>(996,686)</u>	<u>(1,060,872)</u>	<u>(1,120,731)</u>	<u>(1,165,610)</u>
Total Property, Plant and Equipment, Net	<u>1,476,155</u>	<u>1,479,213</u>	<u>1,506,826</u>	<u>1,580,965</u>	<u>1,706,809</u>

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Outstanding Indebtedness of the University

Long-Term Debt and Capital Leases

Indebtedness at June 30, 2019 and 2018 consisted of the following (in thousands):

	<u>Fiscal year of maturity</u>	<u>Interest rate(s) %</u>	<u>Outstanding Principal</u>	
			<u>2019</u>	<u>2018</u>
Variable-rate debt:				
Series 2004B	2035	3.73 %	\$ 30,770	32,185
Series 2005	2036	4.32	30,850	32,925
Series 2013C	2038	4.15	<u>55,440</u>	<u>57,475</u>
Variable Rate Debt			<u>117,060</u>	<u>122,585</u>
Fixed-rate bonds:				
Series 2009B	-	3.00-5.00	-	24,040
Series 2010A taxable Build America Bonds (BABs)	2041	3.95	119,580	119,580
Series 2010B taxable	2020	2.97-3.80	2,365	4,640
Series 2013A	-	3.00-5.00	-	67,270
	-	5.00	-	27,825
Series 2013B taxable	2027	1.12-3.00	6,065	6,750
	2034	3.83	6,770	6,770
	2044	3.98	13,555	13,555
Series 2015	2036	4.00-5.00	23,380	24,235
	2041	5.00	11,385	11,385
	2046	5.00	14,625	14,625
Series 2018 taxable	2051	4.07	76,770	76,770
	2059	4.22	123,230	123,230
Series 2019	2043	5.00	<u>113,295</u>	<u>-</u>
Fixed-rate debt			511,020	520,675
Capital leases	2021-2049	3.68-4.25	<u>62,431</u>	<u>64,027</u>
			690,511	707,287
Premium on long-term debt, net of debt issue costs			<u>28,113</u>	<u>25,619</u>
Long-term debt and capital leases			<u>\$ 718,624</u>	<u>732,906</u>

Capital Lease Obligations

The University has obligations under capital leases with annual lease payments ranging from \$900,000 to \$2,169,000. As of June 30, 2019, the gross amount of assets and accumulated depreciation thereon accounted for as capital leases amounted to \$102,407,000 and \$11,846,000, respectively.