

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

As of June 30, 2020
Student Data as of October 2020
Employee Data as of October 2020

PROJECT FACILITIES

The University of Delaware's housing system can accommodate about 7,000 students in 44 undergraduate residence halls and special interest housing units on the main campus in Newark, Delaware. Due to a COVID-19 reduced occupancy plan for Fall Semester 2020, there were 1,285 students living on-campus. This represents approximately 7.5% of the total number of undergraduate students attending the University at the main campus. This number is expected to increase up to 4,000 students for the spring semester. Freshmen are normally required to live in University housing and agreements are enforced for the entire academic year, but during the COVID-19 pandemic, no student is required to live on campus.

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 3,500. During the 2019-20 year, approximately 8,300 students had some type of meal contract. Due to COVID-19 and the reduced on-campus student presence in Fall 2020, the number of students with meal contracts was reduced to about 1,200. In response to the reduced demand and to facilitate social distancing requirements, only four of the sixteen dining locations remained open, reducing capacity to about 600.

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 2020-21 academic year, the University's faculty and staff consist of 4,679 full-time and 67 part-time employees. Full-time faculty members for Fall 2020 totaled 1,356 members including department chairpersons, academic center directors, and faculty with administrative appointments as follows: 484 professors; 387 associate professors; 398 assistant professors; and 87 instructors. Approximately 78% of the University's full-time tenure-eligible faculty are tenured and approximately 92% 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, 2023. The maintenance and service employees are represented by two local unions (439 and 3472) of the American Federation of State, County and Municipal Employees, AFL-CIO. Both contracts terminate on June 30, 2023. There are 42 uniformed police officers of the police department who

are represented by the Fraternal Order of Police, whose contract terminates June 30, 2022. Additionally, there are seven senior police personnel and one 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.”

<u>Pledged Gross Revenue Coverage</u>					
<u>Pledged Revenue Source</u>	2016	2017	2018	2019	2020
Housing	58,697,352	58,764,050	62,599,473	65,138,593	42,265,363
Dining	44,134,839	44,479,072	46,800,823	47,600,514	30,369,208
Student Health Fee	9,752,446	9,626,718	10,055,326	10,021,530	9,762,423
Ice Arena	1,588,607	1,613,402	1,599,472	1,724,934	957,537
Parking	6,468,064	6,555,753	7,042,191	7,497,844	5,328,650
Student Center Fee	4,948,915	4,954,101	5,088,422	5,112,777	4,326,375
Comprehensive Student Fee	10,166,239	10,149,679	10,433,169	12,808,736	12,384,487
Book Store	975,000	900,000	900,000	905,240	914,216
Pledged Gross Revenues	136,731,462	137,042,775	144,518,876	150,810,169	106,308,259
Pledged Revenue Maximum Annual Debt Service	33,298,032	33,298,032	33,298,032	25,364,505	22,058,180
Pledged Revenue Debt Service Coverage	410.63%	411.56%	434.02%	594.57%	481.94%

Note: Gross Revenue Coverage applicable to the University’s Series 2004B, Series 2005, Series 2010A, Series 2013B and Series 2013C Bonds

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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	2016	2017	2018	2019	2020
<u>Pledged Gross Revenues</u>	136,731,462	137,042,775	144,518,876	150,810,169	106,308,259
<u>Expenditures:</u>					
Housing	19,583,658	20,476,734	21,004,101	21,613,334	21,675,569
Dining	37,503,832	37,739,741	40,022,157	40,179,905	28,763,741
Health	9,727,092	10,009,107	10,170,054	11,130,237	10,922,289
Ice Arena	1,474,594	1,424,519	1,600,563	1,688,468	1,408,024
Parking	2,162,514	2,257,085	2,835,336	3,001,167	2,052,343
Student Center	1,333,360	1,366,290	1,297,038	2,137,826	3,673,986
Student Recreation Expenses	1,172,569	935,512	804,297	997,326	969,364
Book Store	37,147	65,621	90,923	75,605	72,016
<u>Pledged Gross Expenditures</u>	<u>72,994,766</u>	<u>74,274,609</u>	<u>77,824,468</u>	<u>80,823,868</u>	<u>69,537,332</u>
<u>Pledged Net Revenues</u>	<u>63,736,696</u>	<u>62,768,165</u>	<u>66,694,408</u>	<u>69,986,301</u>	<u>36,770,927</u>
<u>Pledged Maximum Annual Debt Service *</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>25,364,505</u>	<u>22,058,180</u>
<u>Pledged Revenue Debt Service Coverage</u>	<u>191.41%</u>	<u>188.50%</u>	<u>200.30%</u>	<u>275.92%</u>	<u>166.70%</u>
<u>Enterprise Maximum Annual Debt Service **</u>	<u>33,298,032</u>	<u>33,298,032</u>	<u>42,064,349</u>	<u>41,313,189</u>	<u>41,270,489</u>

* The pledged maximum annual debt service for each year is based 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 therein, and reflects BAB Subsidy payments expected to be received by the University. This does not include the unsecured Series 2018, Series 2019, and Series 2019A bonds.

** The Enterprise 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. This includes the unsecured Series 2018, Series 2019, and Series 2019A bonds.

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DEBT SERVICE REQUIREMENTS

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

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) ³
2021	18,534,991	16,079,894	25,190,595	41,270,489
2022	18,537,933	16,082,836	25,111,720	41,194,556
2023	18,540,193	16,085,096	25,105,720	41,190,816
2024	17,319,534	14,864,437	25,119,095	39,983,532
2025	17,304,347	14,849,250	23,282,470	38,131,720
2026	17,290,689	14,835,592	23,282,220	38,117,812
2027	17,292,850	14,837,753	23,296,970	38,134,723
2028	17,282,487	14,827,390	21,637,970	36,465,360
2029	23,249,237	20,857,067	15,630,470	36,487,537
2030	24,303,211	22,052,038	15,084,720	37,136,758
2031	24,150,186	22,058,180	15,084,470	37,142,650
2032	23,978,934	22,052,254	15,081,095	37,133,349
2033	23,798,624	22,043,686	15,079,220	37,122,906
2034	23,608,220	22,031,696	15,083,220	37,114,916
2035	23,401,062	22,009,830	15,087,470	37,097,300
2036	20,723,516	19,524,762	15,076,845	34,601,607
2037	18,362,456	17,363,675	15,080,845	32,444,520
2038	18,567,011	17,775,900	15,078,720	32,854,620
2039	13,991,952	13,416,520	15,075,095	28,491,615
2040	13,768,181	13,416,793	15,084,095	28,500,888
2041	13,537,290	13,418,672	15,080,095	28,498,767
2042	1,640,359	1,640,359	16,414,935	18,055,294
2043	1,644,947	1,644,947	16,416,622	18,061,569
2044	1,642,047	1,642,047	16,415,944	18,057,991
2045	0	0	18,104,021	18,104,021
2046	0	0	18,100,147	18,100,147
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	\$412,470,256	\$375,410,672	\$710,004,864	\$1,085,415,536

¹ Pledged Revenue Bond Debt Service applicable to the Series 2004B, Series 2005, Series 2010A, Series 2013B, and Series 2013C Bonds.

² General Obligation Bond Debt Service applicable to the Series 2018, Series 2019 and Series 2019A Bonds.

³ Enterprise Debt Service (net of BABs subsidy) equal to General Obligation Bond Debt Service less Pledged Revenue Debt Service (net of BABs subsidy)

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 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 5.9% for Fiscal Year 2020 due to federal budget sequestration.
- 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.
- 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.
- 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.
- On June 3, 2019, the University acquired University Courtyard Apartments from CHF-Delaware, L.L.C. Concurrent with the acquisition, the University fully repaid CHF-Delaware’s obligation associated with the outstanding Series 2005 Variable Rate Demand Bonds (the “CHF Bonds”). The CHF Bonds were hedged by an interest rate swap agreement (the “Courtyard Swap”), which was novated to the University and remains outstanding.
- Debt service on the Series 2019A Bonds is based upon the actual fixed rates of interest and amortization requirements for such bonds.

OPERATING INFORMATION

Enrollment Summary - FTE (excludes Professional and Continuing Studies and includes Associate in Arts Students)

Year	Undergraduate	Graduate	Total
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
Fall 2020	18,137	3,610	21,747

First-Time Freshman Admissions Activity (Newark Campus)

Year	Completed Applications	Offered Admission	Offer Rate %	Accepted Admission	Yield Rate %
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
Fall 2020	33,505	21,125	63.1	3,742	17.7

Student Tuition and Fees, 2020-21 Academic Year

	State Resident (\$)	Out-of-State Resident (\$)
Pennsylvania State University	18,450	35,514
University of Virginia	17,296	51,826
Rutgers University	15,003	31,785
Virginia Polytechnic University	13,749	32,893
University of Delaware	14,660	36,090
University of Maryland	10,779	36,891

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FINANCIAL STATEMENT INFORMATION

Expenditures for Scholarship, Fellowship and Other Student Aid

Fiscal Year	Undergraduate (\$)	Graduate (\$)	Total (\$)
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
2020	123,256,217	75,558,093	198,814,310

State Financial Support

Fiscal Year	Operating Appropriation (\$)	Original Capital Appropriation (\$)	Capital Appropriation Expenditure (\$)*
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	10,000,000	186,565
2020	125,314,060	10,350,000	1,197,138

* 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 – Sources of University Grants, Contracts and Other Exchange Transactions Year Ended June 30

Fiscal Year	Operating Appropriation (\$)*	Contracts and Grants (\$)*	Total (\$)
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
2020	2,762,247	140,019,072	142,781,319

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

Endowment Funds and Earnings

Fiscal Year	Market Value of University Held (\$)	Market Value of Funds Held in Trust by Others (\$)	Spending Distribution (\$)
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
2020	1,376,354,000	76,835,873	52,834,000

Fund Raising - Contributions

Fiscal Year	Contributions Received (\$)	Net Change in Contributions Receivable (\$) *	Total (\$)
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
2020	47,691,260	(6,279,580)	41,411,680

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

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

Category	2016	2017	2018	2019	2020
Land and Improvements	129,815	130,047	133,786	137,751	141,005
Buildings	1,741,686	1,778,631	1,837,009	1,830,197	2,030,058
Equipment and Furnishings	510,377	529,159	557,263	590,813	625,866
Collections and Works of Art	9,183	8,757	8,674	8,829	9,156
Capital Leasehold	46,017	46,017	46,017	102,407	103,029
Construction in Progress	<u>38,821</u>	<u>75,087</u>	<u>118,947</u>	<u>202,422</u>	<u>172,448</u>
Total Property, Plant and Equipment	2,475,899	2,567,698	2,701,696	2,872,419	3,081,562
Less: Accumulated Depreciation	<u>(996,686)</u>	<u>(1,060,872)</u>	<u>(1,120,731)</u>	<u>(1,165,610)</u>	<u>(1,243,981)</u>
Total Property, Plant and Equipment, Net	<u>1,479,213</u>	<u>1,506,826</u>	<u>1,580,965</u>	<u>1,706,809</u>	<u>1,837,581</u>

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Outstanding Indebtedness of the University

Long-Term Debt and Capital Leases

Indebtedness at June 30, 2020 and 2019 consisted of the following (in thousands):

	<u>Fiscal year of maturity</u>	<u>Interest rate(s) %</u>	<u>Outstanding Principal</u>	
			<u>2020</u>	<u>2019</u>
Variable-rate debt:				
Series 2004B	2035	3.73 %	\$ 29,305	30,770
Series 2005	2036	4.32	28,690	30,850
Series 2013C	2038	4.15	53,335	55,440
Variable Rate Debt			<u>111,330</u>	<u>117,060</u>
Fixed-rate bonds:				
Series 2010A taxable Build America Bonds (BABs)	2041	3.95	119,580	119,580
Series 2010B taxable	2020	2.97-3.80	-	2,365
Series 2013B taxable	2027	1.12-3.00	5,365	6,065
	2034	3.83	6,770	6,770
	2044	3.98	13,555	13,555
Series 2015	2036	4.00-5.00	-	23,380
	2041	5.00	-	11,385
	2046	5.00	-	14,625
Series 2018 taxable	2051	4.07	76,770	76,770
	2059	4.22	123,230	123,230
Series 2019	2043	5.00	108,860	113,295
Series 2019A	2046	5.00	47,455	-
Fixed-rate debt			<u>501,585</u>	<u>511,020</u>
Capital leases	2021-2049	3.68-4.25	<u>60,373</u>	<u>62,431</u>
			673,288	690,511
Premium on long-term debt, net of debt issue costs of \$2.9 million (2020)			<u>36,055</u>	<u>28,113</u>
Long-term debt and capital leases			<u>\$ 709,343</u>	<u>718,624</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, 2020, the gross amount of assets, including University leasehold improvements and accumulated depreciation thereon accounted for as capital leases, amounted to \$103,029,000 and \$15,562,000, respectively.