



Date: November 8, 2017  
To: Members of the Board of Regents  
Subject: Quarterly Treasurer's Report

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### Overall Objectives of the Office of the Treasurer

1. Cash & Investment Management - custody, accounting for and management of investments and cash liquidity
2. Debt Management - identify and secure lowest cost method of debt financing for capital construction, plan and manage new debt issuance processes, plan and execute internal loan process, and perform accounting for debt
3. Banking & Treasury Management - Manages banking activities and services, compliance, policies and procedures, and controls to ensure efficient and secure payments and receipts of cash
4. Endowment Stewardship - manage and track bequests and donations made directly to the university, ensuring compliance with donor wishes, and handle investment portfolios of these funds

### Executive Summary

The attached quarterly report is designed to provide the Regents with specific information on the effective use of the university's financial resources, to provide written disclosure on certain issues, and to provide progress reports.

The performance data in this report is as of September 30, 2017

- Operating Indicators for the Investment Environment
- Investment Management Report includes the following:
  - Report on Pooled and Non-Pooled investments
  - Report on Pooled Investment Revenues and Expenditures
  - Report on Investment of University Custodial Endowments
  - Miscellaneous Reports
- Liability Management Report

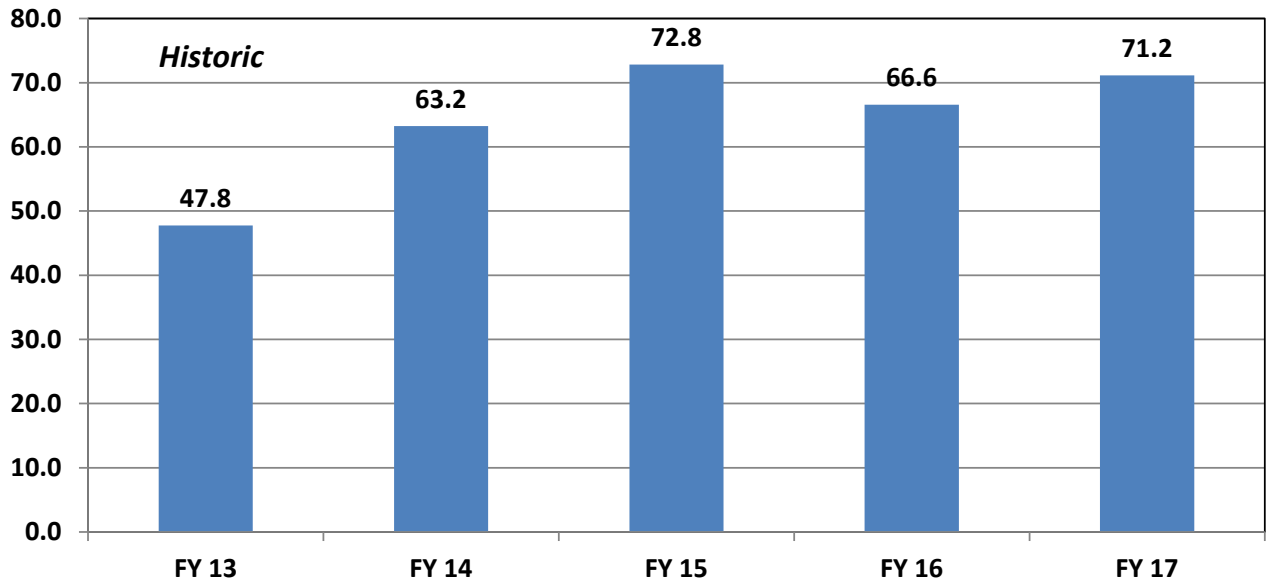
If there is other information that would be helpful to you, please let me know.

Dan J. Wilson  
Treasurer of the University

# Treasurer's Office Operating Indicators






<p><b>Total Debt (in millions)</b></p> <p><b>\$1,524.3</b></p> <p><b>Total Pooled Investments (in millions)</b></p> <p><b>\$2,019.2</b></p>	<p><b>Debt</b></p> <p>Projected FY18 Debt Capacity Ratio - 4.4% Policy Limit is 7.0%</p> <p><b>University of Colorado Bond Ratings:</b></p> <table style="width: 100%;"> <tr> <td style="text-align: center;"><b>Moody's</b></td> <td style="text-align: center;"><b>Aa1 (Stable)</b></td> </tr> <tr> <td style="text-align: center;"><b>Fitch</b></td> <td style="text-align: center;"><b>AA+ (Stable)</b></td> </tr> </table>	<b>Moody's</b>	<b>Aa1 (Stable)</b>	<b>Fitch</b>	<b>AA+ (Stable)</b>
<b>Moody's</b>	<b>Aa1 (Stable)</b>				
<b>Fitch</b>	<b>AA+ (Stable)</b>				

## Pooled Realized Earnings in Millions \$








# Operating Indicators for the Investment Environment

Quarter ending 9/30/2017

Stocks	S & P 500 index	4.48%	
	Non-US Equity (MSCI ACWI)	5.18%	
Bonds	Bloomberg Aggregate Bond Index	0.85%	
Treasury Pool Performance		3.24%	
Benchmark Performance		2.85%	

12 months ending 9/30/2017

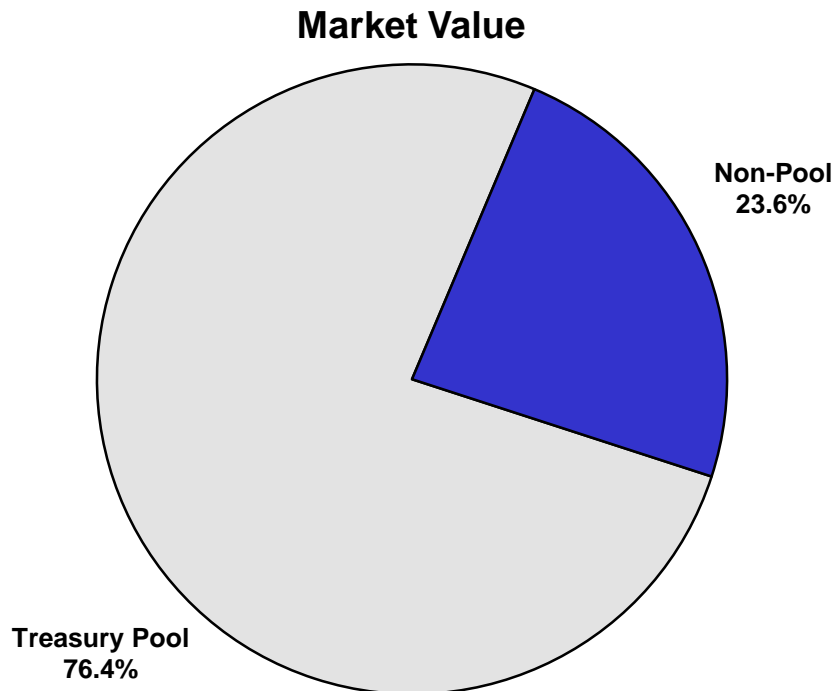
Stocks	S & P 500 index	18.61%	
	Non-US Equity (MSCI ACWI)	18.78%	
Bonds	Bloomberg Aggregate Bond Index	0.07%	
Treasury Pool Performance		11.41%	
Benchmark Performance		9.63%	

# UNIVERSITY OF COLORADO

## Treasury Pool and Non-Pool Investments as of 9/30/2017

Treasury Pool and Non-Pool Investments	9/30/2017 Market Value (In Millions)	9/30/2016 Market Value (In Millions)
Treasury Pool:		
Investments	\$2,019.2	\$1,883.7
Treasury Internal Loans	22.1	25.5
Treasury Pool	\$2,041.3	\$1,909.2
Non-Pool	632.2	637.5
Total Investments	\$2,673.5	\$2,546.7

Treasury Pool and Non-Pool Investments	Cost Basis (In Millions)	Cost Basis (In Millions)
Treasury Pool:		
Investments	\$1,765.7	\$1,750.0
Treasury Internal Loans	22.1	25.5
Subtotal Treasury Pool	\$1,787.7	\$1,775.5
Non-Pool	586.1	611.5
Total Investments	\$2,373.8	\$2,387.0



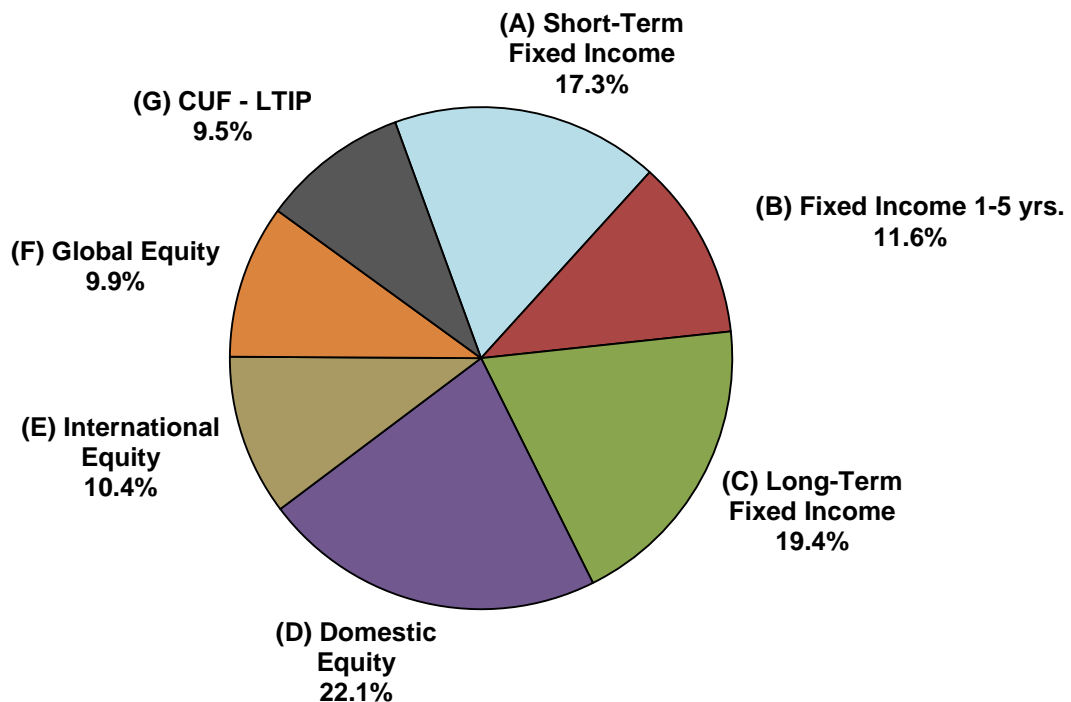
# UNIVERSITY OF COLORADO

## Treasury Pool Investment Returns and Market Values at 9/30/2017

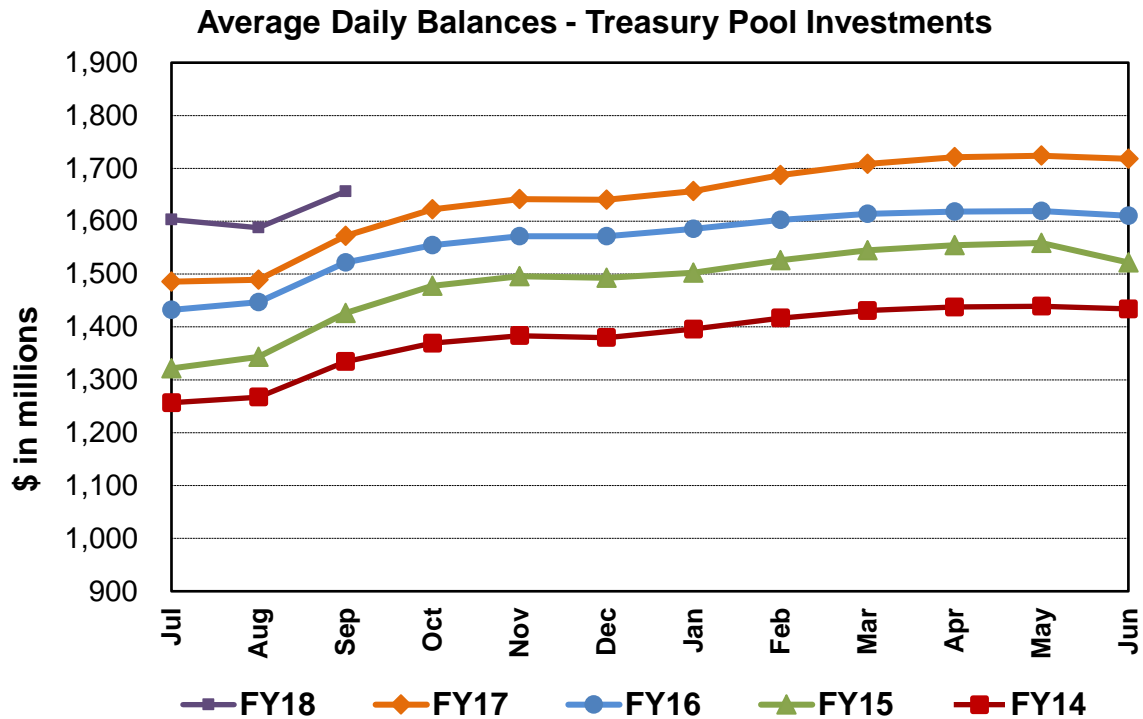
Returns vs. Benchmarks	TOTALS
Returns (By Segment) Jul-Sep	3.24%
Benchmark Returns Jul-Sep	2.85%
Returns (By Segment) Last 12 Months	11.41%
Benchmark Returns Last 12 Months	9.63%
Returns (By Segment) Last 3 Years	5.58%
Benchmark Returns Last 3 Years	5.09%

Asset Categories	Segment	9/30/2017 Market Value (In Millions)	9/30/2016 Market Value (In Millions)
(A) Short-Term Fixed Income	1	348.8	410.4
(B) Fixed Income 1-5 yrs.	2	233.9	268.6
(C) Long-Term Fixed Income	3	390.8	371.4
(D) Domestic Equity	3	445.9	361.4
(E) International Equity	3	209.1	163.8
(F) Global Equity	3	199.8	149.0
(G) CUF - LTIP	3	190.9	159.1
Total Market Value of Pool <sup>1</sup>		2,019.2	1,883.7

<sup>1</sup> Market values include accrued interest and dividends



# UNIVERSITY OF COLORADO



\*Average Daily Balances include pooled investments only at cost

## Pooled Investment Realized Revenues and Expenditures as of Quarter Ending September 30

	Actual FY18	Actual FY17
REVENUES	3,435	9,300
Less:		
Bank Services, Manager and Consultant Fees	(954)	(1,124)
Operating Expenses	(317)	(307)
<b>TOTAL NET REVENUES</b>	<b>2,164</b>	<b>7,869</b>

The Value and Earnings Stabilization Fund totaled \$45 million as of September 30, 2017.

## Report on Investment of University Custodial Endowments

The University of Colorado Foundation, Inc. performs as the investment manager for the University Custodial Endowments. Under the governance structure at the Foundation, the Foundation's Investment Committee makes policy and asset allocation recommendations regarding investments to the Foundation's Board of Directors. The Foundation's Board of Directors has fiduciary responsibility for the investment of these funds. Actual management of the investments is handled by Perella Weinberg Partners.

The University Custodial Endowments is comprised of assets gifted to or restricted by the Regents of the University of Colorado, which are under the control of the Foundation for investment management purposes in accordance with the Regent action in 1982 and the revised investment agreement signed in June, 2007.

As of September 30, 2017, the University Custodial Endowments had a total market value of \$216.5 million. This is approximately 13.9% of the total managed by the CU Foundation in the Long Term Investment Pool (LTIP). The other funds in the LTIP are gifts given to the University of Colorado Foundation directly, for the benefit of the University of Colorado and the university's investment for its Treasury Pool.



University of Colorado  
Foundation

### Long Term Investment Pool Asset Allocation as of 9/30/2017

Asset Class	Allowable Allocation	PWP LT Target Allocation	Actual Allocation*
<b>Equity-Like-80%</b>			
Global Public Equities	30% - 70%	45.00%	50.85%
<i>Domestic</i>			20.15%
<i>International</i>			16.31%
<i>Global</i>			14.40%
Global Private Capital	15% -35%	25.00%	20.80%
Real Assets	5% -20%	10.00%	8.91%
Stock Distributions			0.13%
			80.70%
<b>Fixed Income-Like</b>			
Global Hedge Funds	0 - 30%	15.00%	13.60%
Global Fixed Income & Cash	0 - 20%	5.00%	5.70%
			19.30%
<b>Total</b>		100.00%	100.00%

Ending Market Value at 9/30/2017	\$1,562,743,601
Ending Cost Basis at 9/30/2017	\$1,169,311,798
Unrealized Gain at 9/30/2017	\$393,431,803

\*Allocation data from performance reports and Market Value data from service delivery / accounting reports.

## **Report on University Bank Accounts**

No new Bank Accounts were opened or closed during FY18 Q1.

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### **Report on Authorized Traders**

On November 14, 1996, the Regents authorized the Treasurer to designate employees to perform in-house investment transactions which are the day-to-day business of the Treasurer's office and which follow the Investment Policy approved by the Board. All investment purchases except investments in Money Market Funds in the Goldman Sachs portal, CUF LTIP, Fisher Small Cap Value Fund and Amundi Smith Breeden Short Duration Fund are safe kept by Wells Fargo Institutional Retirement and Trust. All proceeds from investment maturities or sales are wired to the University's concentration bank account per the University's contract agreement with Wells Fargo.

The authorized traders (all from the Treasurer's Office) are Dan Wilson, Gary Bomba, and Michelle Travis.

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### **Report on Liability Management**

As of September 30, 2017, the University of Colorado had approximately \$1.52 billion in outstanding long-term external obligations. Directly issued revenue bonds accounted for approximately \$1.46 billion of the total external obligations. The balance is comprised of the CUPCO Campus Village Apartment bonds (\$53.4 million) and Fitzsimons Redevelopment Authority bonds (\$8.7 million). CU's current projected debt ratio for FY18, which measures the university's ability to meet currently outstanding debt service obligations with current resources<sup>[1]</sup>, is 4.4%. When all approved (but not yet financed) capital projects from the five-year capital plan are included, the debt ratio decreases to a forecasted low of 2.9% by fiscal year 2024.

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### **Internal Loans from Treasury Pool and Permanent Land Fund**

The University's debt financing strategy limits internal loans to 15% of the Treasury Pool investment balance. For fiscal year 2018, this level is \$242 million.

As of September 30, 2017, the principal outstanding on internal campus loans totaled \$9.3 million, outstanding receivables totaled \$12.7 million and permanent land fund loans totaled an additional \$50,000. The university has an additional \$10.6 million in outstanding loan commitments, which have not been drawn down.



**Outstanding Long-Term Obligations of the University of Colorado  
As of September 30, 2017**

Long-Term Obligations	Final Maturity	Interest Rate	Original Amount Issued	Outstanding
<b>Revenue Bonds</b>				
University Enterprise Revenue Refunding Bonds, Series 2007A	2033	3.625 to 5.0	184,180,000	27,725,000
University Enterprise Revenue Bonds, Series 2009A	2038	2.75 to 5.375	165,635,000	10,025,000
Tax-Exempt University Enterprise Revenue Bonds, Subseries 2009B-1	2018	2.0 to 5.0 4.579 to	76,725,000	6,900,000
Taxable University Enterprise Revenue Bonds, Series 2009B-2 (BAB)	2036	6.264	138,130,000	138,130,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2009C	2026	2.0 to 5.0 0.755 to	24,510,000	7,030,000
Taxable University Enterprise Revenue Bonds, Series 2010A (BAB)	2035	5.601	35,510,000	27,765,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2010B	2023	2.0 to 5.0 1.155 to	56,905,000	26,345,000
Taxable University Enterprise Revenue Bonds, Series 2010C (QECB)	2020	3.773	4,375,000	3,015,000
University Enterprise Revenue Bonds, Series 2011A	2041	2.0 to 5.0	203,425,000	40,085,000
University Enterprise Revenue Refunding Bonds, Series 2011B	2024	2.0 to 5.0	52,600,000	47,965,000
University Enterprise Revenue Refunding Bonds, Series 2012A-1	2029	1.5 to 5.0	121,850,000	119,200,000
University Enterprise Revenue Refunding Bonds, Series 2012A-2	2035	2.0 to 5.0	53,000,000	43,785,000
University Enterprise Revenue Refunding Bonds, Series 2012A-3	2030	2.0 to 5.0	47,165,000	37,570,000
University Enterprise Revenue Bonds, Series 2012B	2042	2.0 to 5.0	95,705,000	60,690,000
Tax-Exempt University Enterprise Revenue Bonds, Series 2013A	2043	2.0 to 5.0 1.088 to	142,460,000	136,190,000
Taxable University Enterprise Revenue Bonds, Series 2013B	2043	5.177 0.550 to	11,245,000	10,780,000
Tax-Exempt University Enterprise Revenue Bonds, Series 2014A	2046	3.440 0.180 to	203,485,000	198,330,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2014B	2034	3.490	100,440,000	98,105,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2015A	2038	0.17 to 3.29	102,450,000	97,545,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2015B	2033	0.22 to 3.09 0.299 to	3,925,000	3,020,000
Taxable University Enterprise Refunding Revenue Bonds, Series 2015C	2027	3.039	71,325,000	67,740,000
Tax-Exempt University Enterprise Revenue Bonds, Series 2016A	2047	1.5 to 5.0	31,430,000	31,310,000
Tax-Exempt University Enterprise Revenue Refunding Bonds, Series 2016B-1	2039	2.0 to 5.0	156,810,000	156,025,000
Tax-Exempt University Enterprise Revenue Refunding Bonds, Series 2017A-1	2034	3.0 to 5.0	66,930,000	66,930,000
<b>Total Revenue Bonds</b>			<b>\$2,150,215,000</b>	<b>\$1,462,205,000</b>
<b>Other Long-Term Obligations</b>				
Fitzsimons Redevelopment Authority, Series 2014 <sup>(1)</sup>	2025	2.3	11,695,000	8,657,000
Colorado Educational & Cultural Facilities Authority Student Housing Revenue Refunding Bonds, Series 2008 <sup>(2)</sup>	2037	4.0 to 5.5	54,055,000	53,440,000
<b>Total Other Long-Term Obligations</b>			<b>\$65,750,000</b>	<b>\$62,097,000</b>
<b>Total Revenue Bonds &amp; Other Obligations</b>			<b>\$2,215,965,000</b>	<b>\$1,524,302,000</b>

<sup>1</sup> Issued to refund bonds, the proceeds of which financed the University Physicians Inc. (UPI) building.

<sup>2</sup> These bonds were issued on behalf of an affiliate of the University of Colorado Real Estate Foundation to refinance a student housing facility on the downtown Denver campus. The facility has been acquired and the bond obligations have been assumed by the CU Property Corporation.