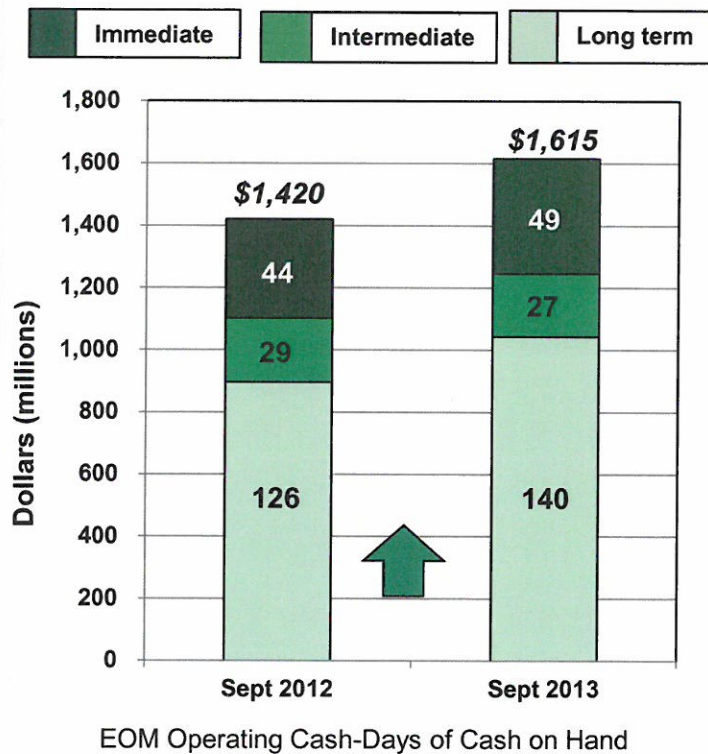


# Treasurer's Office Operating Indicators

## Liquidity



## Debt

Debt Capacity Ratio – 5.3%  
Policy Limit is 7%

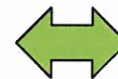
### University of Colorado Bond Ratings:

Moody's Aa2

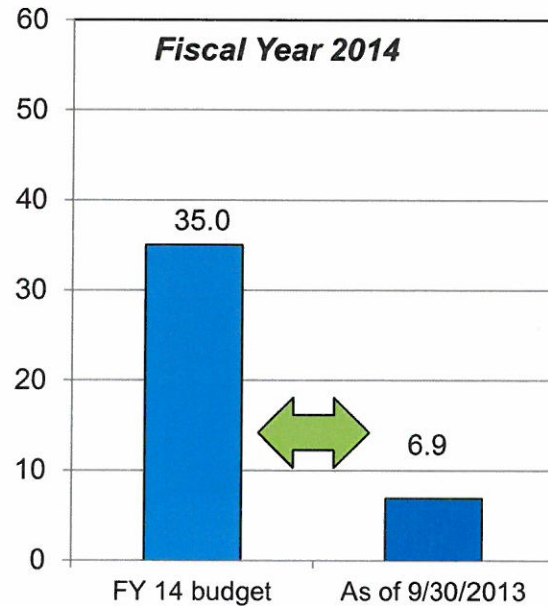
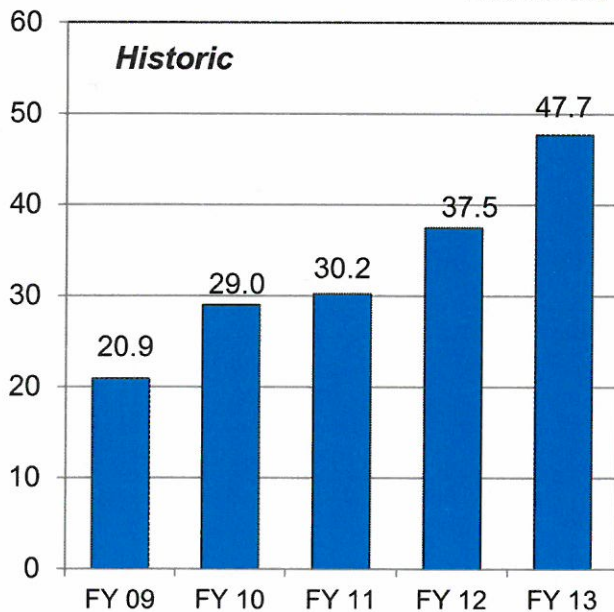
S & P AA-

Fitch Aa+

Stable  
No recent change



## Realized Earnings in Millions \$



- Upper left indicator shows liquidity on hand is adequate to meet obligations
- Upper right indicator shows debt capacity ratio, policy limits, and credit ratings
- Lower indicators show historic and current realized earnings by period



University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

Date: November 11, 2013

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. Asset Management - custody and management of banking activity, investments, and liquidity of the University of Colorado
2. Liability 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
3. Stewardship - manage and track bequests and donations made directly to the university, ensuring compliance with donor wishes
4. Real property and related assets recording - maintenance of property files, track properties, manage information requests

**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, 2013.




- 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 Authorized Traders
  - Report on Investment of University Consolidated Endowment
- Liability Management Report

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




Donald A. Eldhart  
Treasurer of the University

## Operating Indicators for the Investment Environment

### For the quarter ending 9/30/2013

• Stocks	S & P 500 index	5.24%	
• Bonds	Barclays Aggregate Bond Index	.57%	
• CPI	Consumer Price Index	0.23%	

### For the year ending 9/30/2013

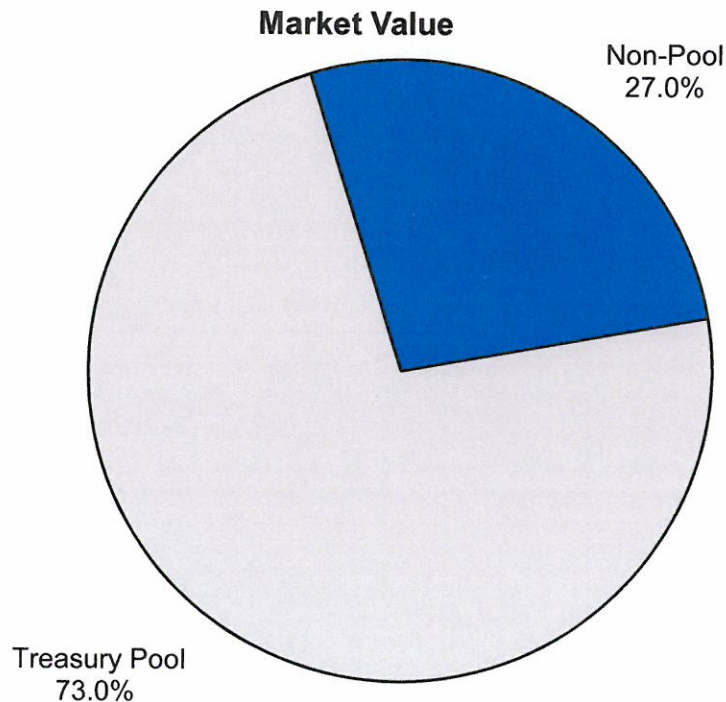
• Stocks	S & P 500 index	19.34%	
• Bonds	Barclays Aggregate Bond Index	(1.68%)	
• CPI	Consumer Price Index	1.2%	

# UNIVERSITY OF COLORADO

## Treasury Pool and Non-Pool Investments as of 9/30/2013

<b>Treasury Pool Investments</b>	<b>Market Value (In Millions)</b>	<b>Chng From 6/30/2013</b>
Treasury Pool:		
Investments	\$1,605.1	170.4
Internal Loans	9.2	0.0
Subtotal Treasury Pool	\$1,614.3	170.4
Non-Pool	598.1	(18.7)
Total Investments	\$2,212.4	151.7

<b>Treasury Pool Investments</b>	<b>Cost Basis (In Millions)</b>	<b>Chng From 6/30/2013</b>
Treasury Pool:		
Investments	\$1,484.8	123.5
Internal Loans	9.2	0.0
Subtotal Treasury Pool	\$1,494.0	123.5
Non-Pool	582.6	(19.2)
Total Investments	\$2,076.6	104.3





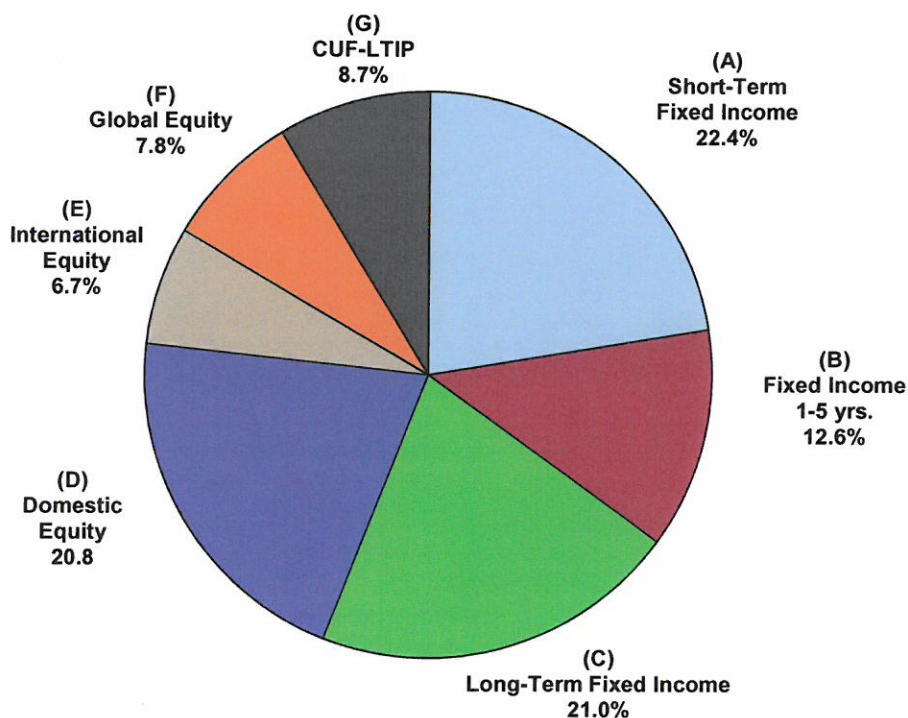
# UNIVERSITY OF COLORADO

## Treasury Pool Investment Returns and Market Values at 9/30/2013

Returns vs. Benchmarks	TOTALS
Returns (By Segment) July - Sept 13	3.7%
Benchmark Returns July - Sept 13	3.1%
Returns (By Segment) Last 12 Months	8.3%
Benchmark Returns Last 12 Months	7.2%
Returns (By Segment) Last 3 Years	5.9%
Benchmark Returns Last 3 Years	6.1%

Asset Categories	Market Value (In Millions)
Short-Term Fixed Income (A)	359.7
Fixed Income 1-5 yrs. (B)	201.9
Long-Term Fixed Income (C)	335.5
Domestic Equity (D)	334.4
International Equity (E)	108.2
Global Equity (F)	126.0
CUF - LTIP (G)	139.4
Total Market Value of Pool <sup>2</sup>	1,605.1

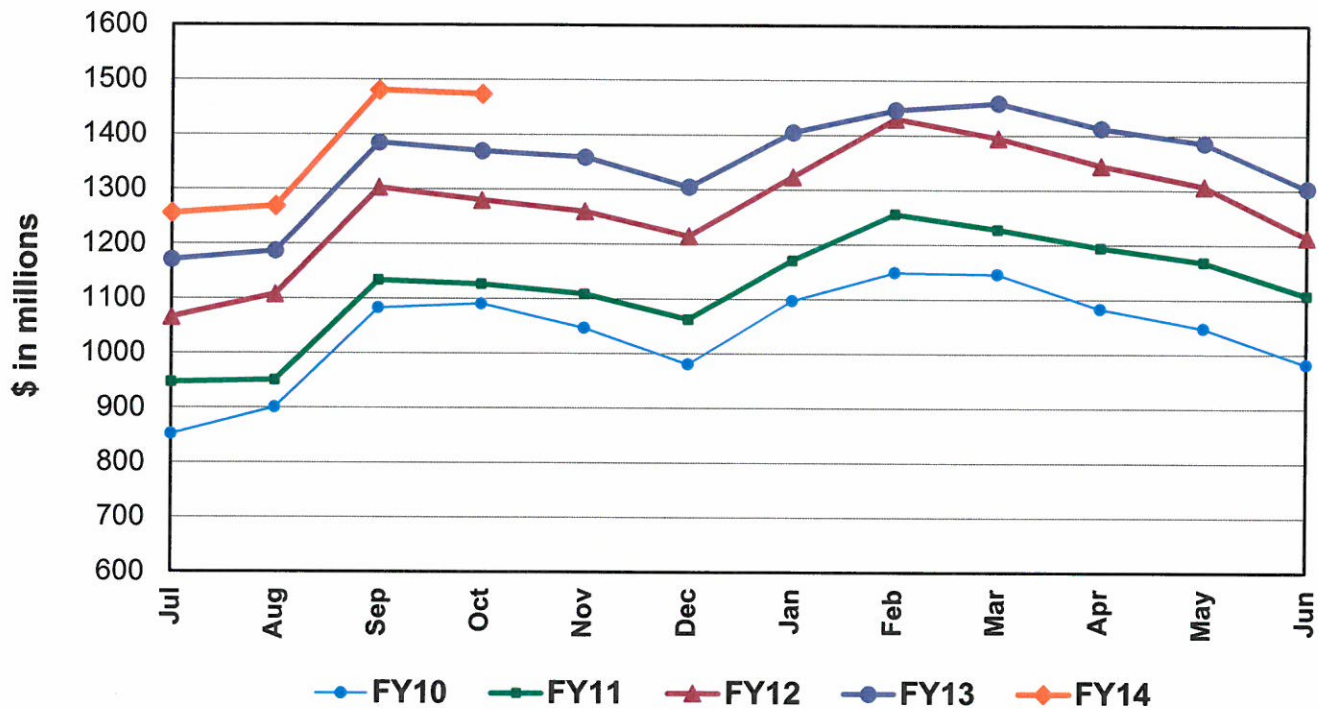
<sup>2</sup> Market values include accrued interest and dividends.



# UNIVERSITY OF COLORADO

## Average Daily Balances

### Treasury Pool Investments



\*Average Daily Balances include external pooled investments only

## Pooled Investment Revenues and Expenditures as of September 30, 2013

	Budget FY2014	Actual FY 2014	% of Budget
REVENUES	35,000	6,919	20%
Less:			
Bank Services Fees & Manager Fees	(5,738)	(1,753)	31%
Operating Expenses	(1,310)	(322)	25%
TOTAL NET REVENUES	27,952	4,844	17%

This chart provides a snapshot of investment revenue and related expenses through the first quarter of fiscal year 2014, and reports on the distributions of the net revenues. The Value and Earnings Stabilization Fund totaled \$30.33 million as of September 30, 2013.

## Report on Investment of University Consolidated Endowment

The University of Colorado Foundation, Inc. performs as the investment manager for the University Consolidated Endowment. 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 Consolidated Endowment 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, 2013, the University Consolidated Endowment had a total market value of \$143.4 million. This is approximately 12.5% 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 9/30/2013

Asset Class	Range	Target Allocation	Actual Allocation
<b>Equity-Like-80%</b>			
Global Public Equities	25% to 75%	45.0%	49.1%
<i>Domestic</i>			22.5%
<i>International</i>			26.5%
Global Private Capital	15% to 35%	25.0%	20.1%
Real Assets	5% to 20%	10.0%	8.1%
Stock Distributions			0.2%
			<hr/> 77.5%
<b>Fixed Income-Like-20%</b>			
Hedge Funds	5% to 30%	15.0%	17.9%
Global Fixed Income & Cash	0% to 15%	5.0%	4.7%
			<hr/> 22.5%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>
Ending Market Value at 9/30/2013			\$1,148,947,888
Ending Cost Basis at 9/30/2013			\$872,657,677
Unrealized Gain (Loss) at 9/30/2013			<hr/> \$276,290,211

Market Value data from service delivery / accounting reports



## **Report on University Bank Accounts**

There was one University of Colorado bank account opened in August, 2013; none were closed.

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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 the CUF LTIP and the Amundi Smith Breeden Short Duration Fund are safekept 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 Donald Eldhart, Joseph Tinucci, Rick Todd and Gary Bomba.

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## **Report on Liability Management**

On October 9, 2013, the University of Colorado priced \$142,460,000 in tax exempt (Series 2013A) and \$11,245,000 in taxable (Series 2013B) long-term debt. These bonds were rated as AA+/Aa2 by Fitch and Moody's respectively. The Series 2013A debt had a 4.42% True Interest Cost (TIC), and the 2013B debt had a 4.97% TIC. On a combined basis, the TIC was 4.46% overall. Market reception for the bonds was exceptionally strong.

As of October 31, 2013, the University of Colorado had approximately \$1.5 billion in outstanding long-term external obligations. Directly issued revenue bonds accounted for approximately \$1.42 billion of the total external obligations. The balance is comprised of the CUREF Campus Village Apartment bonds (\$54.1 million) and UPI-FRA bonds (\$16.7 million). CU's current debt ratio, which measures the university's ability to meet currently outstanding debt service obligations with current resources<sup>1</sup>, is 5.3%. When all approved (but not yet financed) capital projects from the five-year capital plan are included, the debt ratio increases to a forecasted high of 5.6% in fiscal year 2014.

### **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 2014, this level is \$205.8 million.

As of September 30, the principal outstanding on internal loans totaled \$9.2 million and other outstanding receivables totaled an additional \$50,000. The university has an additional \$48.5 million in outstanding loan commitments, which have not been drawn down.

## **Report on Sudan Divestment**

The portfolio's exposure to securities identified by the Conflict Risk Network declined to under 11 basis points as of Sept 30, 2013.

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<sup>1</sup> Maximum future annual debt service divided by the sum of unrestricted current fund expenditures and mandatory transfers.



**Table 1**

**Outstanding Long-Term Obligations of the University  
As of 10/31/13**

<b>Long-Term Obligations</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Original Amount Issued</b>	<b>Outstanding</b>
<b>Revenue Bonds</b>				
Enterprise System Revenue Bonds, Series 2004 <sup>(1)</sup>	2035	2.25 to 5.0	24,360,000	1,045,000
University Enterprise Refunding and Improvement Revenue Bonds, Series 2005A	2033	3.5 to 5.25	230,025,000	18,930,000
University Enterprise Revenue Bonds, Series 2005B	2035	3.0 to 5.0	25,225,000	13,845,000
University Enterprise Revenue Bonds, Series 2006A	2039	4.0 to 5.0	101,425,000	37,480,000
University Enterprise Revenue Refunding Bonds, Series 2007A	2033	3.625 to 5.0	184,180,000	158,325,000
University Enterprise Revenue Bonds, Series 2007B	2027	4.25 to 5.0	63,875,000	44,330,000
University Enterprise Revenue Bonds, Series 2009A	2038	2.75 to 5.375	165,635,000	151,405,000
Tax-Exempt University Enterprise Revenue Bonds, Subseries 2009B-1	2018	2.0 to 5.0	76,725,000	37,215,000
Taxable University Enterprise Revenue Bonds, Series 2009B-2 (BAB)	2036	4.579 to 6.264	138,130,000	138,130,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2009C	2026	2.0 to 5.0	24,510,000	23,485,000
Taxable University Enterprise Revenue Bonds, Series 2010A (BAB)	2035	0.755 to 5.601	35,510,000	32,885,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2010B	2023	2.0 to 5.0	56,905,000	44,630,000
Taxable University Enterprise Revenue Bonds, Series 2010C (QECB)	2020	1.155 to 3.773	4,375,000	3,990,000
University Enterprise Revenue Bonds, Series 2011A	2041	2.0 to 5.0	203,425,000	203,135,000
University Enterprise Revenue Refunding Bonds, Series 2011B	2024	2.0 to 5.0	52,600,000	52,385,000
University Enterprise Revenue Refunding Bonds, Series 2012A-1	2029	1.5 to 5.0	121,850,000	120,615,000
University Enterprise Revenue Refunding Bonds, Series 2012A-2	2035	2.0 to 5.0	53,000,000	52,575,000
University Enterprise Revenue Refunding Bonds, Series 2012A-3	2030	2.0 to 5.0	47,165,000	46,185,000
University Enterprise Revenue Bonds, Series 2012B	2042	2.0 to 5.0	95,705,000	95,550,000
Tax-Exempt University Enterprise Revenue Bonds, Series 2013A	2043	2.0 to 5.0	142,460,000	142,460,000
Taxable University Enterprise Revenue Bonds, Series 2013B	2043	1.088 to 5.177	11,245,000	11,245,000
<b>Total Revenue Bonds</b>			<b>\$1,858,330,000</b>	<b>1,429,845,000</b>
<b>Other Long-Term Obligations</b>				
Fitzsimons Redevelopment Authority, Series 2002 <sup>(2)</sup>		Variable	20,500,000	16,700,000
Colorado Educational & Cultural Facilities Authority Student Housing Revenue Refunding Bonds, Series 2008 <sup>(3)</sup>	2037	4.0 to 5.5	54,055,000	54,055,000
<b>Total Other Long-Term Obligations</b>			<b>\$74,555,000</b>	<b>\$70,755,000</b>
<b>Total Revenue Bonds &amp; Other Obligations</b>			<b>\$1,932,885,000</b>	<b>\$1,500,600,000</b>

<sup>1</sup> Represent the remaining Outstanding Closed Lien Bonds.

<sup>2</sup> Issued to finance the University Physicians Inc. (UPI) building.

<sup>3</sup> These bonds were issued on behalf of an affiliate of the University of Colorado Real Estate Foundation.