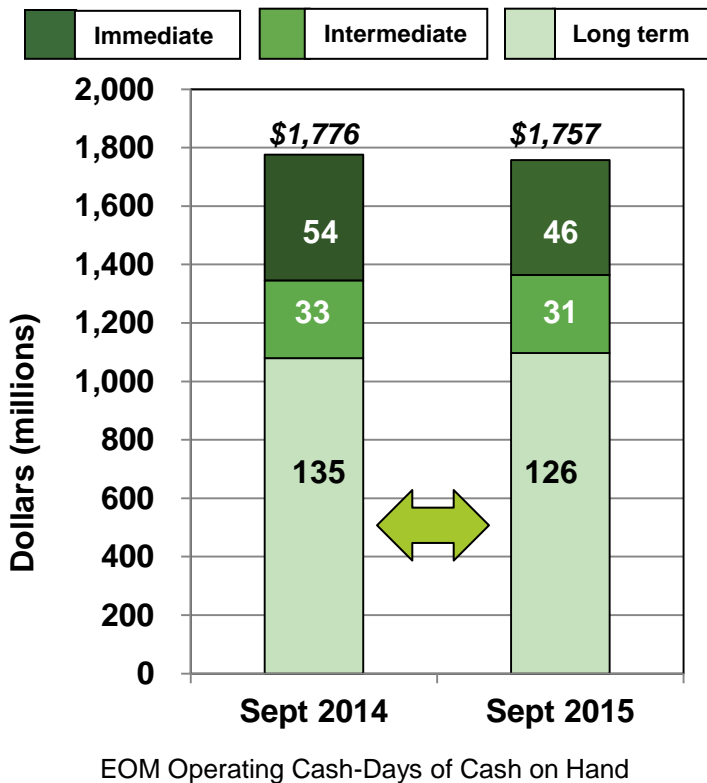


# Treasurer's Office Operating Indicators

## Total Assets and Liquidity



## Debt

Debt Capacity Ratio – 5.2%  
Policy Limit is 7%

University of Colorado  
Bond Ratings:

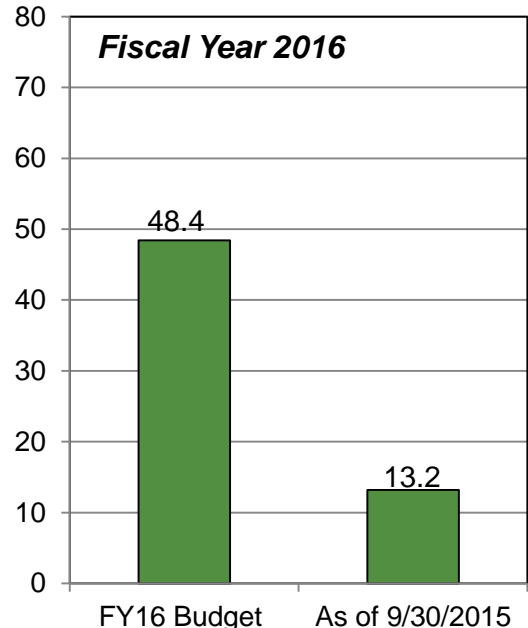
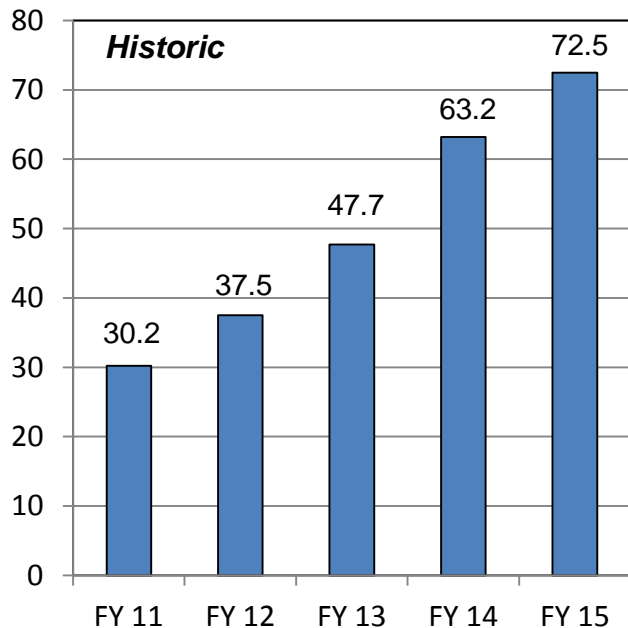
Moody's Aa2

Fitch AA+

Stable



## 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: October 28, 2015  
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, 2015.

- 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 Consolidated Endowment
  - Miscellaneous Reports
- Liability Management Report





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

A blue ink signature of Dan J. Wilson.





Dan J. Wilson  
Treasurer of the University

# Operating Indicators for the Investment Environment

## Quarter ending 9/30/2015

• Stocks	S & P 500 index	-6.44%	
• Bonds	Barclays Aggregate Bond Index	1.23%	
	Treasury Pool Performance	-3.96%	
	Benchmark Performance	-3.44%	

## 12 months ending 9/30/2015

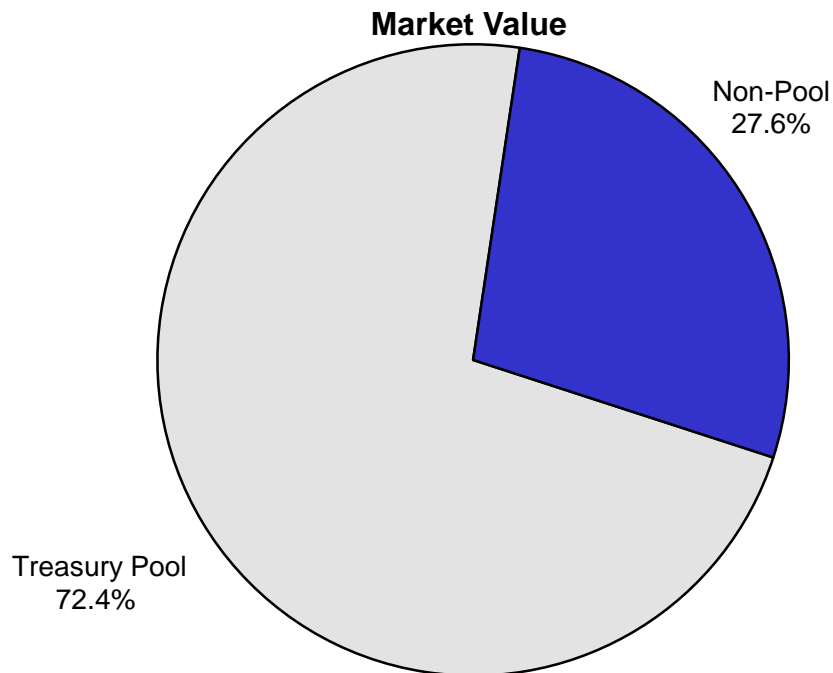
• Stocks	S & P 500 index	- .61%	
• Bonds	Barclays Aggregate Bond Index	2.94%	
	Treasury Pool Performance	-1.49%	
	Benchmark Performance	-0.74%	

# UNIVERSITY OF COLORADO

## Treasury Pool and Non-Pool Investments as of 9/30/2015

<b>Treasury Pool Investments</b>	<b>Market Value (In Millions)</b>	<b>Chng From 6/30/2015</b>
Treasury Pool:		
Investments	\$1,757.2	29.2
Internal Loans	8.8	2.4
Subtotal Treasury Pool	\$1,766.0	31.6
Non-Pool	674.4	(45.5)
Total Investments	\$2,440.4	(13.9)

<b>Treasury Pool Investments</b>	<b>Cost Basis (In Millions)</b>	<b>Chng From 6/30/2015</b>
Treasury Pool:		
Investments	\$1,683.2	110.1
Internal Loans	8.8	2.4
Subtotal Treasury Pool	\$1,692.0	112.5
Non-Pool	657.9	(50.6)
Total Investments	\$2,349.9	61.9



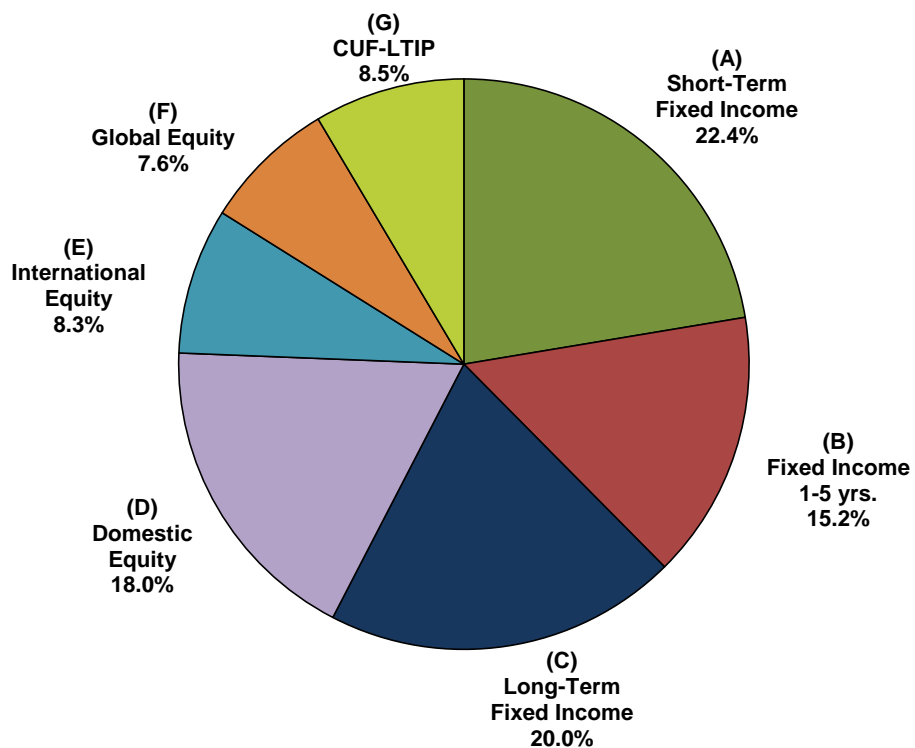
# UNIVERSITY OF COLORADO

## Treasury Pool Investment Returns and Market Values at 9/30/2015

Returns vs. Benchmarks	TOTALS
Portfolio Returns June - September	-3.96%
Benchmark Returns June - September	-3.44%
Portfolio Returns Last 12 Months	-1.49%
Benchmark Returns Last 12 Months	-0.74%
Returns Last 3 Years	4.46%
Benchmark Returns Last 3 Years	4.11%

Asset Categories	Market Value (In Millions)
Short-Term Fixed Income (A)	393.1
Fixed Income 1-5 yrs. (B)	267.2
Long-Term Fixed Income (C)	351.8
Domestic Equity (D)	316.7
International Equity (E)	145.5
Global Equity (F)	132.8
CUF - LTIP (G)	150.0
Total Market Value of Pool <sup>2</sup>	1,757.2

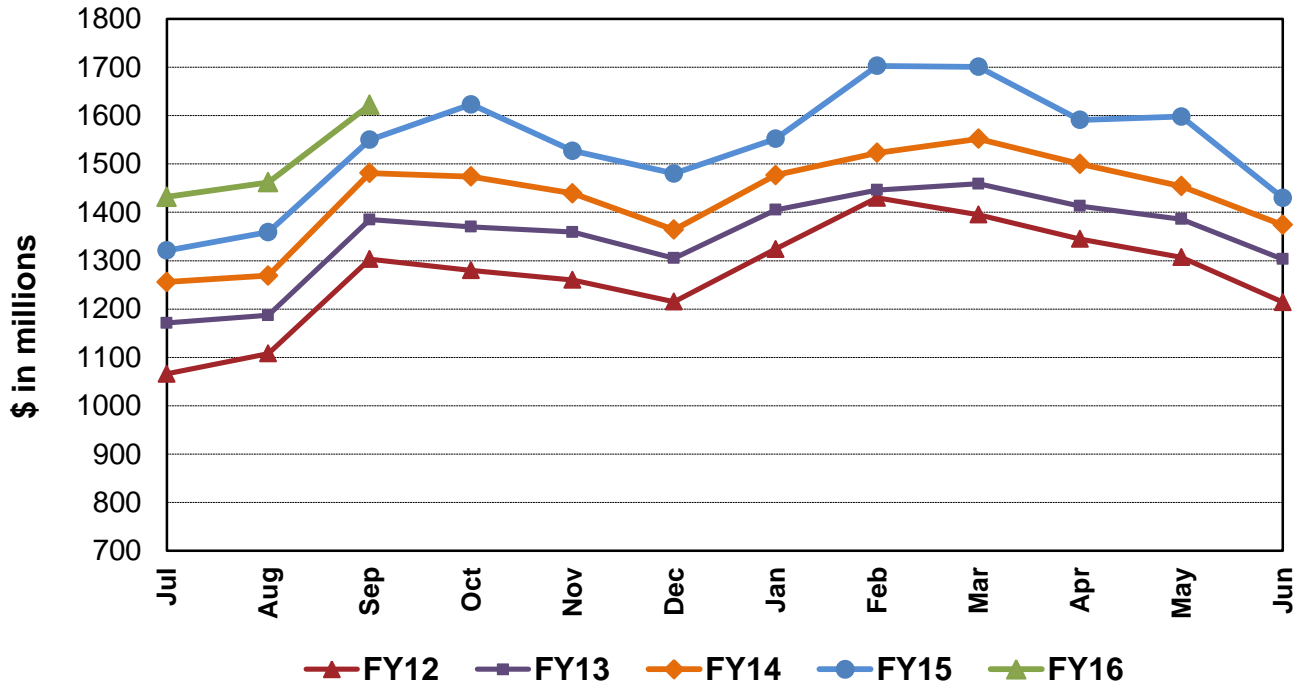
<sup>2</sup> Market values include accrued interest and dividends.



# 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, 2015

	Budget <sup>1</sup> FY 2016	Actual FY 2016	% of Budget
REVENUES	48,440	13,200	27%
Less:			
Bank Services Fees & Manager Fees	(7,766)	(2,248)	29%
Operating Expenses	(1,477)	(360)	24%
<b>TOTAL NET REVENUES</b>	<b>39,197</b>	<b>10,592</b>	<b>27%</b>

<sup>1</sup> Reflects investment policy approved by the Board of Regents. The implementation process began on July 1, 1997. It affects earnings, expenses, and additions to the Value and Earnings Stabilization Fund.

The Value and Earnings Stabilization Fund totaled \$32.33 million as of September 30, 2015.

## 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.

Approximately 11.9% of the CU Foundation Long Term Investment Pool (LTIP) is managed for CU Custodian Endowments. 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 from its Treasury Pool which is about 8.5% of Treasury Pool assets.



University of Colorado  
Foundation

### Long Term Investment Pool Asset Allocation as of 9/30/2015

Asset Class	Maximum Allocation	PWP LT Target Allocation	Actual Allocation*
<b>Equity-Like-80%</b>			
Global Public Equities	75.0%	45.0%	50.6%
<i>Domestic</i>			22.1%
<i>International</i>			28.5%
Global Private Capital	35.0%	25.0%	21.8%
Real Assets	20.0%	10.0%	9.7%
Stock Distributions			0.3%
			82.4%
<b>Fixed Income-Like-20%</b>			
Hedge Funds	30.0%	15.0%	11.8%
Global Fixed Income & Cash	25.0%	5.0%	5.7%
			17.6%
Total		100.0%	100.0%
Ending Market Value at 9/30/2015			\$1,255,674,916
Ending Cost Basis at 9/30/2015			\$1,024,871,295
Unrealized Gain at 9/30/2015			\$230,803,621

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

## **Report on University Bank Accounts**

There were no University of Colorado bank accounts opened or closed in the first quarter of Fiscal Year 2016.

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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, the Fisher Small Cap Value Fund 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 Dan Wilson, Gary Bomba, and Shannon Matthews.

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## **Report on Liability Management**

As of September 30, 2015, the University of Colorado had approximately \$1.6 billion in outstanding long-term external obligations. Directly issued revenue bonds accounted for approximately \$1.54 billion of the total external obligations. The balance is comprised of the CUREF Campus Village Apartment bonds (\$53.9 million) and UPI-FRA bonds (\$11.0 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 5.2%. 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 4.4% by fiscal year 2022.

## **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 2016, this level is \$237 million.

As of September 30, 2015, the principal outstanding on internal campus loans totaled \$8.8 million, permanent land loans totaled \$16 million and other outstanding receivables totaled an additional \$50,000. The university has an additional \$30.9 million in outstanding loan commitments, which have not been drawn down.

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



**Outstanding Long-Term Obligations of the University  
As of September 30, 2015**

<b>Long-Term Obligations</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Original Amount Issued</b>	<b>Outstanding</b>
<b><u>Revenue Bonds</u></b>				
University Enterprise Revenue Bonds, Series 2006A	2039	4.0 to 5.0	101,425,000	3,250,000
University Enterprise Revenue Refunding Bonds, Series 2007A	2033	3.625 to 5.0	184,180,000	83,445,000
University Enterprise Revenue Bonds, Series 2007B	2027	4.25 to 5.0	63,875,000	4,045,000
University Enterprise Revenue Bonds, Series 2009A	2038	2.75 to 5.375	165,635,000	19,020,000
Tax-Exempt University Enterprise Revenue Bonds, Subseries 2009B-1	2018	2.0 to 5.0 4.579 to	76,725,000	21,770,000
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	15,655,000
Taxable University Enterprise Revenue Bonds, Series 2010A (BAB)	2035	5.601	35,510,000	30,360,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2010B	2023	2.0 to 5.0 1.155 to	56,905,000	36,860,000
Taxable University Enterprise Revenue Bonds, Series 2010C (QECB)	2020	3.773	4,375,000	3,495,000
University Enterprise Revenue Bonds, Series 2011A	2041	2.0 to 5.0	203,425,000	195,450,000
University Enterprise Revenue Refunding Bonds, Series 2011B	2024	2.0 to 5.0	52,600,000	48,540,000
University Enterprise Revenue Refunding Bonds, Series 2012A-1	2029	1.5 to 5.0	121,850,000	120,465,000
University Enterprise Revenue Refunding Bonds, Series 2012A-2	2035	2.0 to 5.0	53,000,000	51,480,000
University Enterprise Revenue Refunding Bonds, Series 2012A-3	2030	2.0 to 5.0	47,165,000	45,825,000
University Enterprise Revenue Bonds, Series 2012B	2042	2.0 to 5.0	95,705,000	93,080,000
Tax-Exempt University Enterprise Revenue Bonds, Series 2013A	2043	2.0 to 5.0 1.088 to	142,460,000	140,585,000
Taxable University Enterprise Revenue Bonds, Series 2013B	2043	5.177 0.550 to	11,245,000	11,245,000
Tax-Exempt University Enterprise Revenue Bonds, Series 2014A	2046	3.440 0.180 to	203,485,000	203,485,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2014B	2034	3.490	100,440,000	98,730,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2015A	2038	0.17 to 3.29	102,450,000	101,280,000
Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2015B	2033	0.22 to 3.09 0.299 to	3,925,000	3,875,000
Taxable University Enterprise Refunding Revenue Bonds, Series 2015C	2027	3.039	71,325,000	70,295,000
<b>Total Revenue Bonds</b>			<b>\$2,060,345,000</b>	<b>1,540,365,000</b>
<b><u>Other Long-Term Obligations</u></b>				
Fitzsimons Redevelopment Authority, Series 2014 <sup>(1)</sup>	2024	2.3	11,695,000	11,009,000
Colorado Educational & Cultural Facilities Authority Student Housing Revenue Refunding Bonds, Series 2008 <sup>(2)</sup>	2037	4.0 to 5.5	54,055,000	53,930,000
<b>Total Other Long-Term Obligations</b>			<b>\$65,750,000</b>	<b>\$64,939,000</b>
<b>Total Revenue Bonds &amp; Other Obligations</b>			<b>\$2,126,095,000</b>	<b>\$1,605,304,000</b>

<sup>1</sup> Issued to finance 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 new student housing facility. The University has no payment obligations with regard to these bonds.