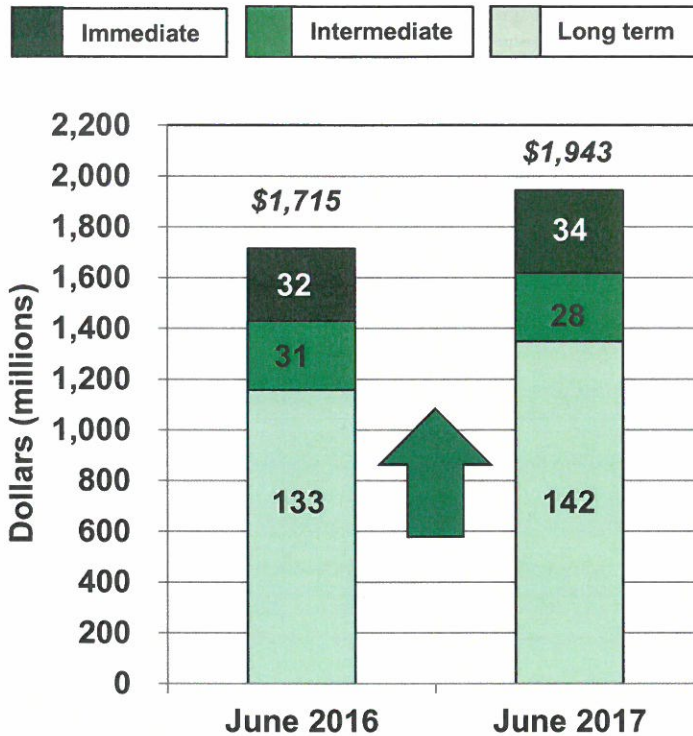


# Treasurer's Office Operating Indicators

## Total Assets and Liquidity



EOM Operating Cash-Days of Cash on Hand

## Debt

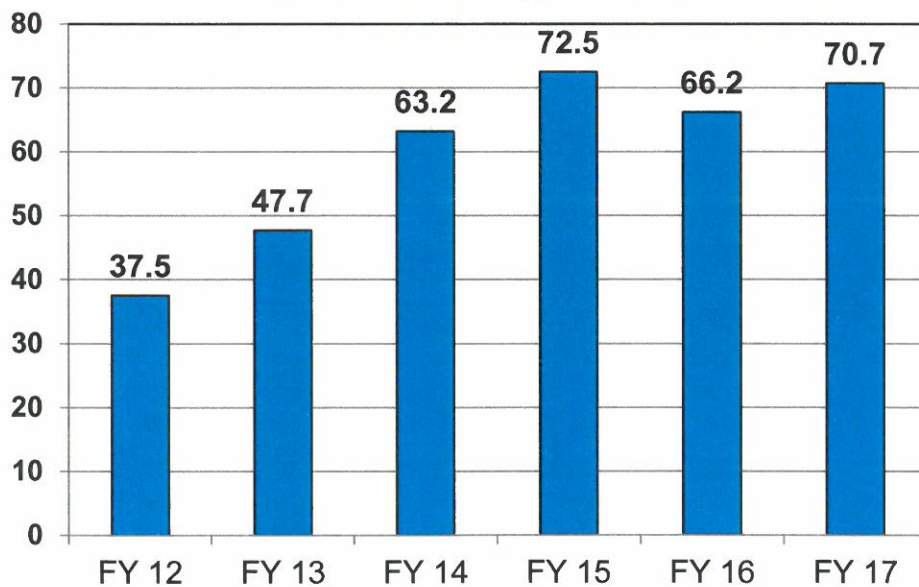
Projected FY17  
Debt Capacity Ratio – 4.8%  
Policy Limit is 7%

University of Colorado  
Bond Ratings:

Moody's **Aa1**  
(Stable)

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 indicator shows realized earnings by fiscal year



University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

Date: August 23, 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 June 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.

A handwritten signature in blue ink that reads 'Dan J. Wilson'.



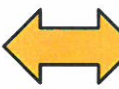


Dan J. Wilson  
Treasurer of the University

# Operating Indicators for the Investment Environment

## Quarter ending 6/30/2017

• Stocks	S & P 500 index	3.09%	
	Non-US Equity (MSCI EAFE)	6.12%	
• Bonds	Bloomberg Aggregate Bond Index	1.45%	
Treasury Pool Performance		2.70%	
Benchmark Performance		2.08%	

## 12 months ending 6/30/2017

• Stocks	S & P 500 index	17.90%	
	Non-US Equity (MSCI EAFE)	20.27%	
• Bonds	Bloomberg Aggregate Bond Index	(0.31%)	
Treasury Pool Performance		9.99%	
Benchmark Performance		8.24%	

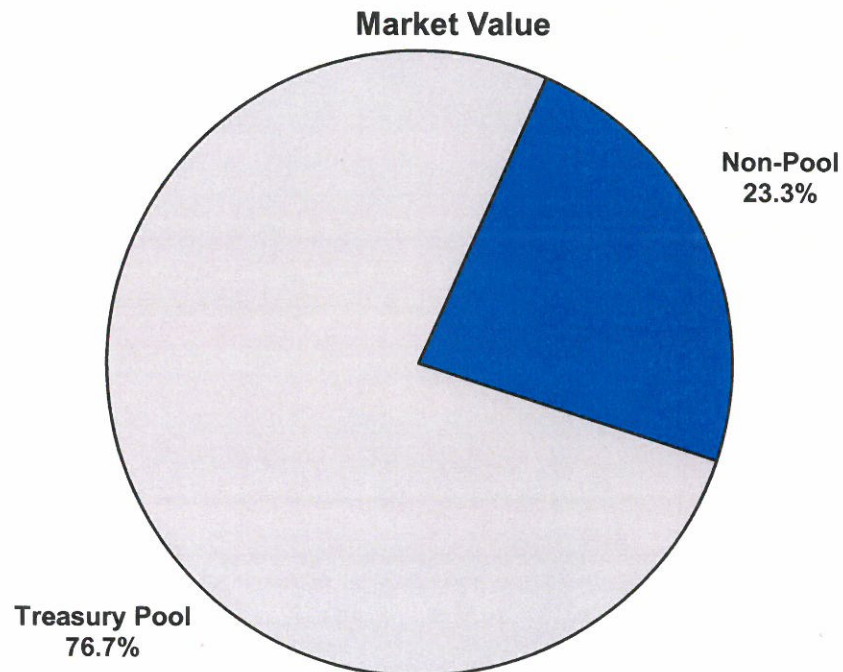


# UNIVERSITY OF COLORADO

## Treasury Pool and Non-Pool Investments as of 6/30/2017

<b>Treasury Pool and Non-Pool Investments</b>	<b>Market Value (In Millions)</b>	<b>Chng From 3/31/2017</b>
Treasury Pool:		
Investments	\$1,943.8	(57.2)
Treasury Internal Loans	25.3	0.0
Treasury Pool	\$1,969.1	(57.2)
Non-Pool	599.3	67.7
<b>Total Investments</b>	<b>\$2,568.4</b>	<b>10.5</b>

<b>Treasury Pool and Non-Pool Investments</b>	<b>Cost Basis (In Millions)</b>	<b>Chng From 3/31/2017</b>
Treasury Pool:		
Investments	\$1,760.4	(87.4)
Treasury Internal Loans	25.3	0.0
Subtotal Treasury Pool	\$1,785.7	(87.4)
Non-Pool	559.6	60.3
<b>Total Investments</b>	<b>\$2,345.3</b>	<b>(27.1)</b>



# UNIVERSITY OF COLORADO

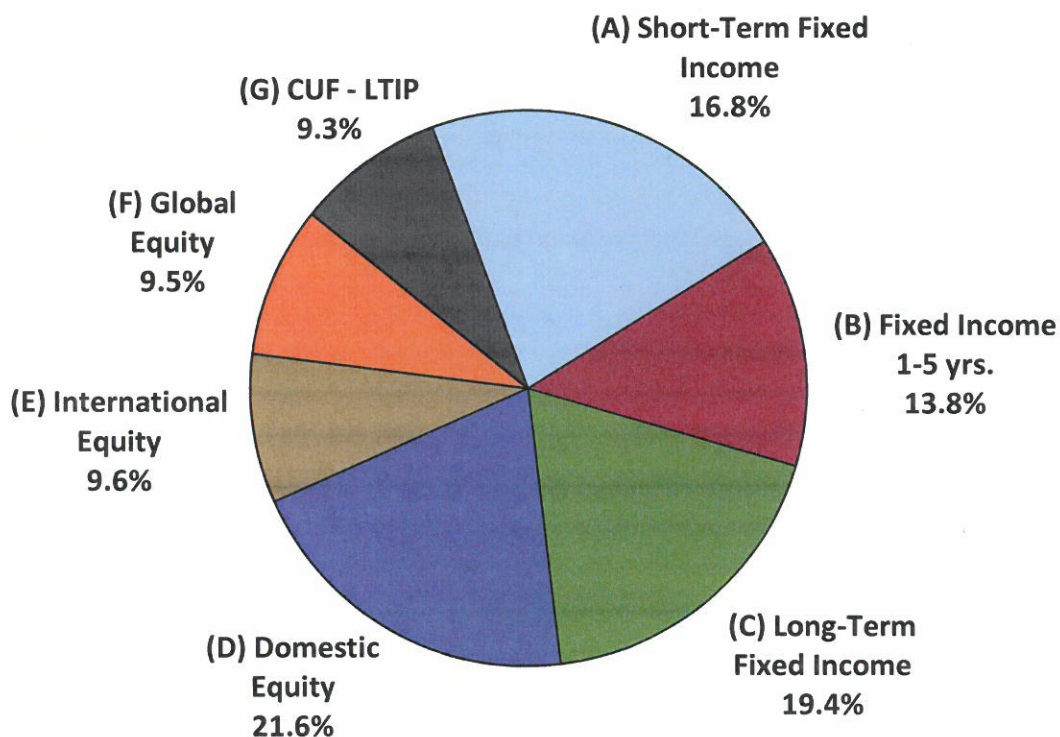
## Treasury Pool Investment Returns and Market Values at 6/30/2017

### Returns vs. Benchmarks

	TOTALS
Returns (By Segment) Apr-Jun	2.7%
Benchmark Returns Apr-Jun	2.1%
Returns (By Segment) Last 12 Months	10.0%
Benchmark Returns Last 12 Months	8.2%
Returns (By Segment) Last 3 Years	3.7%
Benchmark Returns Last 3 Years	3.6%

Asset Categories	Market Value (In Millions)
(A) Short-Term Fixed Income	326.1
(B) Fixed Income 1-5 yrs.	269.1
(C) Long-Term Fixed Income	377.7
(D) Domestic Equity	418.7
(E) International Equity	187.5
(F) Global Equity	184.5
(G) CUF - LTIP	180.2
Total Market Value of Pool <sup>1</sup>	1,943.8

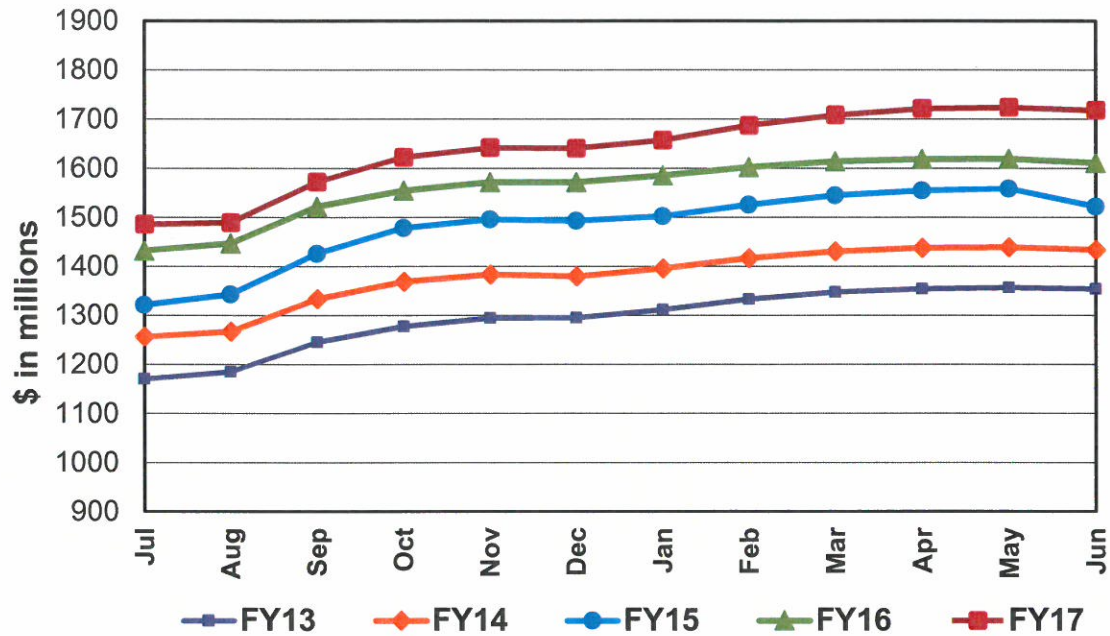
<sup>1</sup> Market values include accrued interest and dividends.



# UNIVERSITY OF COLORADO

## Average Daily Balances

### Treasury Pool Investments



\*Average Daily Balances include pooled investments only at cost

## Pooled Investment Revenues and Expenditures as of Quarter Ending June 30

	Actual FY 2016	Actual FY 2017
REVENUES	66,189	70,720
Less:		
Bank Services Fees & Manager Fees	(7,989)	(8,372)
Operating Expenses	(1,375)	(1,259)
<b>TOTAL NET REVENUES</b>	<b>56,825</b>	<b>61,088</b>

The Value and Earnings Stabilization Fund totaled \$45 million as of June 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 June 30, 2017, the University Custodial Endowments had a total market value of \$211.3 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 6/30/2017

Asset Class	Maximum Allocation	PWP LT Target Allocation	Actual Allocation*
<b>Equity-Like-80%</b>			
Global Public Equities	75.0%	45.0%	50.0%
<i>Domestic</i>			20.9%
<i>International</i>			15.1%
<i>Global</i>			14.0%
Global Private Capital	35.0%	25.0%	20.4%
Real Assets	20.0%	10.0%	9.3%
Stock Distributions			0.6%
			80.3%
<b>Fixed Income-Like-20%</b>			
Hedge Funds	30.0%	15.0%	13.1%
Global Fixed Income & Cash	25.0%	5.0%	6.6%
			19.7%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>
Ending Market Value at 6/30/2017			\$1,521,939,620
Ending Cost Basis at 6/30/2017			\$1,142,613,364
Unrealized Gain at 6/30/2017			\$379,326,256

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

## **Report on University Bank Accounts**

One new bank account was opened in the fourth quarter, a Payee Positive Pay account for Employee Services. This bank service will help reduce incidents of check fraud. Another benefit is that the Treasurer's Office which know two hours earlier in the day which checks were presented for payment, allowing more time to forecast and invest funds. Full implementation is scheduled for September 2017.

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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 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 Michelle Travis.

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## **Report on Liability Management**

As of June 30 2017, the University of Colorado had approximately \$1.524 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 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 4.8%. 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 3.3% by fiscal year 2023.

## **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 2017, this level is \$242 million.

As of June 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.

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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 of Colorado  
As of June 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	76,725,000	6,900,000
		4.579 to		
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	24,510,000	7,030,000
		0.755 to		
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	56,905,000	26,345,000
		1.155 to		
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	142,460,000	136,190,000
		1.088 to		
Taxable University Enterprise Revenue Bonds, Series 2013B	2043	5.177	11,245,000	10,780,000
		0.550 to		
Tax-Exempt University Enterprise Revenue Bonds, Series 2014A	2046	3.440	203,485,000	198,330,000
		0.180 to		
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	3,925,000	3,020,000
		0.299 to		
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 CU Medicine 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.