1- **Bond Related Investments**

**Construction Project Funds & Commercial Paper**

The University of Colorado had several construction projects and debt service funds for which bond proceeds were invested and construction or planning was underway. Investment of bond proceeds is restricted by the respective bond covenants. Consequently, all bond proceeds are invested in high-quality, short-duration, liquid securities or money market funds. The combined value of these funds as of June 30, 2018 was $4.4 million.

The University of Colorado also began a Commercial Paper debt program to fund construction for the Williams Village East and Aerospace projects. We issued the first tranche of CP on June 6, 2018 for $40 million. As of June 30, 2018, the unspent balance of these funds totaled $28.8 million.

Custodians: Wells Fargo, Denver, CO

The Treasurer’s Office invests debt proceeds taking into consideration the individual construction schedules to ensure liquidity is adequate to meet the construction disbursements. The Treasurer’s Office does the accounting and management for all of these funds.

**Cross-over Escrow funds to retire 2009B and 2010A&C bonds**

On December 12, 2017, the Regents of the University of Colorado issued debt to refund on 6/2/19 and 6/2/20 Build America Bonds. These assets are held in escrow at Zions bank invested in US Treasury securities. As of June 30, 2018, the unspent balance of these funds totaled $160.2 million.

Custodians: Zions Bank, Denver, CO

The Treasurer’s Office does the accounting for all of these funds.

**Wolf Law School Bonds - Economic Defeasance**

Donations to the Law School on the Boulder Campus are being invested by the Treasurer of the University. These donations need to be used to support the Law School. The Dean has asked the Treasurer to target these donations and earnings thereon to defease the Law School’s share of debt by making periodic, future debt service payments. With approval from the Board of Regents, the Treasurer has created an economic defeasance fund until a legal defeasance can be established or the debt retired. Invested securities could be used for other purposes if needed; as such they are high quality and very liquid. The value of investments in this economic defeasance fund on June 30, 2018 was $3.3 million.

A bond ladder is being constructed using government agency securities and a money market fund. Receipts from maturing securities, interest collections, and money market fund shares will be used to cover Law’s share of periodic debt service payments.
The Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

**ATLAS Bonds – Economic Defeasance**
Similar to the Wolf Law School, the Boulder campus has set aside funds for an economic defeasance for the ATLAS building. The value was $1.8 million on June 30, 2018. This money will be invested pending its use for a legal defeasance or retirement of ATLAS’s debt.

A bond ladder was constructed using government agency securities and a money market fund is used. Receipts and money market fund shares will cover periodic debt service payments.

The Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

**UCCS Bonds – Economic Defeasance**
Similar to Wolf Law and ATLAS, the Colorado Springs campus has authorized the Treasurer to create an economic defeasance for existing debt on the Cragmor building, on the campus’s Energy project, and on University Hall. The value of the investments on June 30, 2018, was $6.5 million.

A bond ladder was created using government agency securities and a money market fund is used.

The Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

**2-Endowment Funds**

**Syvret Endowment Fund**
Syvret Endowment Fund was created in the 1990s based on an agreement between Charles F. Syvret and the Regents of the University of Colorado. Gifts were received during Mr. Syvret’s life and from his estate. Additional gifts for this endowment are unlikely. Endowment earnings are used to support loans for Boulder campus graduate and undergraduate students in engineering and business. The market value of the Syvret Endowment Fund as of June 30, 2018 was $1.3 million.

Target Asset Allocation: All Domestic Fixed-Income with maturities less than 5 years
Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN

The University Treasurer has the authority over the assets in this fund. The Treasurer and staff invest the endowment assets in accordance with the aforementioned endowment agreement in fixed-income securities maturing in five years or less and in money market funds. The Treasurer’s Office does the accounting and management for all of these funds.

**Eugene D. Eaton Jr. Endowments**
An endowment was funded in June, 2005, and increased from Mr. Eaton’s estate, creating two additional endowments in FY2015. This donor limited the investment management, custody, and administrative fees to 50 basis points (0.50%). The equity allocation is invested in an American Fund, a Dodge & Cox Fund, a Baird Mid-Cap Fund, and a Vanguard index fund. The Fixed-
income allocation is invested in two Vanguard index funds. A Wells Fargo money market fund is used for liquidity. The market value as of June 30, 2018 was $8.7 million.

Target Asset Allocation:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Equivalents</td>
<td>5.0%</td>
</tr>
<tr>
<td>Fixed-Income</td>
<td>25.0%</td>
</tr>
<tr>
<td>Global Equities</td>
<td>70.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

Small Endowments Managed by Others

Listed below are 28 small, trustee-managed endowments which were set up under donors’ wills or estates to benefit specific University activities. These activities receive a portion of the investment income from the trusts. It is unlikely that these trusts will grow from additional contributions. The University has a limited amount of input into investment decisions that affect many of these endowments. The combined market value of these funds on June 30, 2018 was $18.5 million with details shown below.

These trusts with market values and their custodians are:

- David Randall-MacIver $1.4 million U.S. Trust Company (B of A)
- Charles Ayers Trust Under Will $0.1 million Wells Fargo
- Leonhard E. Baak Trust $1.7 million Security National Bank
- Dickman Life Income Fund $0.2 million U of C Foundation
- Eisenbarth Endowment $0.7 million U of C Foundation
- Henry Arnold Trust $4.7 million Citigroup
- Fienberg Trust $ insignificant Key Bank
- Arthur Gesensway Trust $ insignificant Wells Fargo
- Gustav Freudenberg Trust $0.6 million JP Morgan
- Geraldine Magill Trust $0.5 million Wells Fargo
- Louis & Josie Forchheimer Trust $1.0 million Regions Bank
- Max Luria Trust $ insignificant Wells Fargo
- Max & Sophie Mydans Trust $ insignificant US Trust
- Orblitt Lewin Trust $ insignificant Regions Bank
- Robert Kahn Trust $0.1 million Commerce Trust Company
- Robert Oberfelder Trust $ insignificant US Bank
- Casper and Rose Markel Trust $0.1 million US Bank
RF and Helen Gagg Fund  $2.0 million  Wells Fargo
Thelma and Lovilo Fagan Trust  $1.2 million  Guaranty Bank and Trust
Schelke Trust  $2.0 million  Citigroup
Bernard Seeman Trust  $0.5 million  Wells Fargo
Sam and Freda Davis Trust  $1.0 million  AMG Nat’l Trust Bank
Mildred H. Stephens Trust  $0.4 million  Citigroup
Cohn Crut Trust  $0.5 million  Merrill Lynch
William Thorkeldsen Trust  $0.5 million  Wells Fargo
R.J. Tipton Trust  $0.3 million  Wells Fargo
Warner Trust  $0.1 million  JP Morgan
Permanent Land Fund  $0.1 million  U of C Foundation

University Consolidated Endowment
The University of Colorado raised funds from donors before the University of Colorado Foundation was established and it accepted and created endowments which the University owns. The University of Colorado Foundation, organized as a separate entity, was subsequently created to be a more effective fundraiser for the University. Gifts received by the Foundation and by the University are assets of the respective entities.

The University’s endowments are subject to the original donor’s restrictions, or for quasi-endowments, subject to the University’s restrictions. University-owned endowments need to be invested with long-term goals in mind. The University hired the University of Colorado Foundation to invest the University’s pure and quasi-endowments to meet these goals. The Foundation sub-contracted with Perella Weinberg Partners to provide investment services.

The endowment assets placed with the Foundation are known as the University’s Consolidated Endowment. The market value of these Consolidated Endowments as of June 30, 2018, was $222.3 million.

Asset Allocation: Flexible, with goal of 5.5% real return after fees for rolling 5-year periods.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents and Fixed-Income</td>
<td>&lt; 25%</td>
</tr>
<tr>
<td>Global Private Capital</td>
<td>&lt; 35%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>&lt; 20%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>&lt; 30%</td>
</tr>
<tr>
<td>Global Public Equities</td>
<td>&lt; 75%</td>
</tr>
</tbody>
</table>

Custodian: Mellon Bank
Manager: Perella Weinberg Partners

Hiring the Foundation to provide investment management for these assets facilitates reporting to beneficiary units and provides for a single policy that covers virtually all University recipients of endowment earnings distributions. The Treasurer’s Office does the accounting for all of these funds.
**Barbara Davis Children’s Diabetes Trust**
The Davis Diabetes Trust was created in May 1986 to support research in children’s diabetes. The Treasurer’s Office does not have fiduciary responsibility for the investment of the Trust’s assets. The chancellor of the University of Colorado Denver is the University’s representative on the three-member Trust Board. This relationship was reviewed by outside counsel for appropriateness. The value of investments as of June 30, 2018 was $6.6 million.

Target Asset Allocation:
- Domestic Fixed Income 35%
- Equities 65%

Custodian and Manager: Wells Fargo Institutional Retirement and Trust, Denver, CO.
Accounting for this trust is done by UCD.

**The Charles Denison Memorial Trust**
The Charles Denison Trust was created in 1937 and generates revenue to support the library at the AMC. The University invested this Trust’s assets separately before transferring management responsibilities to the University of Colorado Foundation. For twenty years, the Foundation invested the Trust’s assets separately before finally returning management responsibilities to the University. Currently, the trust’s assets are invested by the University in a money market fund in anticipation of being used to support the library at the Anschutz Medical Campus. The value on June 30, 2018 was $0.3 million.

Target Asset Allocation: Money Market Fund
Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN

The Treasurer’s Office invests these assets in accordance with University policies and the donor’s instructions. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

**Clancy Herbst Endowments**
Clancy Herbst created a couple of quasi endowments as of December 31, 2017. The endowments support military leadership and humanities in engineering. Clancy has directed these funds to be invested in Vanguard Total Stock market index funds. The value on June 30, 2018 was $0.3 million.

Target Asset Allocation: 100% Vanguard Total Stock market index funds
Custodian: Vanguard

The Treasurer’s Office invests these assets in accordance with the donor’s instructions. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

**Don Johnson/Bixler Endowments**
The Johnson/Bixler Foundation created a couple of quasi endowments as of December 31, 2017. The endowments support travel and architects of music. Don Johnson has directed these funds to be invested in Vanguard Total Stock market index funds. The value on June 30, 2018 was $0.4 million.
Target Asset Allocation: 100% Vanguard Total Stock market index funds  
Custodian: Vanguard

The Treasurer’s Office invests these assets in accordance with the donor’s instructions. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

**Johnson Endowments**

The Johnson Foundation created a couple of quasi endowments as of June 30, 2015. The endowments nursing and depression. These endowments are invested in a number of mutual funds. The value on June 30, 2018 was $20.7 million.

Target Asset Allocation:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Earnings Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>3.0%</td>
<td>30-Day US Treasury</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>27.0%</td>
<td>BarCap Agg +50 bps</td>
</tr>
<tr>
<td>Domestic Equities</td>
<td>35.0%</td>
<td>MSCI US Broad Market Index</td>
</tr>
<tr>
<td>International Equities</td>
<td>35.0%</td>
<td>MSCI EAFE +100 bps</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN

The Treasurer’s Office invests these assets in accordance with the donor’s instructions. The Treasurer’s Office does the accounting, distributions, and management for all of these funds.

### 3 – Component Units & Insurance Pools Blended for Reporting

Annual financial information for these separate businesses has been blended in with the University’s financial statements for the past few years. Beginning in 2003, financial information was included in the general ledger and therefore is also included here. The Treasurer of the University has limited input into the management of these assets. The combined market value as of June 30, 2018 was $305.7 million with details provided below.

The assets include:

- CU Medicine (formerly University Physicians, Inc.) $305 million
- ULEHI* $.650 million
- CUPCO $6.8 million
- Reilly 457f $.3 million
- 18th Avenue LLC $0

- ULEHI means University License Equity Holdings Incorporated

**University of Colorado Risk and Insurance Management Fund**

The University of Colorado Risk and Insurance Management Fund (RIMF) holds the University’s current self-insurance reserves. Insurance types are: workers’ compensation, automobile, and general liability. Investment vehicles used are US treasury, agency and corporate securities and a money market fund. The market value as of June 30, 2018 was $24.5 million.

Target Asset Allocation: All Domestic Fixed-Income maturing in no more than 5 years  
Custodian: Wells Fargo Institutional Retirement and Trust, Minneapolis, MN
The University Treasurer has the authority for the investment of the assets in this fund. The Treasurer’s Office follows the relevant policy, which for now, is C.R.S. 24-75-601.1. University Risk Management monitors and forecasts the self-insurance program’s cash flow needs based on expected payouts for claims and inflows from premiums, and the Treasurer’s Office invests accordingly in fixed-income securities. Ron Nikolas, CPA, performs the accounting for these assets with a true up of investments by Treasury at fiscal year-end.

**Graduate Medical Education Health Benefits Reserve Fund**

The GME Health Benefits Reserve Fund holds the health insurance reserves for hospital residents. These reserves are invested in five mutual funds and a money market fund. Four funds, one managed by Baird, one by Fidelity, and two by Vanguard, comprise the 80% fixed income allocation. The other 20% of the assets are invested in a Vanguard equity fund. The value on June 30, 2018 was $14 million. The custodian is Wells Fargo Institutional Retirement and Trust. The Treasurer’s Office does management and annual reporting to the GME Board for all of these funds. UCD performs the accounting for these assets.

**Professional Liability Self-Insurance Trust**

The Regents of the University of Colorado established the Professional Liability Self-Insurance Trust as an insurance reserve to respond to claims against the University and its medical professionals. At the same time, the department of risk management was formed to control and reduce risk exposures, and an oversight Trust Board was created.

The Trust Advisory Board has approved an asset allocation for investments that has limited volatility so that departments and schools avoid large, unanticipated increases in insurance premiums due to changes in the market values of the Trust's reserves. Market value of the Trust on June 30, 2018 was $14.5 million.

**Target Asset Allocation: 80% fixed-income/cash equivalents and 20% equities**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Earnings Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>9.0%</td>
<td>30-Day US Treasury</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>71.0%</td>
<td>BarCap Agg +50 bps</td>
</tr>
<tr>
<td>Domestic Equities</td>
<td>15.0%</td>
<td>MSCI US Broad Market Index</td>
</tr>
<tr>
<td>International Equities</td>
<td>5.0%</td>
<td>MSCI EAFE +100 bps</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td></td>
</tr>
</tbody>
</table>

The assets are invested in mutual funds as follows:

- Cash & Cash Equivalents: Blackrock TempFund
- Fixed-Income: Metropolitan West Total Return & Vanguard Short Term Investment Grade Admiral Fund
- Domestic Equities: Vanguard Total Stock Market Index Fund
- International Equities: Vanguard International Growth Fund

Custodian: Wells Fargo Institutional Trust Services, Minneapolis, MN

Under the Trust Advisory Board Bylaws and Trustee Agreement, the Board of Regents has delegated authority over all investments of the Trust to the Trust Advisory Board. This Board has approved a policy that applies to the assets of the Trust. The Treasurer of the University is authorized to implement this policy and rebalance as necessary. The Treasurer of the University
chairs the Finance Committee of the Trust Advisory Board. Callan Associates prepares annual performance reports for this investment portfolio. The Treasurer’s Office manages the assets and reports quarterly to the Trust Advisory Board for all of these funds. UCD performs the accounting for these assets.