

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 February 23, 2023

TREASURY REPORT (For quarter ending December 31, 2022)

Report (For Information Only – no action required)

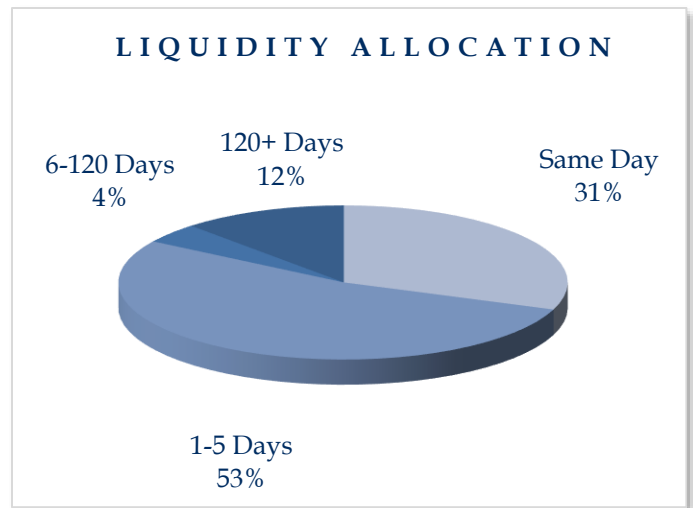
OVERVIEW

The University’s total liquidity position of \$478.6 million was 2.7 times the University’s debt position of \$180.5 million at the end of FY 2023 2Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.4 times. These results are lower compared to the end of FY 2022 2Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.7 times and 2.3 times, respectively. The lower ratio was driven by a decrease in the liquidity position.

LIQUIDITY

Real Days Payable

At the end of FY 2023 2Q, \$401.8 million, or 83.9 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2023 2Q, the University had 76 real days payable¹ (“RDP”) versus 80 RDP at the end of FYTD 2022 2Q. The decrease in RDP was due to lower investment performance over the trailing one year period.



Sources

The University started the fiscal year with \$236.9 million in cash balances². Total FYTD 2023 2Q inflows (state and operational) were \$649.5 million as compared to \$656.2 million for FYTD 2022 2Q. On average, \$5.0 million flowed into the University each business day in FYTD 2023 2Q and \$5.0 million in FYTD 2022 2Q.

Uses

FYTD 2023 2Q, the University used \$694.5 million as compared to \$683.8 million in the same period last fiscal year. The FYTD 2023 2Q velocity cash outflow was \$5.3 million per day and \$5.2 million in FYTD 2022 2Q. The University ended FY 2023 2Q with \$191.8 million in cash balances.

¹ Real Days Payable represents the available balance of liquid funds divided by the average cash outflows of the University. The calculation uses the available balance in the University’s bank accounts plus the market value of investments that are accessible within five business days as its balance of liquid funds.

² Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

Stress Tests/Performance Simulations

The University Office of the Treasurer (“Treasury”) analyzes the effect of negative market performance on its liquidity position through both value-at-risk (VAR) analysis and Monte Carlo simulation analyses.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time at a given level of confidence. VAR uses the historical behavior of each asset class over various time horizons (five years, ten years, full history). Our VAR analysis predicts that there is a five percent probability that the portfolio (as of the FYTD 2023 2Q ending balance) could have unrealized losses of up to \$14.6 million and one percent probability of up to \$26.9 million of unrealized losses within a twelve-month period.

The University conducts monthly performance simulations of the portfolio under various market scenarios. At the end of FY 2023 2Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$3.7 million (0.8 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 76.4 percent, or \$371.1 million, of the total current available cash and investment balances. RDP would fall to 70 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$11.9 million (-2.6 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$398.6 million or 87.6 percent of the total current available cash and investment balances. RDP would be 75 days based on fiscal year outflows in this stress scenario.

A scenario similar to the 2013 Federal Reserve “Taper Tantrum” would result in a -\$8.2 million (-1.8 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$340.8 million or 73.7 percent of the total current available balances. RDP would drop to 64 days.

Forecast and Budget

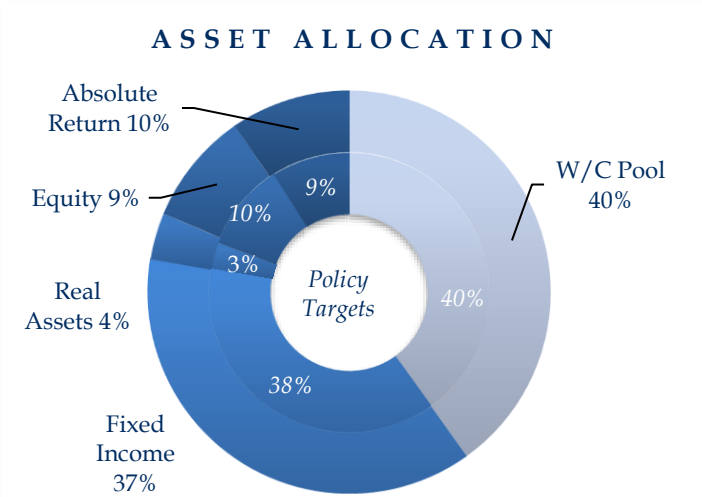
Actual balances at the end of FY 2023 2Q were -15.1 percent lower than the rolling forecast, 10.2 percent higher than the budget, and 0.2 percent higher than prior year. For the next quarter, the University should experience a decrease in the cash and investment balances lasting through the end of the second quarter of FY 2023.

INVESTMENTS

Composition

Asset allocations at the end of FY 2023 2Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

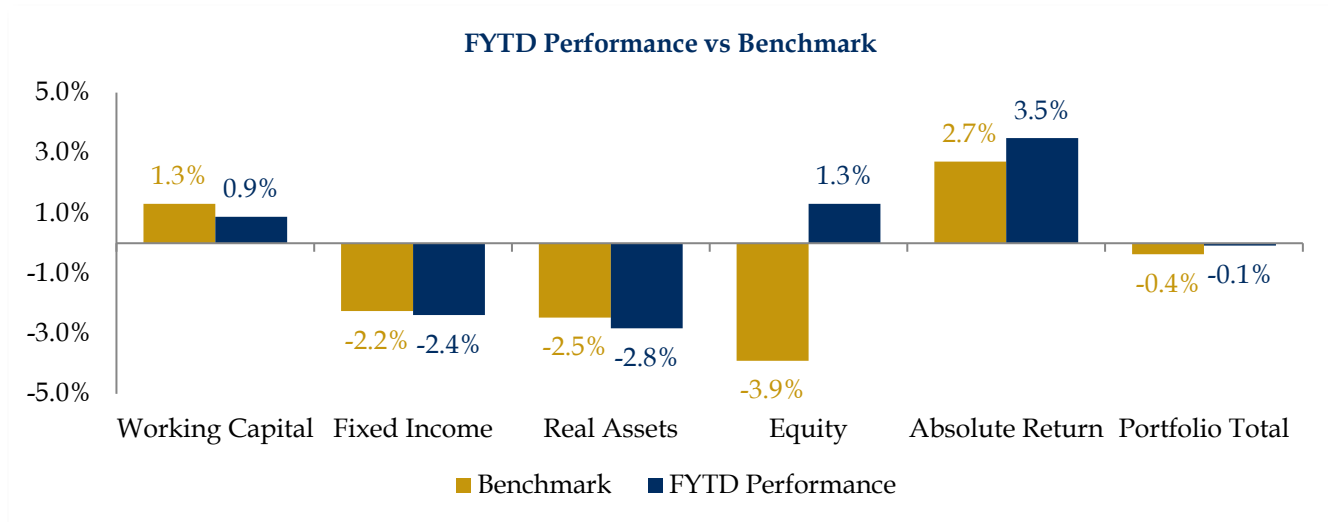
At the end of FY 2023 2Q, the market value of the University’s operating funds portfolio and cash was \$478.6 million. This balance reflects a decrease of -\$64.7 million or -11.9 percent, from the previous quarter. The decrease reflects the quarter-to-quarter seasonal decrease in net cash flows. The total portfolio market value was -\$19.5 million lower than the market value at the end of FY 2022 2Q. The decrease was due to lower investment performance for the trailing one-year period.



Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 3.8 percent since inception versus the SPIA's 2.4 percent for the same period. At the end of FY 2023 2Q, the portfolio returned -0.1 percent. This compares unfavorably to a 1.6 percent return at the end of FY 2022 2Q. The Strategic Capital and Reserve Pools returned -0.9 percent while the Working Capital Pool gained 0.9 percent. Returns from the SPIA totaled 0.7 percent at the end of FY 2023 2Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The overall Portfolio, the Working Capital Pool and the Strategic and Reserve Pools were each in line with their respective benchmarks. All Asset classes, except for, equities and absolute return were in line with their benchmarks. Equities outperformance to their benchmark was due to investments in the private markets.



DEBT

Total Outstanding

The University and DSOs ended FY 2023 2Q with \$203.2 million in outstanding debt versus \$212.4 million at the end of FY 2022 2Q. The lower year over year outstanding debt was due to continued debt service payments. The weighted average interest rate for the University and DSO issuances was 3.8 percent versus 3.7 percent in the same period in the prior year.

Bond Refunding

The University anticipates that it will initiate a refunding of the 2013A (PG6) bonds for debt service savings in March of 2023. The Governor's Cabinet approved the fiscal sufficiency and resolutions at their January 17th, 2023 cabinet meeting for the refunding bonds. The bonds have an optional redemption date of July 1st, 2023. The University and the Athletics Finance Corporation (AFC) has refunded/modified all other eligible outstanding bond series. The refunding/modification are projected to save the University and AFC \$27.5 million in interest expense over the term of the issuances. As of December 31, 2022, \$8.2 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save \$1.8 million in interest expense in Fiscal Year 2023 and \$8.0 million over the next 5 years.

Rating Agencies

The University is expecting the rating agencies to issue ratings for the Parking System in March of 2023, in preparation of refunding the 2013A (PG 6) bonds for debt service savings.

OVERVIEW

Liquidity/University Debt	2.65
Liquidity/Total Debt	2.35

Liquidity Position

Cash + W/C Pool	\$ 191,820
Strategic + Reserve Pools	286,800
Total	\$ 478,621

Debt Position

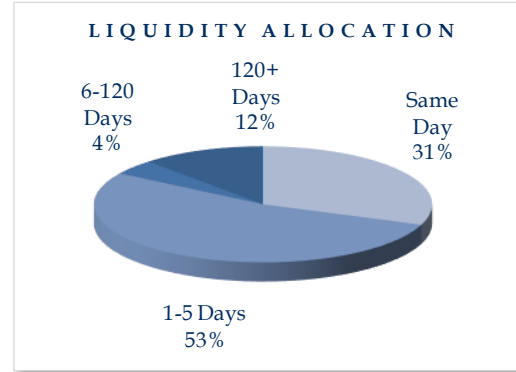
University Debt	\$ 180,505
DSO Debt	22,735
Total	\$ 203,240

LIQUIDITY

Availability	
Same Day	\$ 147,057
1-5 Days	254,714
6-120 Days	20,157
120+ Days	56,693
Total	\$ 478,621

Real Days Payable (<5 Days)

MTD Outflows	74
QTD Outflows	79
YTD Outflows	76

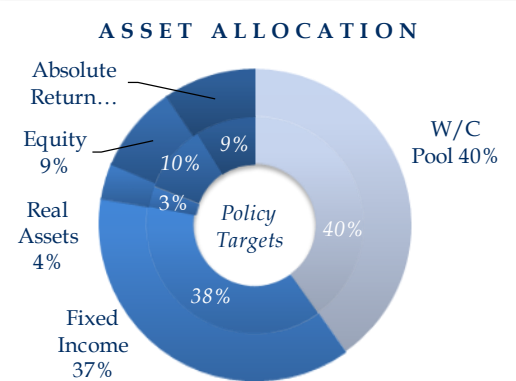
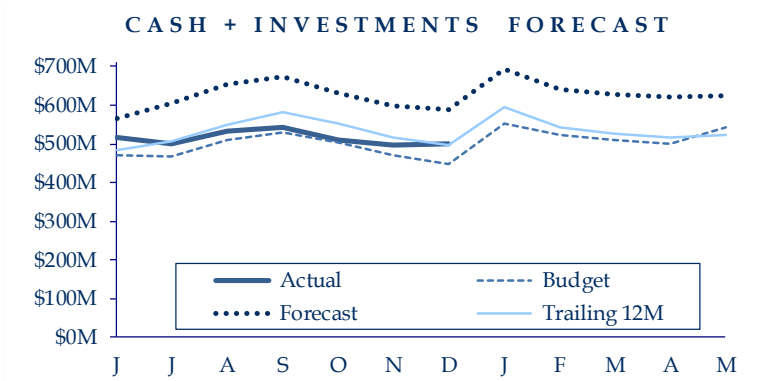


LIQUIDITY SOURCES AND USES

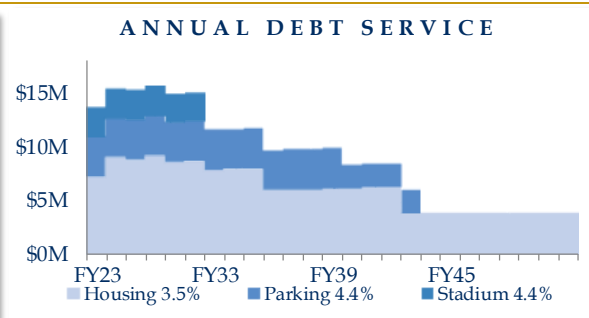
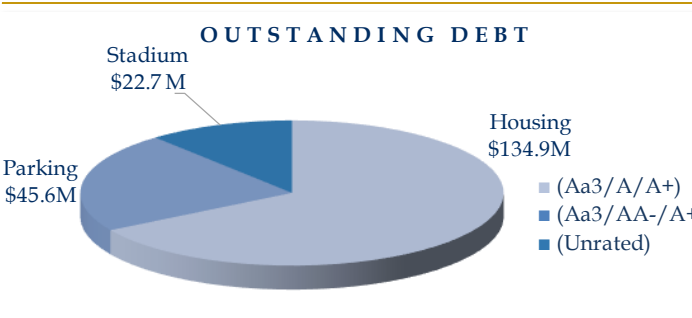
Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 161,030	\$ 224,717	\$ 152,009
Opening Cash Balance	\$ 58,528	\$ 51,375	84,874
From State	52,417	125,932	219,683
From Operations	40,021	118,673	429,768
Uses			
To Payroll	(91,478)	(209,235)	(391,398)
To Operations	(26,488)	(98,188)	(197,488)
To Students	(2,211)	(21,454)	(105,628)
Cash + W/C Pool	191,820	191,820	191,820

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 141,111	-0.3%	-0.2%
Cash	50,709	0.9%	0.9%
Strategic + Reserve Pools			
Fixed Income	179,930	-2.4%	-12.5%
Real Assets	17,815	-2.8%	14.2%
Equity	43,343	1.3%	-14.4%
Absolute Return	45,713	3.5%	-1.1%
Total Portfolio	\$ 478,621	-0.1%	-5.4%



DEBT



<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$191.8M	\$195.2M	\$2.4M
Fixed Income	\$179.9M	\$189.4M	\$1.7M
Equity	\$43.3M	\$32.5M	\$0.2M
Real Assets	\$17.8M	\$18.7M	\$0.0M
Absolute Return	\$45.7M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	\$286.8M	\$270.8M	\$1.9M
<u>Total Operating Funds</u>	\$478.6M	\$465.9M	\$4.4M

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash

i) The total principal amount of variable rate debt to principal amount of total debt:

**Florida International University and DSOs
As of June 30, 2022**

Rate Type	Total Principal Amount	% of Total Debt
Variable	\$0	0.0%
Synthetically Fixed ¹	\$22,735,000	11.2%
Fixed ²	\$180,505,000	88.8%
Total	\$203,240,000	100.0%

¹ Athletics Finance Corporation (Stadium) - Rate is fixed by a swap agreement.

² Excludes accounting adjustments for bond discount/premium and Refunding of \$16,925,216

ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service which accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the university shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years

The Fiscal Year 2022 variable rate debt service budget was sufficient to payoff the remaining variable rate debt.

iii) the amount of variable rate debt in relation to the amount of the university's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

FIU Foundation - Remaining variable rate debt was paid off on April 29, 2022.