

**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
 September 14, 2023

**TREASURY REPORT** (For quarter ending June 30, 2023)

**Report** (For Information Only – no action required)

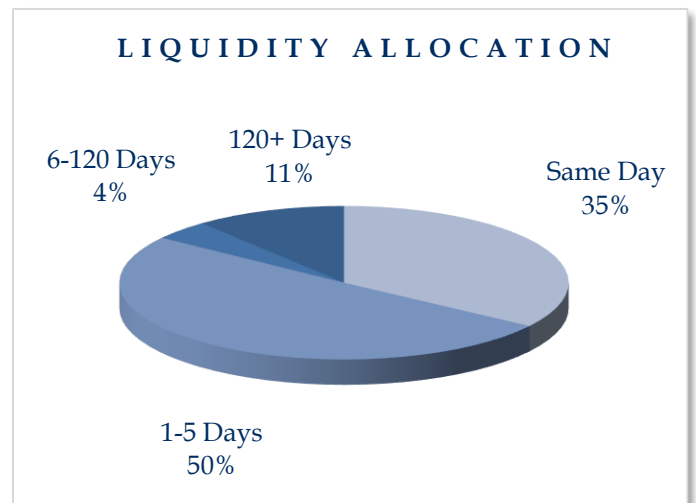
**OVERVIEW**

The University’s total liquidity position of \$519.1 million was 2.9 times the University’s debt position of \$177.6 million at the end of FY 2023 4Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.6 times. These results are higher compared to the end of FY 2022 4Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.8 times and 2.5 times, respectively.

**LIQUIDITY**

**Real Days Payable**

At the end of FY 2023 4Q, \$440.9 million, or 84.9 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2023 4Q, the University had 80 real days payable<sup>1</sup> (“RDP”) versus 82 RDP at the end of FYTD 2022 4Q.



**Sources**

The University started the fiscal year with \$237.1 million in cash balances<sup>2</sup>. Total FYTD 2023 4Q inflows (state and operational) were \$1,429.1 million as compared to \$1,417.1 million for FYTD 2022 4Q. On average, \$5.5 million flowed into the University each business day in FYTD 2023 4Q and \$5.4 million in FYTD 2022 4Q.

**Uses**

FYTD 2023 4Q, the University used \$1,441.6 million as compared to \$1,400.3 million in the same period last fiscal year. The FYTD 2023 4Q velocity cash outflow was \$5.5 million per day and \$5.4 million in FYTD 2022 4Q. The University ended FY 2023 4Q with \$224.5 million in cash balances.

**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.

<sup>1</sup> 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.

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

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 4Q ending balance) could have unrealized losses of up to \$6.0 million and one percent probability of up to \$18.8 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 4Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$3.5 million (0.7 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 77.7 percent, or \$408.9 million, of the total current available cash and investment balances. RDP would fall to 74 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$12.2 million (-2.5 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$437.4 million or 88.4 percent of the total current available cash and investment balances. RDP would be 79 days based on fiscal year outflows in this stress scenario.

A scenario similar to the 2013 Federal Reserve “Taper Tantrum” would result in a -\$8.4 million (-1.7 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$377.5 million or 75.2 percent of the total current available balances. RDP would drop to 68 days.

### Forecast and Budget

Actual balances at the end of FY 2023 4Q were -9.3 percent lower than the rolling forecast, -0.5 percent higher than the budget, and 0.3 percent higher than prior year. For the next quarter, the University should experience a significant increase in the cash and investment balances lasting through the end of the first quarter of FY 2024.

## INVESTMENTS

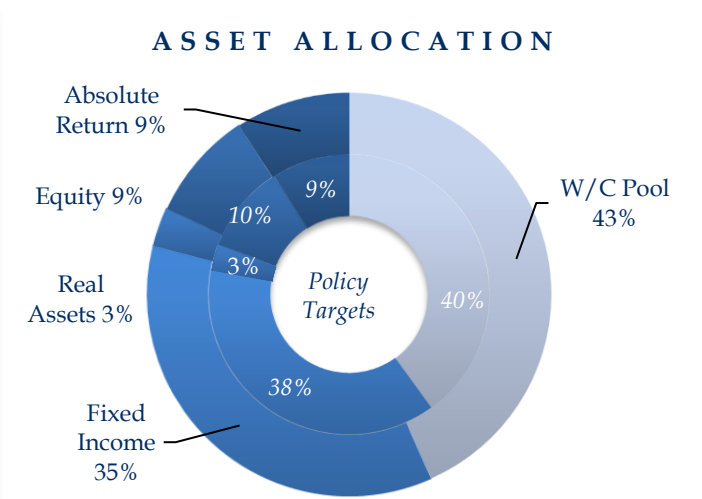
### Composition

Asset allocations at the end of FY 2023 4Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

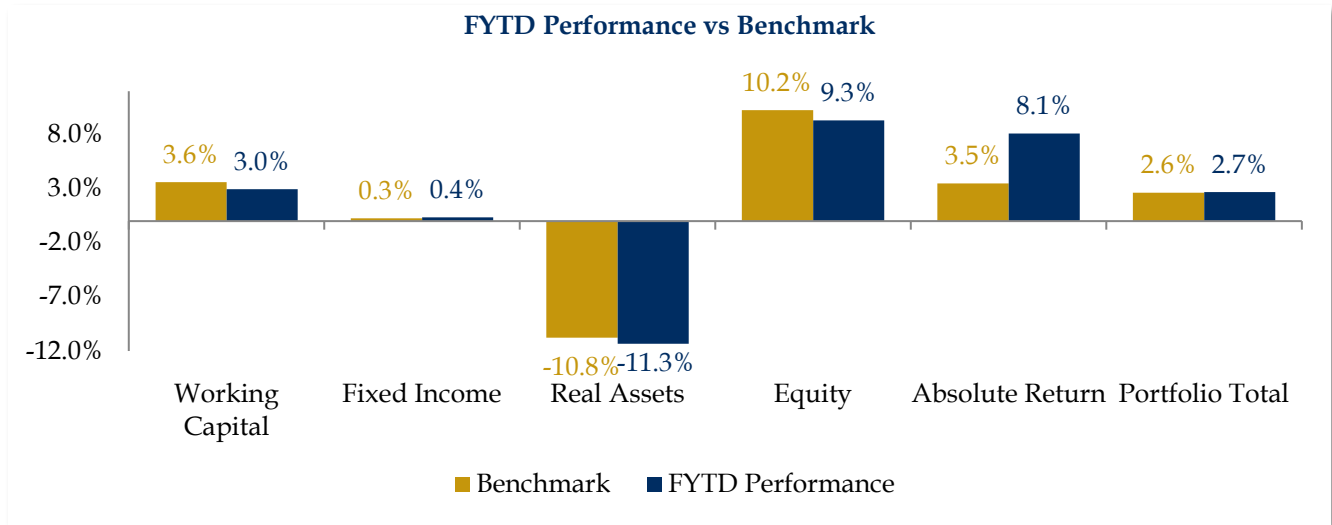
At the end of FY 2023 4Q, the market value of the University’s operating funds portfolio and cash was \$519.1 million. This balance reflects a decrease of -\$8.8 million or -1.7 percent, from the previous quarter. The decrease reflects the quarter-to-quarter seasonal decrease in net cash flows and partially offset by the quarterly investment returns. The total portfolio market value was \$4.2 million higher than the market value at the end of FY 2022 4Q. The increase was due to investment returns partially offset by lower cash flows.

### 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 4Q, the portfolio returned 2.7 percent. This compares favorably to a (3.9) percent return at the end of FY 2022 4Q. The Strategic Capital and Reserve Pools returned 2.2 percent while the Working Capital Pool gained 3.0 percent. Returns from the SPIA totaled 2.0 percent at the end of FY 2023 4Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).



The overall Portfolio was flat its benchmark due to performance in the Absolute Return asset class that was partially offset by the Equities asset class. Absolute Return outperformance was largely due to its Long/Short and Event Driven Strategies. Equities underperformance was due to Private Markets.



**DEBT**

**Total Outstanding**

The University and DSOs ended FY 2023 4Q with \$198.7 million in outstanding debt versus \$210.3 million at the end of FY 2022 4Q. 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 which was flat to same period in the prior year.

**Bond Refunding**

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 \$32.2 million in interest expense over the term of the issuances. As of June 30, 2023, \$8.3 million of interest savings have been realized from the refunding and modification activities. The University and AFC are expected to save \$1.7 million in interest expense in Fiscal Year 2024 and \$8.5 million over the next 5 years.

**Termination of LIBOR index**

The Miami-Dade County Industrial Development Authority (Conduit Issuer) amended the 2009A Trust Indenture (Stadium Loan) to reflect the termination of the London Interbank Offered Rate (LIBOR) and the adoption of the Secured Overnight Financing Rate (SOFR) as the loan’s reference rate. The SOFR rate index was adopted by The Alternative Reference Rates Committee (ARRC) as the replacement rate index to the LIBOR. The ARRC is under the oversight of the Federal Reserve Board. Region’s Bank modified the swap agreement to reflect the change in the Trust Agreement. The University and outside counsel reviewed both documents to ensure that the loan continued to be synthetically fixed at 5.0 percent.

**OVERVIEW**

Liquidity/University Debt	2.92
Liquidity/Total Debt	2.61

**Liquidity Position**

Cash + W/C Pool	\$ 224,540
Strategic + Reserve Pools	294,525
<b>Total</b>	<b>\$ 519,065</b>

**Debt Position**

University Debt	\$ 177,635
DSO Debt	21,090
<b>Total</b>	<b>\$ 198,725</b>

**LIQUIDITY**

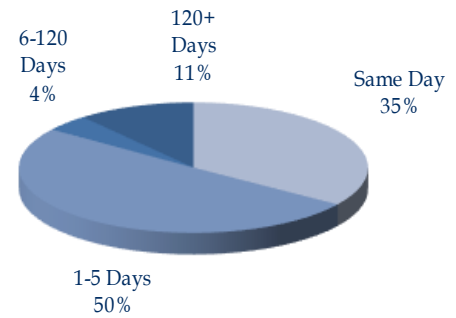
**Availability**

Same Day	\$ 179,352
1-5 Days	261,562
6-120 Days	21,602
120+ Days	56,549
<b>Total</b>	<b>\$ 519,065</b>

**Real Days Payable (<5 Days)**

MTD Outflows	67
QTD Outflows	77
YTD Outflows	80

**LIQUIDITY ALLOCATION**



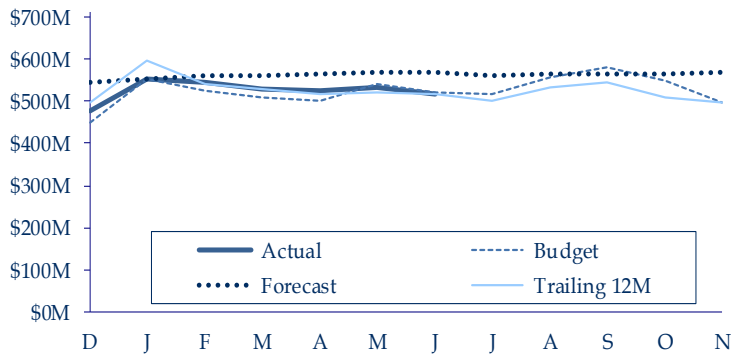
**LIQUIDITY SOURCES AND USES**

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 183,155	\$ 179,694	\$ 152,009
Opening Cash Balance	\$ 58,626	\$ 54,324	85,049
From State	48,731	148,849	483,141
From Operations	78,088	215,328	945,979
<b>Uses</b>			
To Payroll	(79,092)	(194,328)	(759,237)
To Operations	(58,771)	(135,498)	(450,090)
To Students	(6,197)	(43,829)	(232,311)
<b>Cash + W/C Pool</b>	<b>224,540</b>	<b>224,540</b>	<b>224,540</b>

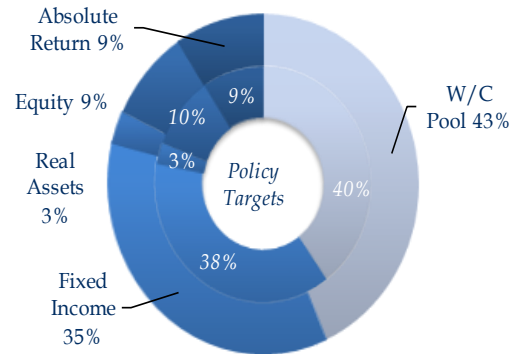
**INVESTMENTS**

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 171,820	1.9%	2.0%
Cash	52,720	1.7%	1.7%
<b>Strategic + Reserve Pools</b>			
Fixed Income	184,952	0.8%	-4.9%
Real Assets	16,257	-7.9%	-12.7%
Equity	45,573	5.8%	-7.0%
Absolute Return	47,743	5.6%	2.4%
<b>Total Portfolio</b>	<b>\$ 519,065</b>	<b>2.1%</b>	<b>-1.6%</b>

**CASH + INVESTMENTS FORECAST**

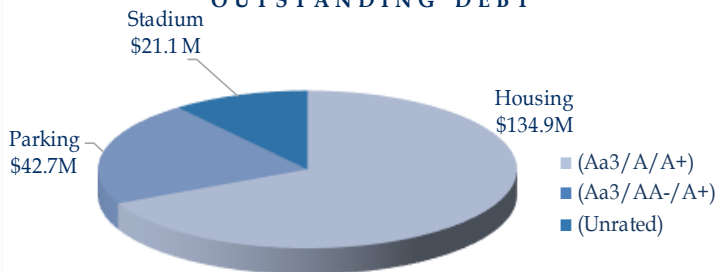


**ASSET ALLOCATION**

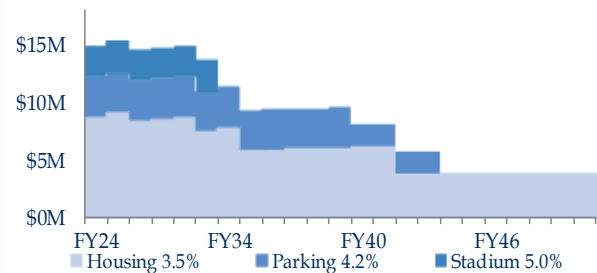


**DEBT**

**OUTSTANDING DEBT**



**ANNUAL DEBT SERVICE**



<u>OPERATING FUNDS</u>	<u>MARKET VALUE<sup>1</sup></u>	<u>BOOK VALUE</u>	<u>INCOME EARNED<sup>2</sup></u>
<u>Working Capital<sup>3</sup></u>	\$224.5M	\$227.9M	\$7.0M
Fixed Income	\$185.0M	\$189.9M	\$3.7M
Equity	\$45.6M	\$31.8M	\$0.5M
Real Assets	\$16.3M	\$18.7M	\$0.0M
Absolute Return	\$47.7M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$294.5M</u>	<u>\$270.6M</u>	<u>\$4.2M</u>
<u>Total Operating Funds</u>	<u>\$519.1M</u>	<u>\$498.5M</u>	<u>\$11.2M</u>

<sup>1</sup> Includes Dividend/Interest Receivable

<sup>2</sup> Investment Income Earnings - Dividends and Interest

<sup>3</sup> Includes Bank Cash