

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 December 7, 2023

TREASURY REPORT (For quarter ending September 30, 2023)

Report (For Information Only – no action required)

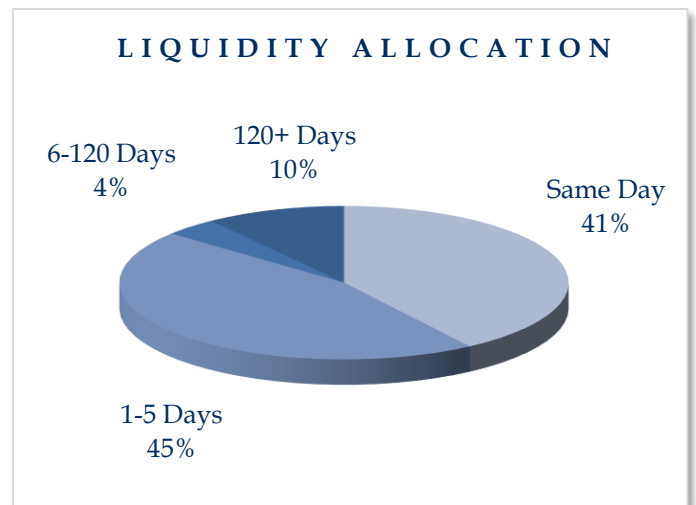
OVERVIEW

The University’s total liquidity position of \$563.7 million was 3.3 times the University’s debt position of \$171.3 million at the end of FY 2024 1Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.9 times. These results are higher compared to the end of FY 2023 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.0 times and 2.7 times, respectively.

LIQUIDITY

Real Days Payable

At the end of FY 2024 1Q, \$485.1 million, or 86.1 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2024 1Q, the University had 85 real days payable¹ (“RDP”) versus 84 RDP at the end of FYTD 2023 1Q.



Sources

The University started the fiscal year with \$224.5 million in cash balances². Total FYTD 2024 1Q inflows (state and operational) were \$422.8 million as compared to \$404.8 million for FYTD 2023 1Q. On average, \$6.5 million flowed into the University each business day in FYTD 2024 1Q and \$6.1 million in FYTD 2023 1Q.

Uses

FYTD 2024 1Q, the University used \$373.1 million as compared to \$365.6 million in the same period last fiscal year. The FYTD 2024 1Q velocity cash outflow was \$5.7 million per day and \$5.5 million in FYTD 2023 1Q. The University ended FY 2024 1Q with \$274.2 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.

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.

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 2024 1Q ending balance) could have unrealized losses of up to \$4.1 million and one percent probability of up to \$16.7 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 2024 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$3.4 million, 0.6 percent unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 79.6 percent, or \$453.9 million, of the total current available cash and investment balances. RDP would fall to 79 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a (\$11.2) million (2.1) percent unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$482.6 million or 89.1 percent of the total current available cash and investment balances. RDP would be 84 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 (1.5) percent unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$423.1 million or 77.3 percent of the total current available balances. RDP would drop to 74 days.

Forecast and Budget

Actual balances at the end of FY 2024 1Q were (0.4) percent lower than the rolling forecast, (2.7) percent higher than the budget, and 3.8 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 2024.

INVESTMENTS

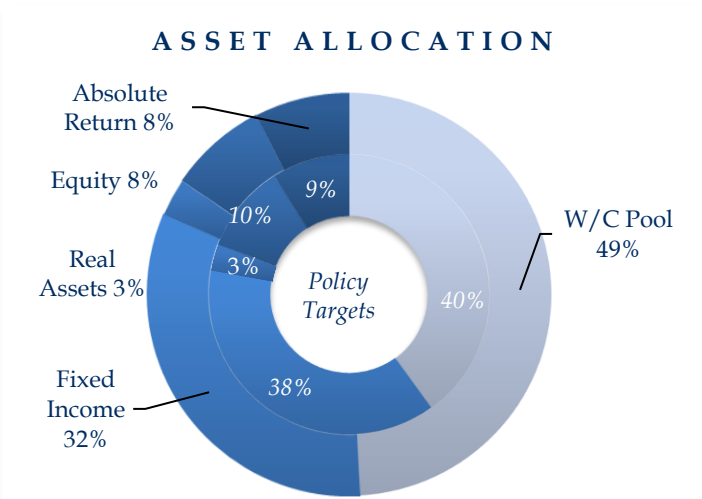
Composition

Asset allocations at the end of FY 2024 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2024 1Q, the market value of the University’s operating funds portfolio and cash was \$563.7 million. This balance reflects an increase of \$44.7 million or 8.6 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows from fall tuition. The total portfolio market value was \$20.4 million higher than the market value at the end of FY 2023 1Q. The increase was due to investment returns.

Performance

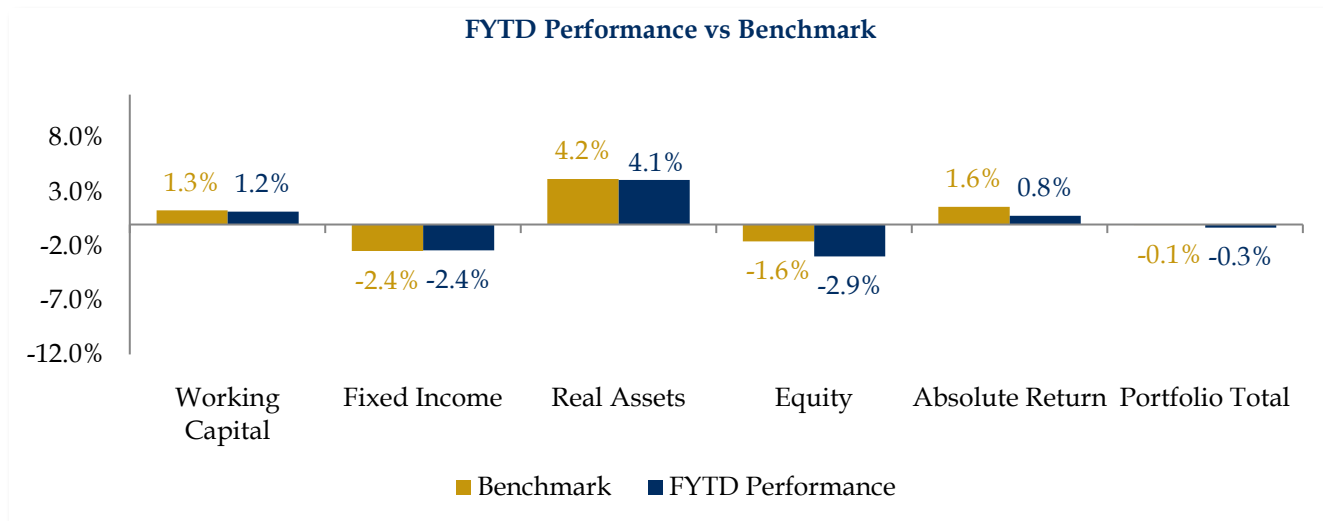
FIU’s operating portfolio continues to outperform the State Treasury investment pool (“SPIA”), returning 3.7 percent since inception versus the SPIA’s 2.4 percent for the same period. At the end of FY 2024 1Q, the portfolio returned (0.3) percent. This compares favorably to a (2.0) percent return at the end of FY 2023 1Q. The Strategic Capital and Reserve Pools returned (1.6) percent while the Working Capital Pool gained 1.2 percent. Returns from the SPIA totaled 0.7 percent at the end of FY 2024 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).



The Portfolio was flat to its aggregate benchmark.

The equities asset class underperformed its benchmark mostly due to the venture capital sector performance

in Private Equity. The Absolute Return underperformance was due to its Long/Short and Event Driven Strategies.



DEBT

Total Outstanding

The University and DSOs ended FY 2024 1Q with \$192.4 million in outstanding debt versus \$203.2 million at the end of FY 2023 1Q. 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 September 30, 2023, \$10.0 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.

OVERVIEW

Liquidity/University Debt	3.29
Liquidity/Total Debt	2.93

Liquidity Position

Cash + W/C Pool	\$ 274,203
Strategic + Reserve Pools	289,524
Total	\$ 563,727

Debt Position

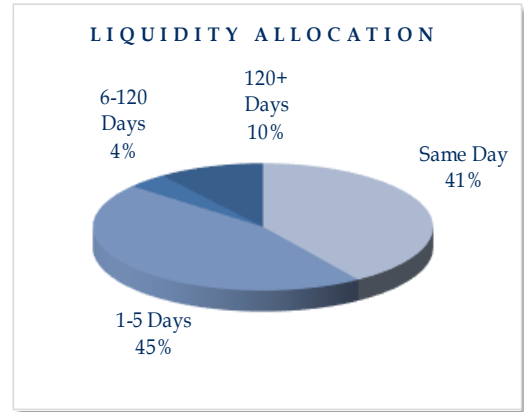
University Debt	\$ 171,310
DSO Debt	21,090
Total	\$ 192,400

LIQUIDITY

Availability	
Same Day	\$ 228,560
1-5 Days	256,547
6-120 Days	21,920
120+ Days	56,700
Total	\$ 563,727

Real Days Payable (<5 Days)

MTD Outflows	69
QTD Outflows	85
YTD Outflows	85



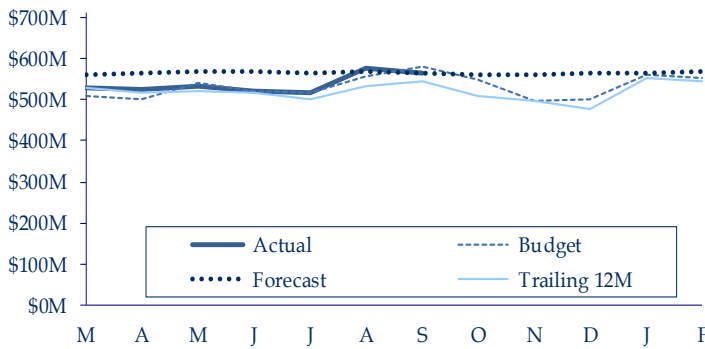
LIQUIDITY SOURCES AND USES

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 226,843	\$ 171,820	\$ 171,829
Opening Cash Balance	\$ 53,288	\$ 52,720	52,720
From State	32,233	128,696	128,696
From Operations	110,397	294,115	294,106
Uses			
To Payroll	(64,327)	(184,289)	(184,289)
To Operations	(32,693)	(100,845)	(100,845)
To Students	(51,537)	(88,014)	(88,014)
Cash + W/C Pool	274,203	274,203	274,203

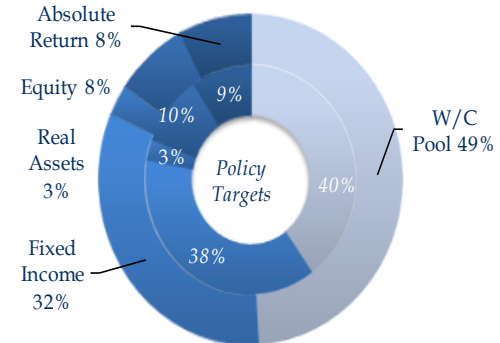
INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last1Y
W/C Pool	\$ 221,174	1.9%	2.0%
Cash	53,030	1.7%	1.7%
Strategic + Reserve Pools			
Fixed Income	180,554	0.8%	-4.9%
Real Assets	16,927	-7.9%	-12.7%
Equity	43,930	5.8%	-7.0%
Absolute Return	48,113	5.6%	2.4%
Total Portfolio	\$ 563,727	2.1%	-1.6%

CASH + INVESTMENTS FORECAST

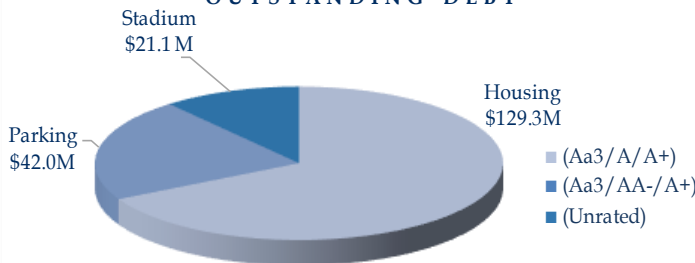


ASSET ALLOCATION

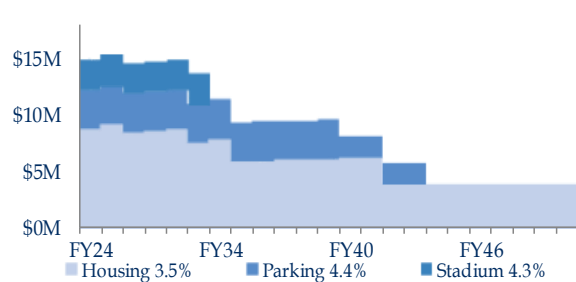


DEBT

OUTSTANDING DEBT



ANNUAL DEBT SERVICE



<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$274.2M	\$277.5M	\$2.7M
Fixed Income	\$180.6M	\$190.4M	\$1.1M
Equity	\$43.9M	\$31.5M	\$0.1M
Real Assets	\$16.9M	\$18.7M	\$0.0M
Absolute Return	\$48.1M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	\$289.5M	\$270.7M	\$1.2M
<u>Total Operating Funds</u>	\$563.7M	\$548.3M	\$3.9M

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash