



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2017

TREASURY REPORT (For quarter ending September 30, 2017)

Report (For Information Only - no action required)

OVERVIEW

The University's total liquidity position of \$381.9 million was 2.5 times the University's debt position of \$155.6 million at the end of FY 2018 1Q. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 2.0 times. These results are better compared to the end of FY 2017 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.3 times and 1.8 times, respectively.

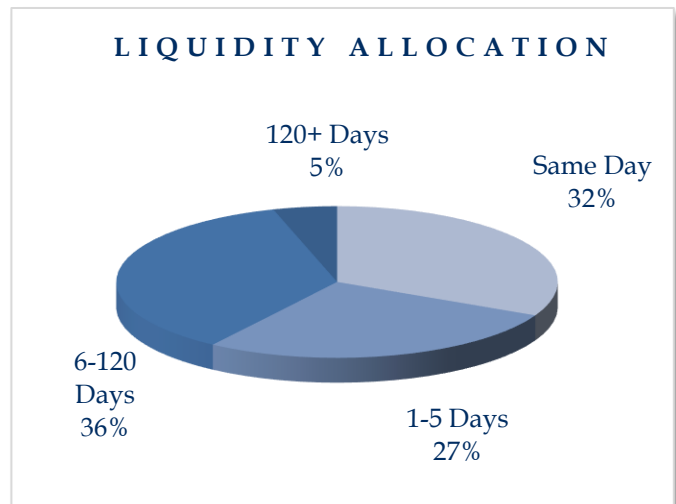
LIQUIDITY

Real Days Payable

At the end of FY 2018 1Q, \$227.2 million, or 59.5 percent, of the liquidity position was accessible within 5 business days (see Liquidity Allocation chart for detail). At the end of FYTD 2018 1Q, the University had 49 real days payable ("RDP") versus 47 RDP at the end of FYTD 2017 1Q. The increase in RDP was due to equity returns in the University's most liquid investments and higher state inflows.

Sources

The University started the fiscal year with \$98.6 million in cash balances. Total FYTD 2018 1Q inflows (state and operational) were \$346.9 million as compared to \$353.0 Million for FYTD 2017 1Q. On average, \$5.3 million flowed into the University each business day in FYTD 2018 1Q and \$5.3 million in FYTD 2017 1Q.



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 5 business days as its balance of liquid funds.

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

## Uses

FYTD 2018 1Q, the University used \$302.0 million as compared to \$303.1 million in the same period last fiscal year. The FYTD 2018 1Q velocity cash outflow was \$4.6 million per day and \$4.6 million in FYTD 2017 1Q. The University ended FY 2018 1Q with \$143.5 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.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time period 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 2018 1Q ending balance) could have unrealized losses of up to \$19.9 million and one percent probability of up to \$34.9 million of unrealized losses within a twelve-month period.

At the end of FY 2018 1Q, the Monte Carlo analysis, generated by a bottom decile performance for fixed income investments, translated into median 1.8 percent, or \$6.7 million, in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to 55.4 percent, or \$211.7 million, of the total current available cash and investment balances. RDP would fall to 46 days based on current fiscal year outflows.

The scenario with the bottom decile equity performance generates a median 3.2 percent, or \$12.2 million, in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to \$223.1 million or 58.4 percent of the total current available cash and investment balances. RDP would drop slightly to 48 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance represents a 4.3 percent loss, or \$16.6 million, and a projected drop in liquidity to \$200.8 million or 52.6 percent of the total current available balances. Furthermore, RDP would drop to 43 days.

## Forecast and Budget

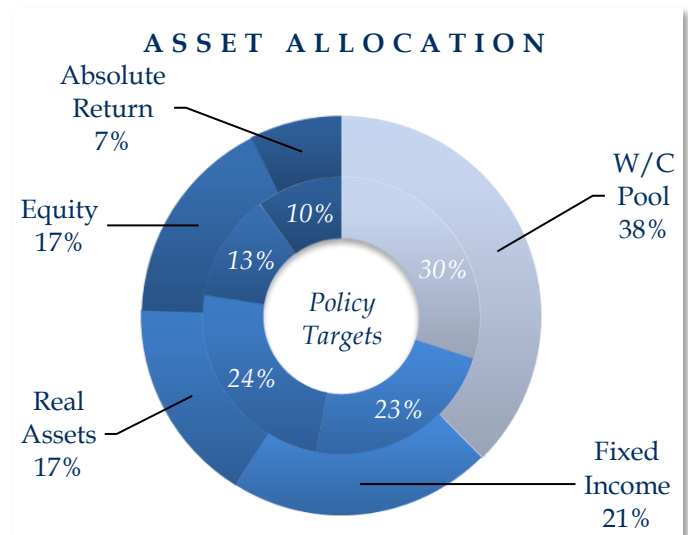
Actual balances at the end of FY 2018 1Q were 4.8 percent higher than the rolling forecast, 9.2 percent higher than the budget, and 4.6 percent higher than prior year. For the next quarter, the University should experience a decrease in the cash and investment balances lasting through the end of the second quarter of FY 2018.

## INVESTMENTS

### Composition

Asset allocations at the end of FY 2018 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2018 1Q, the market value of the University’s operating funds portfolio and cash was \$381.9 million. This balance reflects a increase of \$50.4 million or 15.2 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in cash flows in addition to the quarterly investment returns. The total portfolio market value was \$17.2 million higher than the market value at the end

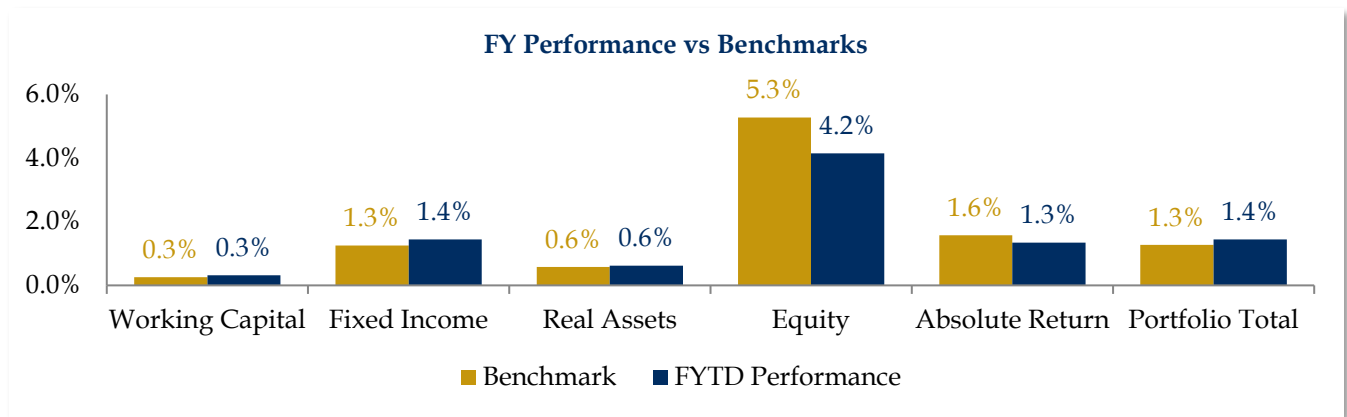


of FY 2017 1Q. The increase was largely due to strong investment performance in the Strategic and Reserve Pool.

## Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.1 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FY 2018 1Q, the portfolio returned 1.4 percent. This compares unfavorably to a 1.6 percent return at the end of FY 2017 1Q. The Strategic Capital and Reserve Pools returned 1.9 percent while the Working Capital Pool gained 0.3 percent. Returns from the SPIA totaled 0.5 percent at the end of FY 2018 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The Working Capital Pool exceeded the benchmark by 0.1 percent and the Strategic and Reserve Pool exceed the benchmark by 0.3 percent. Equities and Absolute Return positions were lower than their



benchmarks. Equities had a return of 4.2 percent (vs 5.3 percent benchmark) and Absolute Return returned 1.3 percent (vs. 1.6 percent benchmark). All other asset classes met or exceeded their benchmarks.

## DEBT

### Total Outstanding

The University and DSOs ended FY 2018 1Q with \$189.8M million in outstanding debt versus \$197.7M million at the end of FY 2017 1Q. The weighted average interest rate for the University and DSO issuances was 4.2% percent. At the end of the quarter, all of the University and DSO outstanding debt was fixed rate.

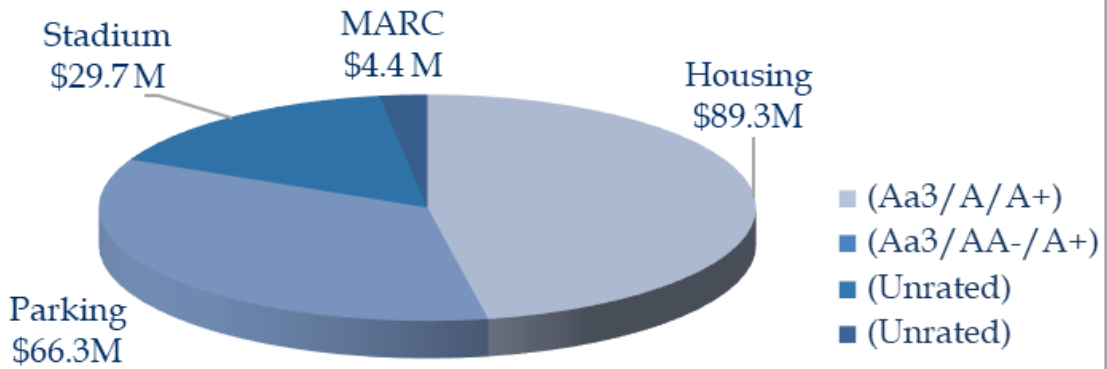
### Bond Refunding

The University and the Athletics Finance Corporation (AFC), has refunded/modified all eligible outstanding bond series. The refundings/modification are projected to save the University and AFC \$10.1 million in interest expense over the term of the issuances. As of September 30, 2017, \$2.9 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save an additional \$0.9 million in interest expense in Fiscal Year 2018 and \$3.4 million over the next 5 years.

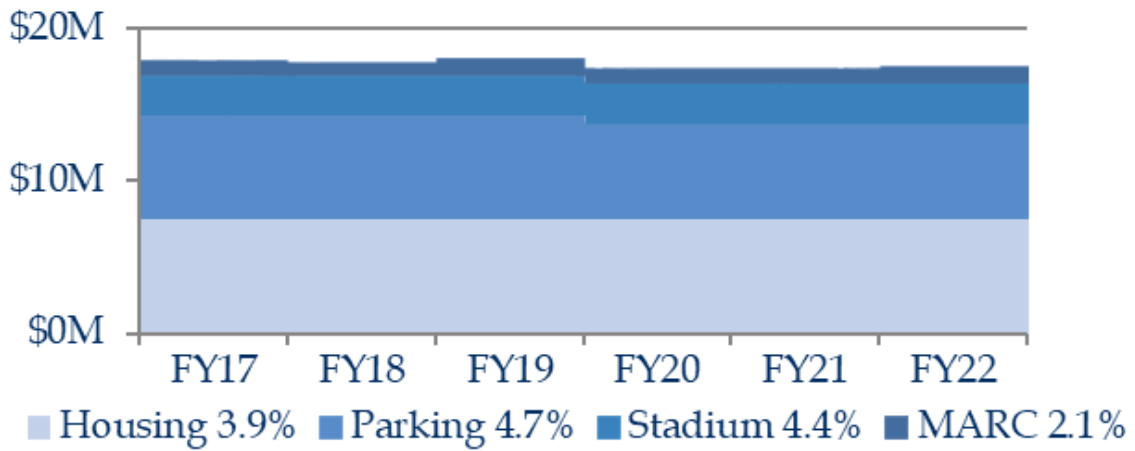
### Housing Revenue Bond Issuance

On August 16, 2017, the Governor and Cabinet approved the issuance and the fiscal sufficiency of the University's proposed Housing revenue bonds in an amount not to exceed \$63.0 million. The University is expected to issue the bonds through competitive sale in Fall 2018.

### OUTSTANDING DEBT



### ANNUAL DEBT SERVICE



**OVERVIEW**

Liquidity/University Debt	2.45
Liquidity/Total Debt	2.01

**Liquidity Position**

Cash + W/C Pool	\$ 143,536
Strategic + Reserve Pools	238,356
<b>Total</b>	<b>\$ 381,893</b>

**Debt Position**

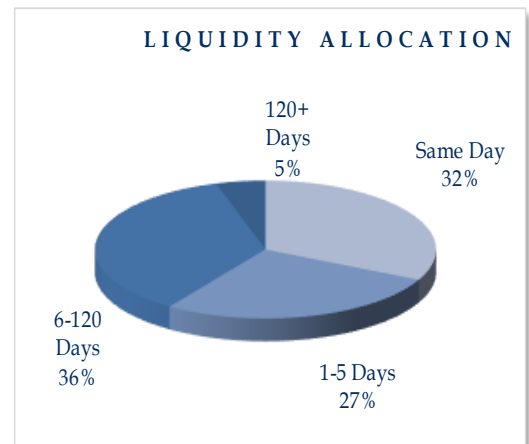
University Debt	\$ 155,590
DSO Debt	34,169
<b>Total</b>	<b>\$ 189,759</b>

**LIQUIDITY**

<b>Availability</b>	
Same Day	\$ 123,183
1-5 Days	104,056
6-120 Days	136,806
120+ Days	17,848
<b>Total</b>	<b>\$ 381,893</b>

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

MTD Outflows	39
QTD Outflows	49
YTD Outflow	49

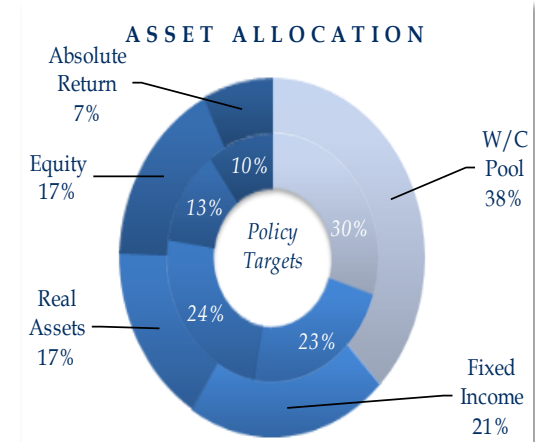
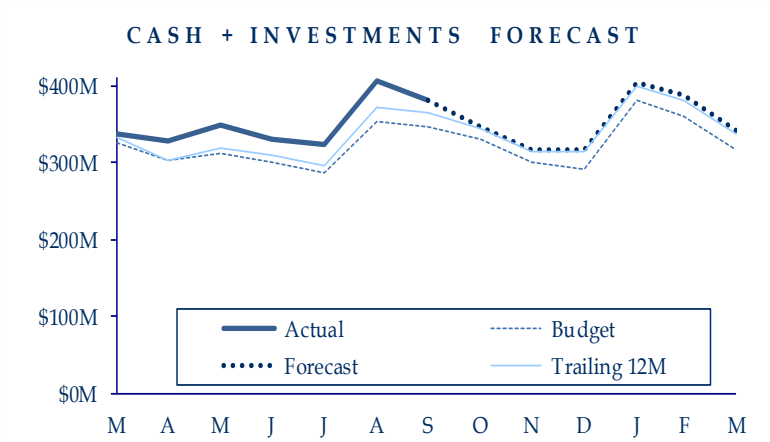


**LIQUIDITY SOURCES AND USES**

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 167,646	\$ 98,050	\$ 98,050
Opening Cash Balance	2,197	536	536
From State	21,954	88,143	88,143
From Operations	73,935	258,799	258,799
<b>Uses</b>			
To Payroll	(61,452)	(151,456)	(151,456)
To Operations	(22,433)	(71,174)	(71,174)
To Students	(38,312)	(79,362)	(79,362)
<b>Cash + W/C Pool</b>	<b>\$ 143,536</b>	<b>\$ 143,536</b>	<b>\$ 143,536</b>

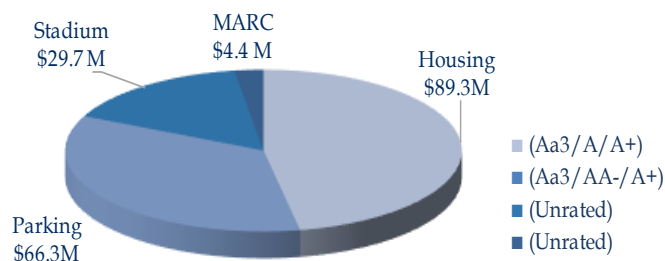
**INVESTMENTS**

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 143,209	0.3%	1.0%
Cash	327	0.0%	0.0%
<b>Strategic + Reserve Pools</b>			
Fixed Income	81,305	1.4%	3.5%
Real Assets	63,387	0.6%	-0.9%
Equity	65,244	4.2%	15.7%
Absolute Return	28,421	1.3%	7.1%
<b>Total</b>	<b>\$ 381,893</b>	<b>1.9%</b>	<b>5.7%</b>



**DEBT**

**OUTSTANDING DEBT**



**ANNUAL DEBT SERVICE**

