



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

TREASURY REPORT (For quarter ending June 30, 2017)

Report (For Information Only - no action required)

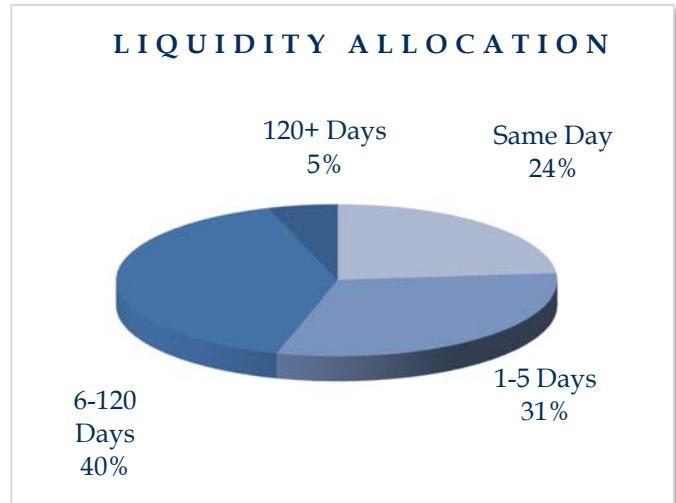
OVERVIEW

The University's total liquidity position of \$331.5 million was 2.0 times the University's debt position of \$162.5 million at the end of FY 2017. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 1.7 times. These results are better compared to the end of FY 2016, where the liquidity to University debt and the liquidity to total debt ratios were 1.8 times and 1.5 times, respectively.

LIQUIDITY

Real Days Payable

At the year end, \$180.5 million, or 54.4 percent, of the liquidity position was accessible within 5 business days (see Liquidity Allocation chart for detail). At the end of FY 2017, the University had 43 real days payable ("RDP") versus 40 RDP at the end of FY 2016. The increase in RDP was due to higher state inflows.



Sources

The University started the fiscal year with \$89.4 million in cash balances. Total FY 2017 inflows (state and operational) were \$1,116.2 million as compared to \$1,087.4 million for FY 2016. On average, \$4.3 million flowed into the University each business day in FY 2017 and \$4.2 million in FY 2016.

Uses

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.

FY 2017, the University used \$1,107.0 million as compared to \$1074.1 million in the same period last fiscal year. The FY 2017 velocity cash outflow was \$4.2 million per day and \$4.1 million in FY 2016. The University ended the fiscal year with \$98.6 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 FY 2017 ending balance) could have unrealized losses of up to \$19.3 million and one percent probability of up to \$33.3 million of unrealized losses within a twelve-month period.

At the end of FY 2017, the Monte Carlo analysis, generated by a bottom decile performance for fixed income investments, translated into median 2.0 percent, or \$6.6 million, in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to 49.8 percent, or \$165.2 million, of the total current available cash and investment balances. RDP would fall to 39 days based on current fiscal year outflows.

The scenario with the bottom decile equity performance generates a median 3.5 percent, or \$11.7 million, in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to \$176.5 million or 53.2 percent of the total current available cash and investment balances. RDP would drop slightly to 42 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance represents a 4.9 percent loss, or \$16.1 million, and a projected drop in liquidity to \$154.8 million or 46.7 percent of the total current available balances. Furthermore, RDP would drop to 36 days.

### Forecast and Budget

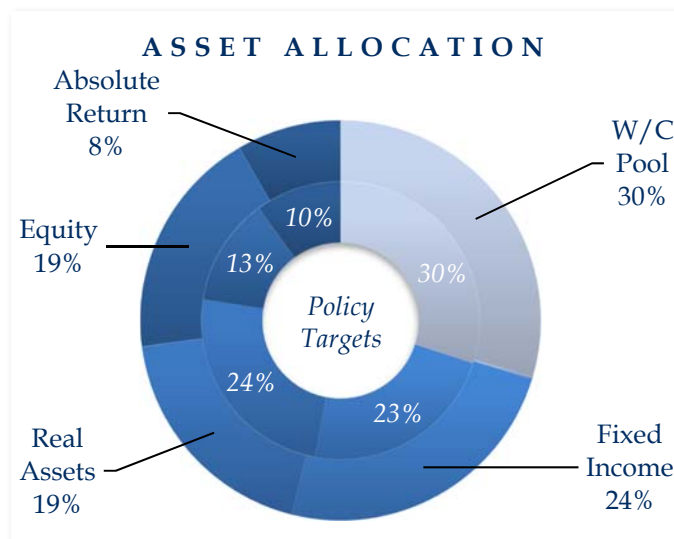
Actual balances at the end of FY 2017 were 4.0 percent higher than the rolling forecast, 9.1 percent higher than the budget, and 7.1 percent higher than prior year. For the next quarter, the University should experience an increase in the cash and investment balances lasting through the first quarter of FY 2018.

## INVESTMENTS

### Composition

Asset allocations at the end of FY 2017 remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

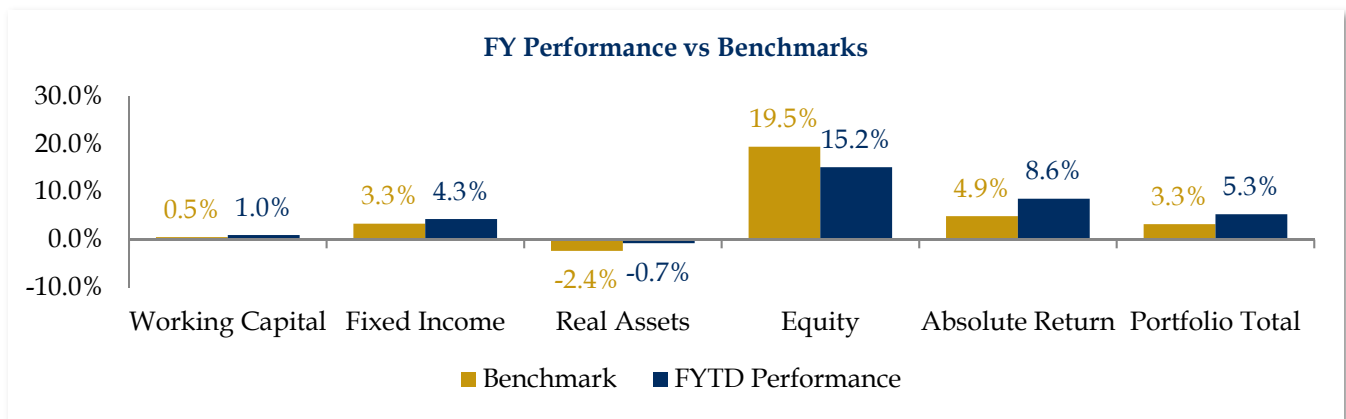
At the end of FY 2017, the market value of the University’s operating funds portfolio and cash was \$331.5 million. This balance reflects a decrease of (\$5.0) million or 1.5 percent, from the previous quarter. The decrease reflects the quarter-to-quarter seasonal reduction in cash flows. The total portfolio market value was \$22.0 million higher than the market value at the end of FY 2016. The increase was largely due to strong performance in the Strategic and Reserve Pool.



## Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.0 percent since inception versus the SPIA's 2.6 percent for the same period. At the end of FY 2017, the portfolio returned 5.3 percent. This compares favorably to a 0.6 percent return at the end of FY 2016. The Strategic Capital and Reserve Pools returned 6.0 percent while the Working Capital Pool gained 1.0 percent. Returns from the SPIA totaled 1.5 percent at the end of FY 2017 (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The Working Capital Pool exceeded the benchmark by 0.4 percent. Equities were lower than their benchmarks, with returns of 15.2 percent (vs 19.5 percent benchmark). All other assets classes exceeded their respective benchmarks. Absolute Return returned 8.6 percent (vs. 4.9 percent benchmark), Real Assets returned -0.7 percent (vs -2.4 percent benchmark), Fixed Income returned 4.3 percent (vs 3.3 percent benchmark).



## DEBT

### Total Outstanding

The University and DSOs ended FY 2017 with \$196.9M million in outstanding debt versus \$207.1M million at the end of FY 2016. 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 DSOs' outstanding debt was fixed rate.

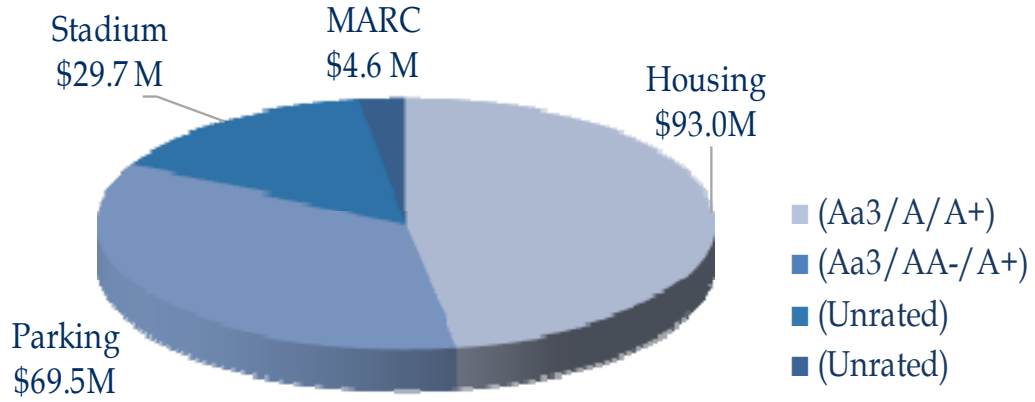
### Bond Refunding

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 June 30, 2017, \$2.3 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 \$3.5 million over the next 5 years.

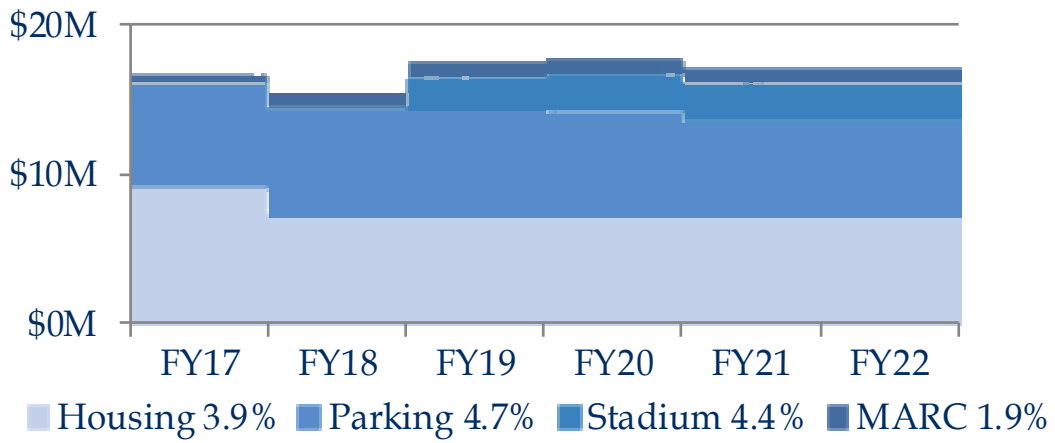
### Housing Revenue Bond Issuance

On June 22, 2017, the University received final approval from the Board of Governors to issue Housing revenue bonds in an amount not to exceed \$63.0 million. The proceeds of the bonds will be used to build a suite-style residence hall with 656 beds and will include 300 parking spaces and ancillary space to service the residents. The bonds will be sold through competitive sale and the University anticipates the proceeds will be distributed before the end of December 2017.

## OUTSTANDING DEBT



## ANNUAL DEBT SERVICE



**OVERVIEW**

Liquidity/University Debt	<b>2.04</b>
Liquidity/Total Debt	<b>1.68</b>

**Liquidity Position**

Cash + W/C Pool	\$ 98,587
Strategic + Reserve Pools	232,945
<b>Total</b>	<b>\$ 331,532</b>

**Debt Position**

University Debt	\$ 162,475
DSO Debt	34,375
<b>Total</b>	<b>\$ 196,850</b>

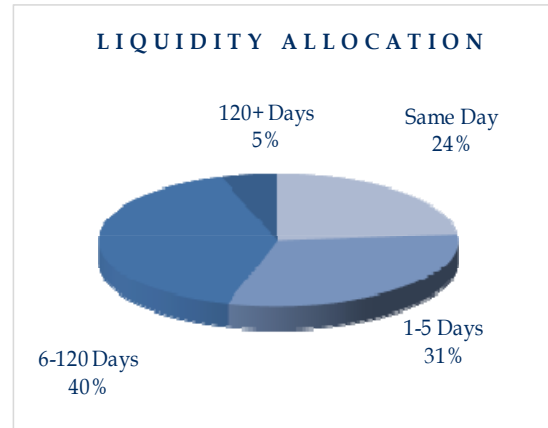
**LIQUIDITY**

**Availability**

Same Day	\$ 78,130
1-5 Days	102,378
6-120 Days	134,109
120+ Days	16,914
<b>Total</b>	<b>\$ 331,532</b>

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

MTD Outflows	<b>48</b>
QTD Outflows	<b>43</b>
YTD Outflow	<b>41</b>



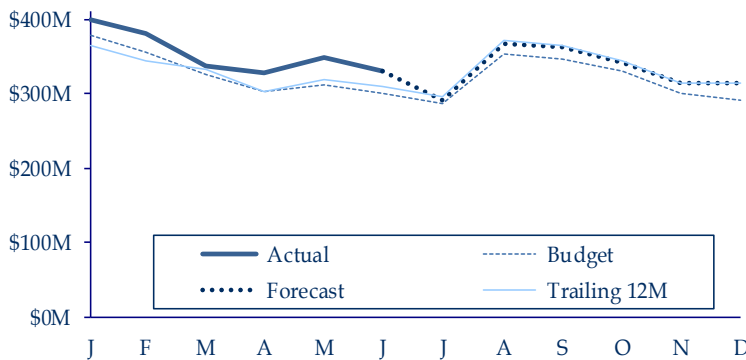
**LIQUIDITY SOURCES AND USES**

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 115,102	\$ 104,698	\$ 88,773
Opening Cash Balance	374	1,195	631
From State	28,674	99,703	320,424
From Operations	37,329	162,383	795,766
<b>Uses</b>			
To Payroll	(42,663)	(136,832)	(575,784)
To Operations	(34,194)	(90,807)	(312,242)
To Students	(6,035)	(41,752)	(218,981)
<b>Cash + W/C Pool</b>	<b>\$ 98,587</b>	<b>\$ 98,587</b>	<b>\$ 98,587</b>

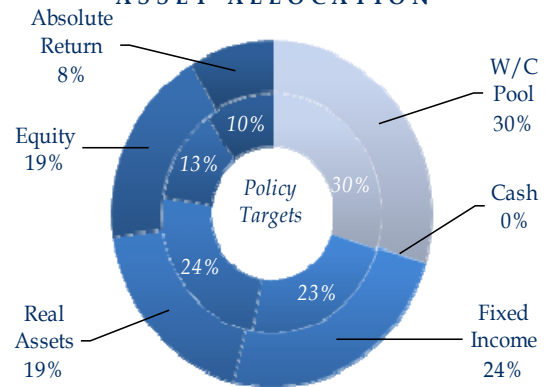
**INVESTMENTS**

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 98,050	1.0%	1.0%
Cash	536	0.0%	0.0%
<b>Strategic + Reserve Pools</b>			
Fixed Income	80,138	4.3%	4.3%
Real Assets	62,982	-0.7%	-0.7%
Equity	61,794	15.2%	15.2%
Absolute Return	28,031	8.6%	8.6%
<b>Total</b>	<b>\$ 331,532</b>	<b>6.0%</b>	<b>6.0%</b>

**CASH + INVESTMENTS FORECAST**

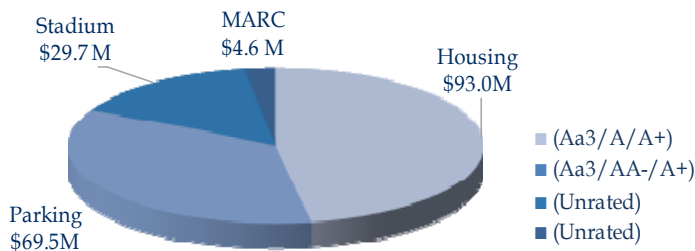


**ASSET ALLOCATION**



**DEBT**

**OUTSTANDING DEBT**



**ANNUAL DEBT SERVICE**

