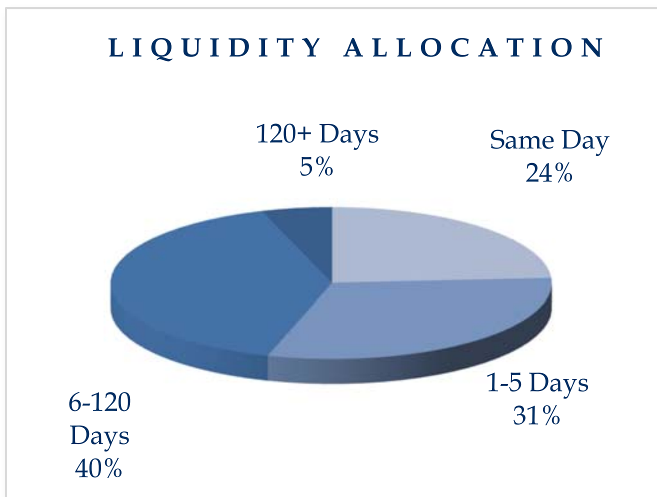
# THE FLORIDA INTERNATIONAL UNIVERSITY
# BOARD OF TRUSTEES
## Finance and Facilities Committee
**April 12, 2018**

**TREASURY REPORT** *(For quarter ending December 31, 2017)*

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

### OVERVIEW
The University's total liquidity position of $347.2 million was 2.2 times the University's debt position of $155.6 million at the end of FY 2018 2Q. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 1.8 times. These results are better compared to the end of FY 2017 2Q, where the liquidity to University debt and the liquidity to total debt ratios were 1.9 times and 1.6 times, respectively.

### LIQUIDITY
#### Real Days Payable
At the end of FY 2018 2Q, $189.8 million, or 54.7 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2018 2Q, the University had 45 real days payable[1] ("RDP") versus 42 RDP at the end of FYTD 2017 2Q. 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[2]. Total FYTD 2018 2Q inflows (state and operational) were $554.8 million as compared to $524.1 Million for FYTD 2017 2Q. On average, $4.2 million flowed into the University each business day in FYTD 2018 2Q and $4.0 million in FYTD 2017 2Q.

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[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 2Q, the University used $549.2 million as compared to $525.2 million in the same period last fiscal year. The FYTD 2018 2Q velocity cash outflow was $4.2 million per day and $4.0 million in FYTD 2017 2Q. The University ended FY 2018 2Q with $104.2 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.

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 2Q ending balance) could have unrealized losses of up to $21.3 million and one percent probability of up to $37.5 million of unrealized losses within a twelve-month period.

At the end of FY 2018 2Q, the Monte Carlo analysis, generated by a bottom decile performance for fixed income investments, translated into median 2.0 percent, or $6.8 million, in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to 50.2 percent, or $174.1 million, of the total current available cash and investment balances. RDP would fall to 41 days based on current fiscal year outflows.

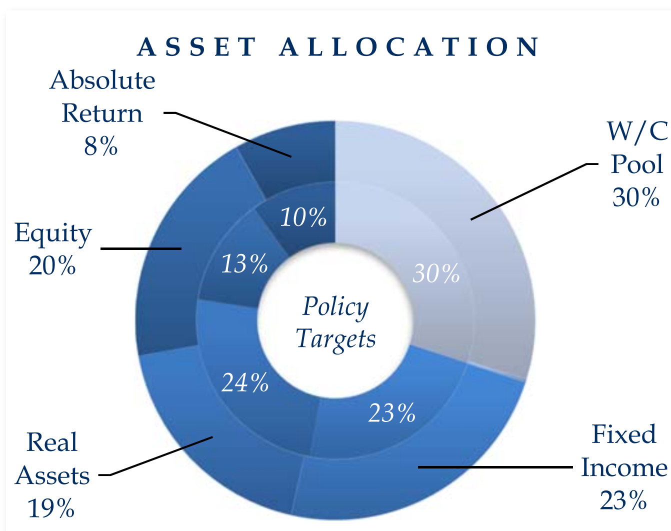
The scenario with the bottom decile equity performance generates a median 3.6 percent, or $12.7 million, in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to $185.5 million or 53.4 percent of the total current available cash and investment balances. RDP would drop slightly to 44 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance represents a 4.9 percent loss, or $17.1 million, and a projected drop in liquidity to $162.5 million or 46.8 percent of the total current available balances. Furthermore, RDP would drop to 38 days.

### Forecast and Budget
Actual balances at the end of FY 2018 2Q were 8.8 percent higher than the rolling forecast, 15.7 percent higher than the budget, and 10.7 percent higher than prior year. For the next quarter, the University should experience an increase in the cash and investment balances lasting through the end of the third quarter of FY 2018.

## INVESTMENTS
### Composition
Asset allocations at the end of FY 2018 2Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2018 2Q, the market value of the University's operating funds portfolio and cash was $347.2 million. This balance reflects a decrease of $34.8 million or 9.1 percent, from the previous quarter. The decrease reflects the quarter-to-quarter seasonal decrease in cash flows. The total portfolio market value was $33.6 million higher than the market value at the end

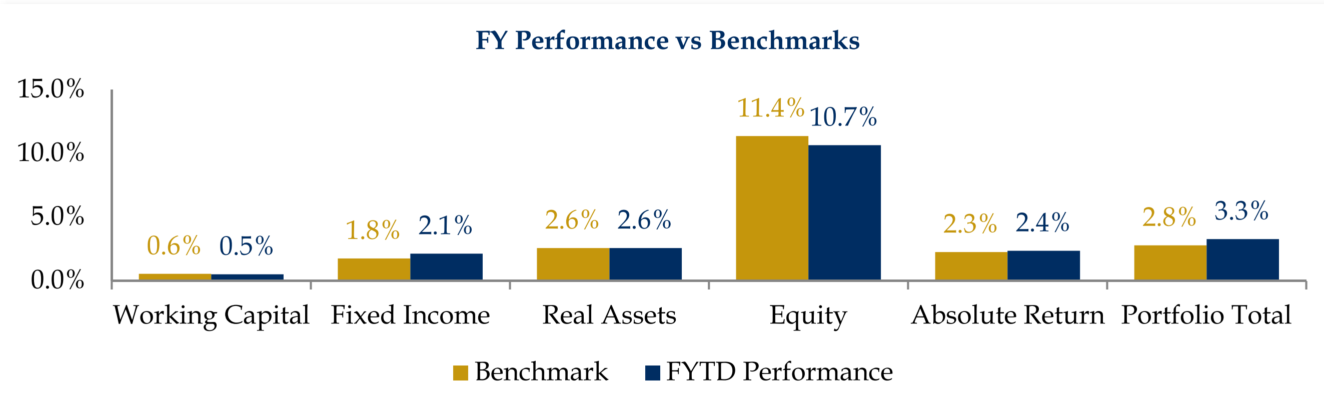


of FY 2017 2Q. The increase was largely due to strong investment performance in the Strategic and Reserve Pool.

## Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.2 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FY 2018 2Q, the portfolio returned 3.3 percent. This compares favorably to a 2.0 percent return at the end of FY 2017 2Q. The Strategic Capital and Reserve Pools returned 4.5 percent while the Working Capital Pool gained 0.5 percent. Returns from the SPIA totaled 0.9 percent at the end of FY 2018 2Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The Working Capital Pool was flat to the benchmark and the Strategic and Reserve Pool exceeded the benchmark by 0.8 percent. Equities were lower than their benchmarks. Equities had a return of 10.7




percent (vs 11.4 percent benchmark). All other asset classes met or exceeded their benchmarks.

## DEBT

### Total Outstanding

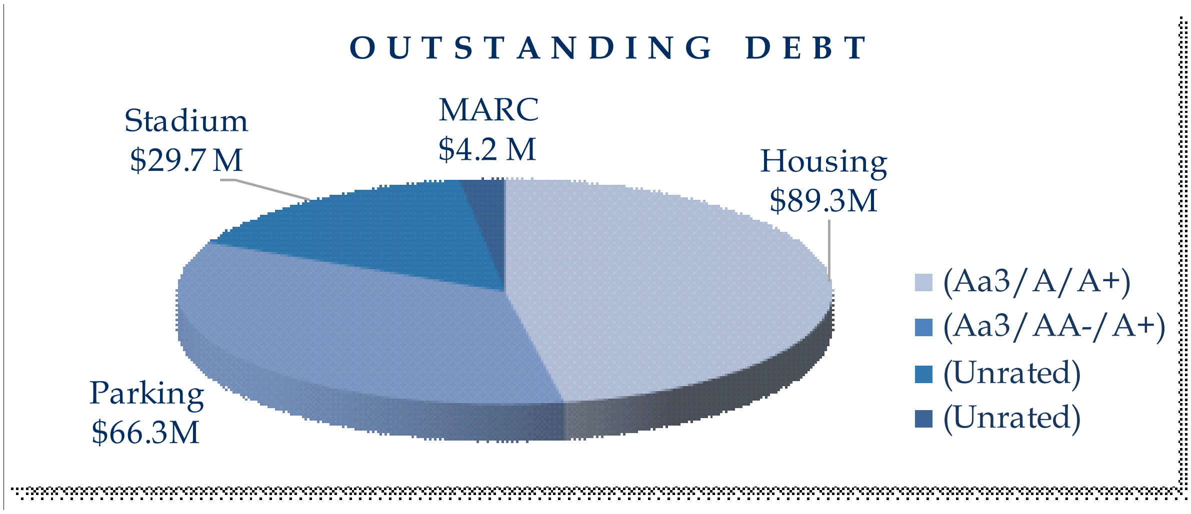
The University and DSOs ended FY 2018 2Q with $189.6M million in outstanding debt versus $197.5M million at the end of FY 2017 2Q. The weighted average interest rate for the University and DSO issuances was 4.2% percent.

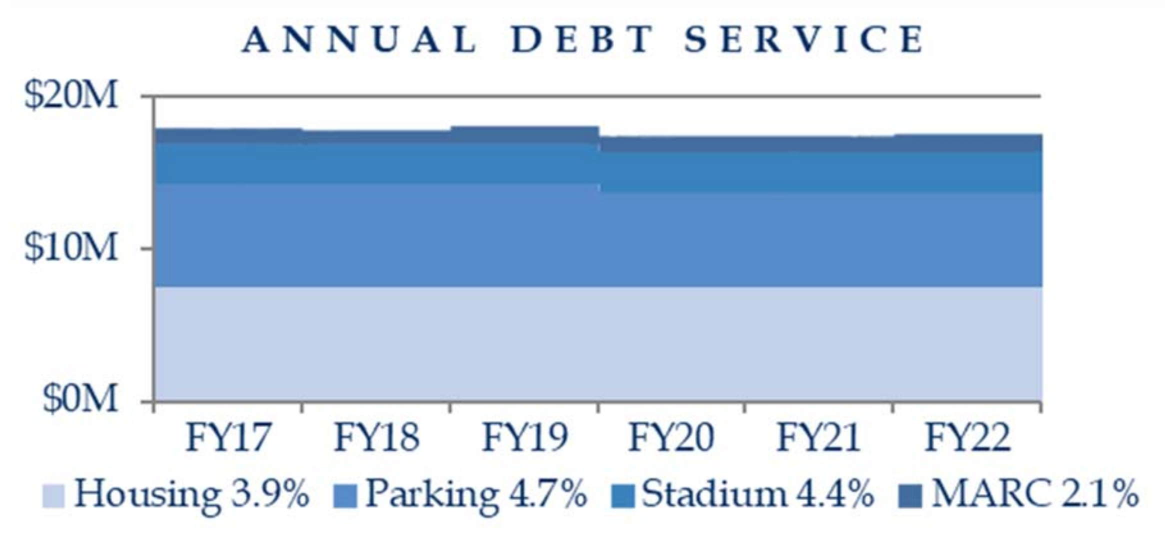
### Bond Refunding

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 December 31, 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.

### Rating Agency Reviews

The University expects to complete annual rating reviews with Fitch, Standard & Poor's and Moody's by the end of March 2018. The rating agencies are expected to issue their final ratings reports.


OUTSTANDING DEBT
Stadium
$29.7 M
MARC
$4.2 M
Housing
$89.3M
Parking
$66.3M
(Aa3/A/A+)
(Aa3/AA-/A+)
(Unrated)
(Unrated)


ANNUAL DEBT SERVICE
$20M
$10M
$0M
FY17
FY18
FY19
FY20
FY21
FY22
Housing 3.9%
Parking 4.7%
Stadium 4.4%
MARC 2.1%

**FIU** FLORIDA INTERNATIONAL UNIVERSITY

Finance and Administration
Office of the Treasurer
Treasury Summary

Period Ending December 31, 2017

(000's)

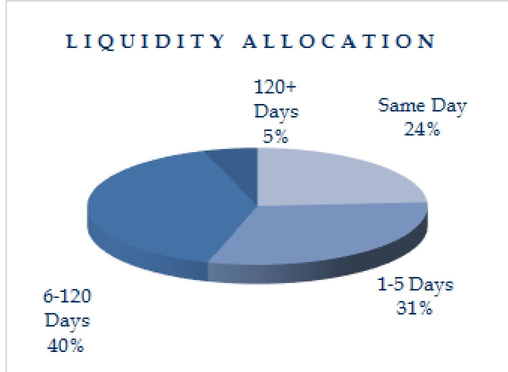
## OVERVIEW

| | | |
|---|---|---|
| Liquidity/University Debt | | **2.23** |
| Liquidity/Total Debt | | **1.83** |
| **Liquidity Position** | | |
| Cash + W/C Pool | $ | 104,165 |
| Strategic + Reserve Pools | | 242,996 |
| **Total** | **$** | **347,161** |
| **Debt Position** | | |
| University Debt | $ | 155,590 |
| DSO Debt | | 33,963 |
| **Total** | **$** | **189,553** |

## LIQUIDITY

| **Availability** | | |
|---|---|---|
| Same Day | $ | 83,198 |
| 1-5 Days | | 106,651 |
| 6-120 Days | | 139,397 |
| 120+ Days | | 17,914 |
| **Total** | **$** | **347,161** |

| **Real Days Payable (<5 Days)** | |
|---|---|
| MTD Outflows | **56** |
| QTD Outflows | **50** |
| YTD Outflow | **45** |

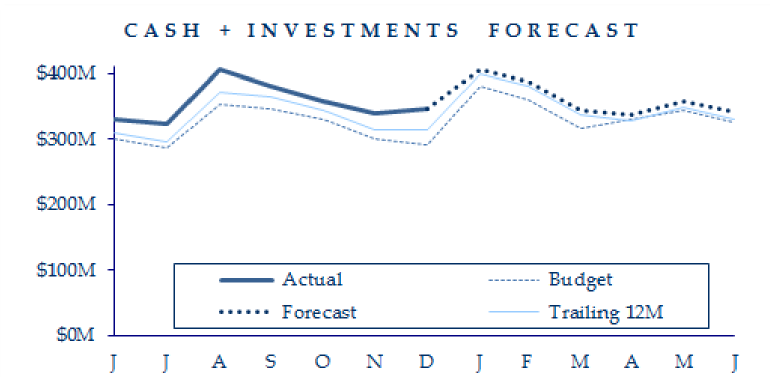


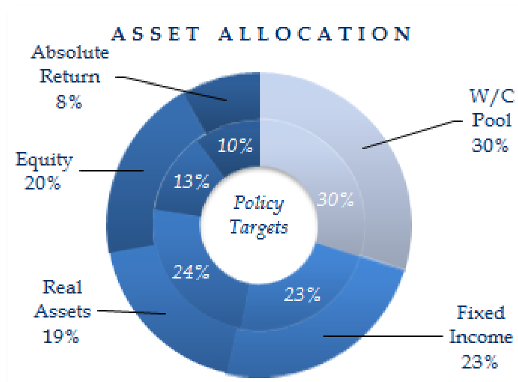

## LIQUIDITY SOURCES AND USES

| **Sources** | | **MTD** | | **QTD** | | **YTD** |
|---|---|---|---|---|---|---|
| Opening W/C Pool Balance | $ | 99,339 | $ | 143,281 | $ | 98,050 |
| Opening Cash Balance | | 782 | | 327 | | 536 |
| From State | | 42,460 | | 99,895 | | 188,038 |
| From Operations | | 32,497 | | 107,881 | | 366,752 |
| **Uses** | | | | | | |
| To Payroll | | (47,624) | | (145,002) | | (296,457) |
| To Operations | | (20,216) | | (78,647) | | (149,821) |
| To Students | | (3,074) | | (23,571) | | (102,934) |
| **Cash + W/C Pool** | **$** | **104,165** | **$** | **104,165** | **$** | **104,165** |

## INVESTMENTS

| **Cash + W/C Pool** | **Balance** | **FYTD** | **Last 1Y** |
|---|---|---|---|
| W/C Pool | $ 103,248 | 0.5% | 1.2% |
| Cash | 917 | 0.0% | 0.0% |
| **Strategic + Reserve Pools** | | | |
| Fixed Income | 81,763 | 2.1% | 5.6% |
| Real Assets | 64,550 | 2.6% | 2.1% |
| Equity | 67,976 | 10.7% | 21.5% |
| Absolute Return | 28,707 | 2.4% | 7.2% |
| **Total** | **$ 347,161** | **4.5%** | **8.8%** |




## DEBT