

**THE FLORIDA INTERNATIONAL UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Finance and Facilities Committee**  
 June 16, 2020

**TREASURY REPORT** (For quarter ending March 31, 2020)

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

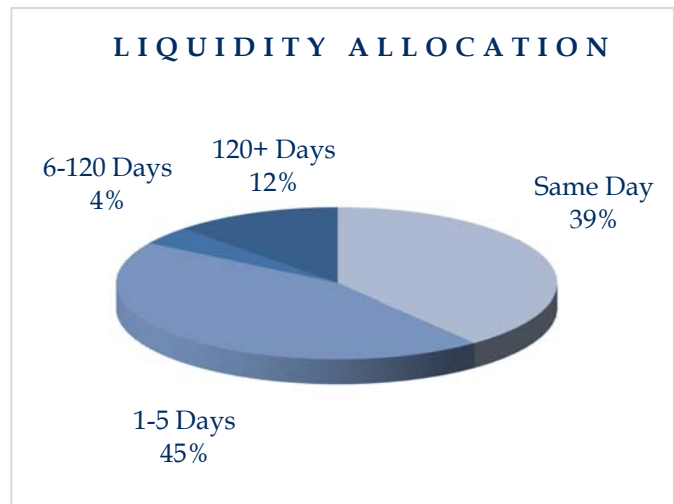
**OVERVIEW**

The University’s total liquidity position of \$386.4 million was 2.9 times the University’s debt position of \$163.6 million at the end of FY 2020 3Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.4 times. These results are better compared to the end of FY 2019 3Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.5 times and 2.1 times, respectively.

**LIQUIDITY**

**Real Days Payable**

At the end of FY 2020 3Q, \$323.9 million, or 83.8 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2020 3Q, the University had 68 real days payable<sup>1</sup> (“RDP”) versus 65 RDP at the end of FYTD 2019 3Q. The increase in RDP was largely due to the portfolio returns over the trailing 1-year period.



**Sources**

The University started the fiscal year with \$169.1 million in cash balances<sup>2</sup>. Total FYTD 2020 3Q inflows (state and operational) were \$936.5 million as compared to \$916.0 Million for FYTD 2019 3Q. On average, \$4.8 million flowed into the University each business day in FYTD 2020 3Q and \$4.7 million in FYTD 2019 3Q.

**Uses**

FYTD 2020 3Q, the University used \$942.7 million as compared to \$909.2 million in the same period last fiscal year. The FYTD 2020 3Q velocity cash outflow was \$4.8 million per day \$4.7 million in FYTD 2019 3Q. The University ended FY 2020 3Q with \$163.0 million in cash balances.

<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 5 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.

## 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 2020 3Q ending balance) could have unrealized losses of up to \$8.0 million and one percent probability of up to \$17.1 million of unrealized losses within a twelve-month period. This risk exposure is slightly higher than FYTD 2019 3Q (\$6.4 million and \$15.8 million).

The University conducts monthly performance simulations of the portfolio under various market scenarios. At the end of FY 2020 3Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$2.5 million (0.6 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 76.2 percent, or \$298.1 million, of the total current available cash and investment balances. RDP would fall to 62 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$7.0 million (-1.9 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$324.4 million or 87.1 percent of the total current available cash and investment balances. RDP would remain steady at 68 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$6.4 million (-2.0 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$284.6 million or 76.2 percent of the total current available balances. Furthermore, RDP would drop 59 days.

## Forecast and Budget

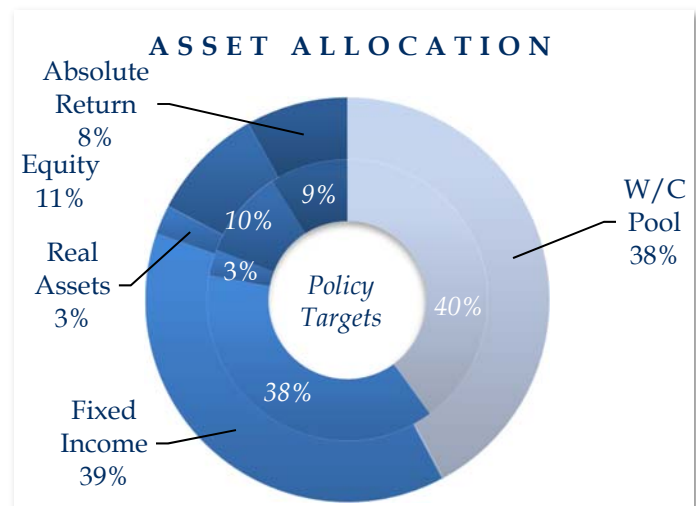
Actual balances at the end of FY 2020 3Q were 4.5 percent higher than the rolling forecast, -8.0 percent lower than the budget, and 4.3 percent higher than prior year. For the next quarter, the University should experience a gradual decline in the cash and investment balances lasting through the end of the fourth quarter of FY 2020.

## INVESTMENTS

### Composition

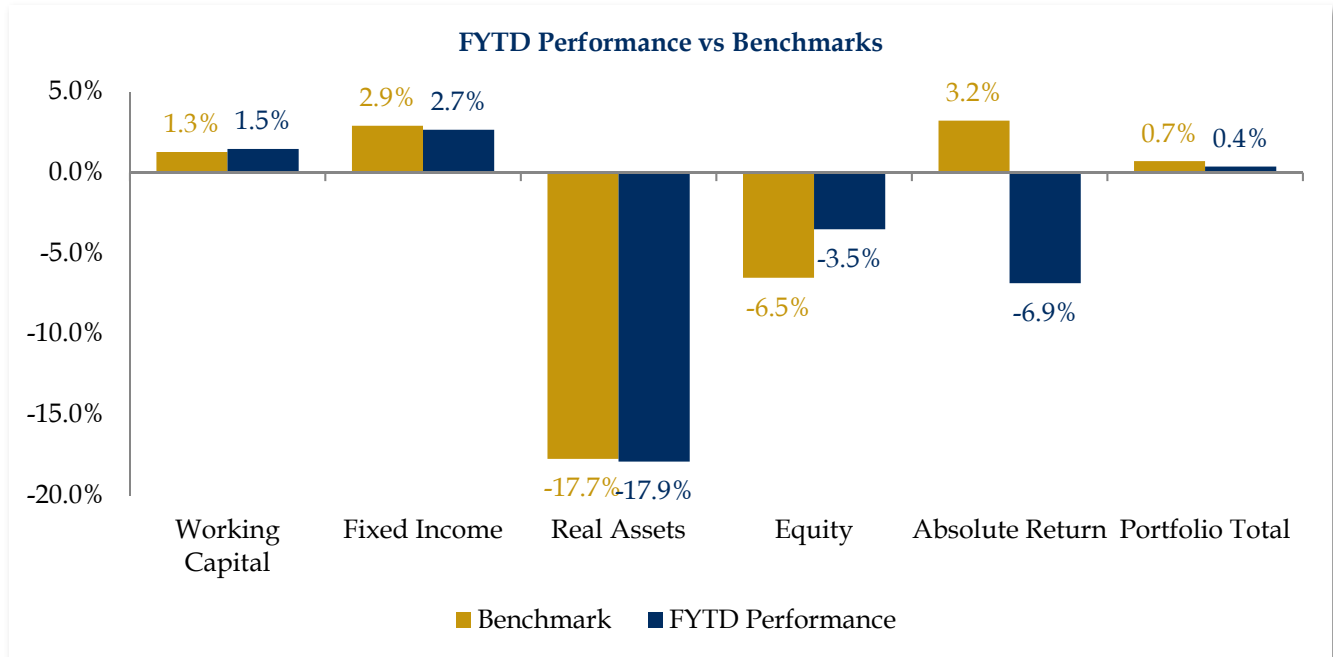
Asset allocations at the end of FY 2020 3Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2020 3Q, the market value of the University’s operating funds portfolio and cash was \$386.4 million. This balance reflects an increase of \$6.5 million or 1.7 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in cash flows, partially offset by the 3Q investment returns. The total portfolio market value was \$16.1 million higher than the market value at the end of FY 2019 3Q. The increase was due to strong year over year investment performance and higher positive cash flows.



## Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 3.9 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FY 2020 3Q, the portfolio returned 0.4 percent. This compares unfavorably to a 2.9 percent return at the end of FY 2019 3Q. The Strategic Capital and Reserve Pools returned -0.8 percent while the Working Capital Pool gained 1.5 percent. Returns from the SPIA totaled 2.5 percent at the end of FY 2020 3Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).



The Working Capital Pool was slightly higher and the Strategic/Reserve Pools were lower than their respective benchmarks. All asset classes in the Strategic/Reserve Pools were in line with their benchmarks with the exception of Equity and Absolute Return. The Equity asset class outperformed and the Absolute Return asset class underperformed their respective benchmarks. The outperformance in the Equity asset class was due to the portfolio's investments in private markets.

## DEBT

### Total Outstanding

The University and DSOs ended FY 2020 3Q with \$163.6M million in outstanding debt versus \$180.4M million at the end of FY 2019 3Q. 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 a number of outstanding bond series. The refundings/modification are projected to save the University and AFC \$15.5 million in interest expense over the term of the issuances. As of March 31, 2020, \$4.5 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save \$0.7 million in interest expense in FY 2020 and \$4.2 million over the next 5 years.

### Rating Agencies

The University anticipates that it will hold ratings review meetings with each of the rating agencies throughout 4Q, relating to the Parkview II bond issuance. We also anticipate that we will release voluntary disclosures, to the markets, for the Housing and Parking Systems. The disclosures will provide projections of the impact that the Coronavirus pandemic will have on each of the systems.

Period Ending March 31, 2020

**OVERVIEW**

Liquidity/University Debt	2.85
Liquidity/Total Debt	2.36

**Liquidity Position**

Cash + W/C Pool	\$ 163,002
Strategic + Reserve Pools	223,394
<b>Total</b>	<b>\$ 386,396</b>

**Debt Position**

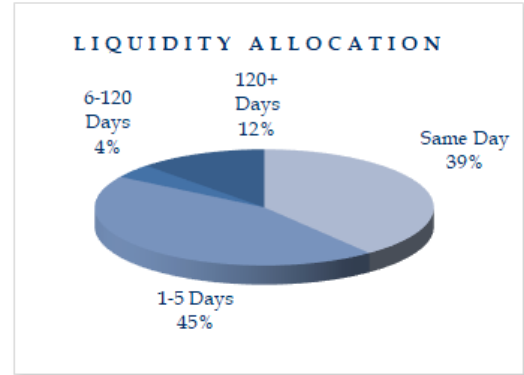
University Debt	\$ 135,560
DSO Debt	28,083
<b>Total</b>	<b>\$ 163,643</b>

**LIQUIDITY**

<b>Availability</b>	
Same Day	\$ 152,154
1-5 Days	171,747
6-120 Days	15,216
120+ Days	47,280
<b>Total</b>	<b>\$ 386,396</b>

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

MTD Outflows	81
QTD Outflows	59
YTD Outflows	68

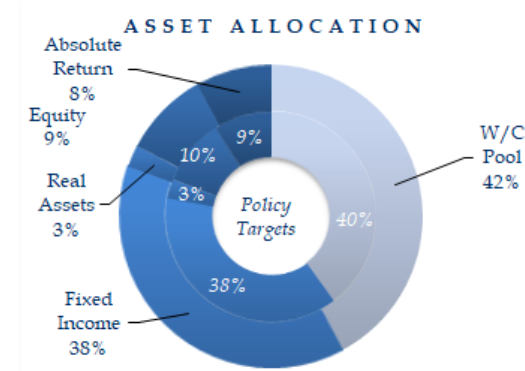
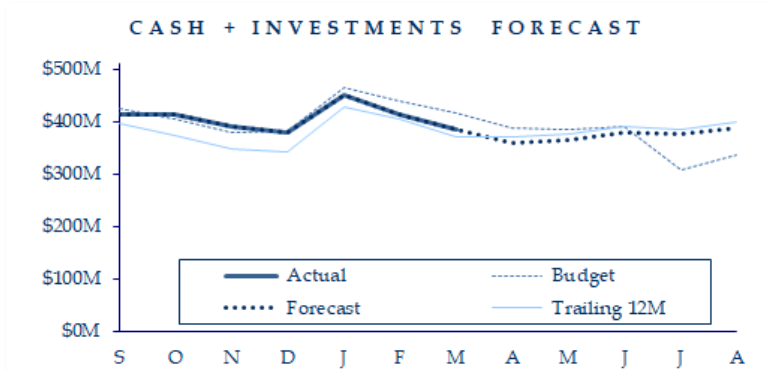


**LIQUIDITY SOURCES AND USES**

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 178,620	\$ 143,614	\$ 167,855
Opening Cash Balance	882	636	1,290
Front State	33,883	93,723	278,657
From Operations	37,457	275,913	657,890
<b>Uses</b>			
To Payroll	(53,870)	(177,902)	(513,777)
To Operations	(23,765)	(84,417)	(237,481)
To Students	(10,206)	(88,565)	(191,433)
<b>Cash + W/C Pool</b>	<b>\$ 163,002</b>	<b>\$ 163,002</b>	<b>\$ 163,002</b>

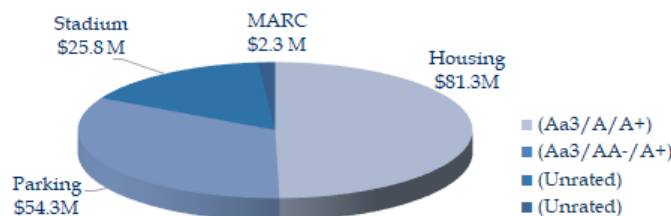
**INVESTMENTS**

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 162,716	1.5%	2.2%
Cash	286	0.0%	0.0%
<b>Strategic + Reserve Pools</b>			
Fixed Income	147,405	2.7%	5.9%
Real Assets	9,062	-17.9%	-19.4%
Equity	35,319	-3.5%	-1.2%
Absolute Return	31,608	-6.9%	4.8%
<b>Total</b>	<b>\$ 386,396</b>	<b>-0.8%</b>	<b>1.8%</b>

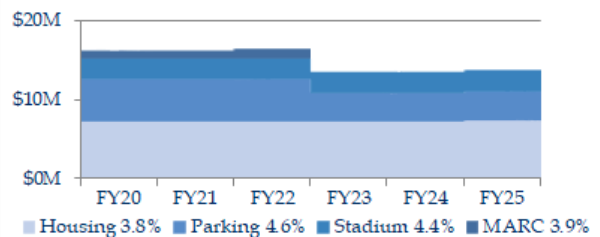


**DEBT**

**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>	\$163.0M	\$163.0M	\$2.4M
Fixed Income	\$147.4M	\$140.4M	\$2.2M
Equity	\$35.3M	\$32.8M	\$0.2M
Real Assets	\$9.1M	\$17.8M	\$0.0M
Absolute Return	\$31.6M	\$23.7M	\$0.0M
<u>Total Strategic/Reserve</u>	\$223.4M	\$214.7M	\$2.5M
<u>Total Operating Funds</u>	\$386.4M	\$377.7M	\$4.8M