

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 September 9, 2020

TREASURY REPORT (For quarter ending June 30, 2020)

Report (For Information Only – no action required)

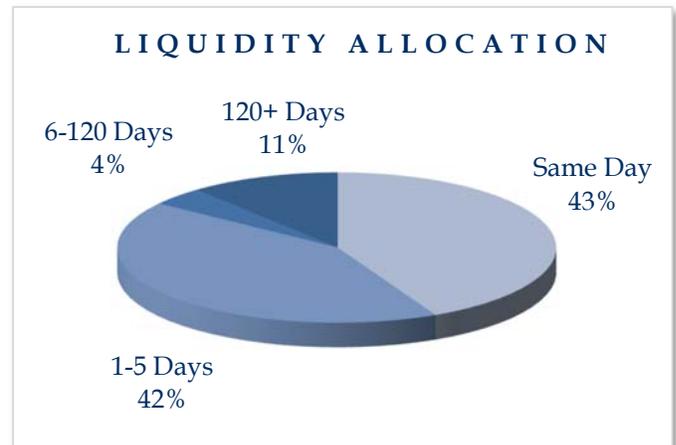
OVERVIEW

The University’s total liquidity position of \$431.0 million was 3.2 times the University’s debt position of \$135.6 million at the end of FY 2020. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.6 times. These results are better compared to the end of FY 2019, where the liquidity to University debt and the liquidity to total debt ratios were 2.7 times and 2.2 times, respectively.

LIQUIDITY

Real Days Payable

At the end of FY 2020, \$366.1 million, or 84.9 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FY 2020, the University had 77 real days payable¹ (“RDP”) versus 72 RDP at the end of FY 2019. The increase in RDP was largely due to the positive cash flows and portfolio returns over the trailing 1-year period.



Sources

The University started the fiscal year with \$169.1 million in cash balances². Total FY 2020 inflows (state and operational) were \$1,268.3 million as compared to \$1,220.8 million for FY 2019. On average, \$4.8 million flowed into the University each business day in FY 2020 and \$4.7 million in FY 2019.

Uses

FY 2020, the University used \$1,242.0 million as compared to \$1,193.4 million in the same period last fiscal year. The FY 2020 velocity cash outflow was \$4.7 million per day versus \$4.7 million in FY 2019. The University ended FY 2020 with \$195.4 million in cash balances.

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.

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 2020 ending balance) could have unrealized losses of up to \$7.9 million and one percent probability of up to \$17.6 million of unrealized losses within a twelve-month period. This risk exposure is in line with the previous quarter (\$8.0 million and \$17.1 million).

The University conducts monthly performance simulations of the portfolio under various market scenarios. At the end of FY 2020, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$2.6 million (0.6 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 77.6 percent, or \$338.3 million, of the total current available cash and investment balances. RDP would fall to 71 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$7.4 million (-1.8 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$366.4 million or 88.0 percent of the total current available cash and investment balances. RDP would remain steady at 77 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$7.4 million (-1.8 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$322.6 million or 77.5 percent of the total current available balances. Furthermore, RDP would drop 68 days.

Forecast and Budget

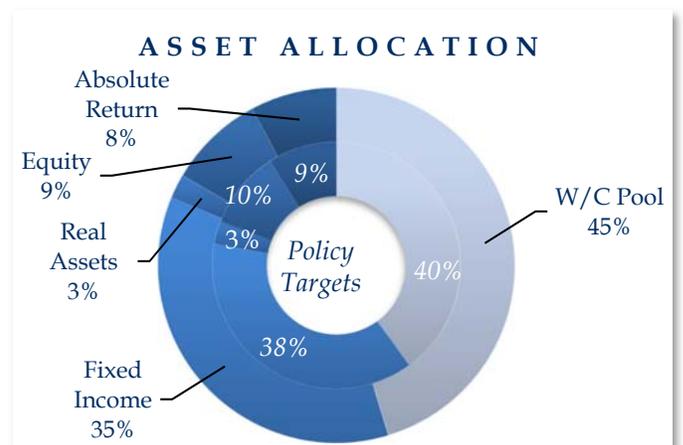
Actual balances at the end of FY 2020 were 11.1 percent higher than the rolling forecast, 9.0 percent higher than the budget, and 10.0 percent higher than prior year. For the next quarter, the University should experience a significant increase in the cash and investment balances due to fall tuition receipts, which should last through the end of the first quarter of FY 2021.

INVESTMENTS

Composition

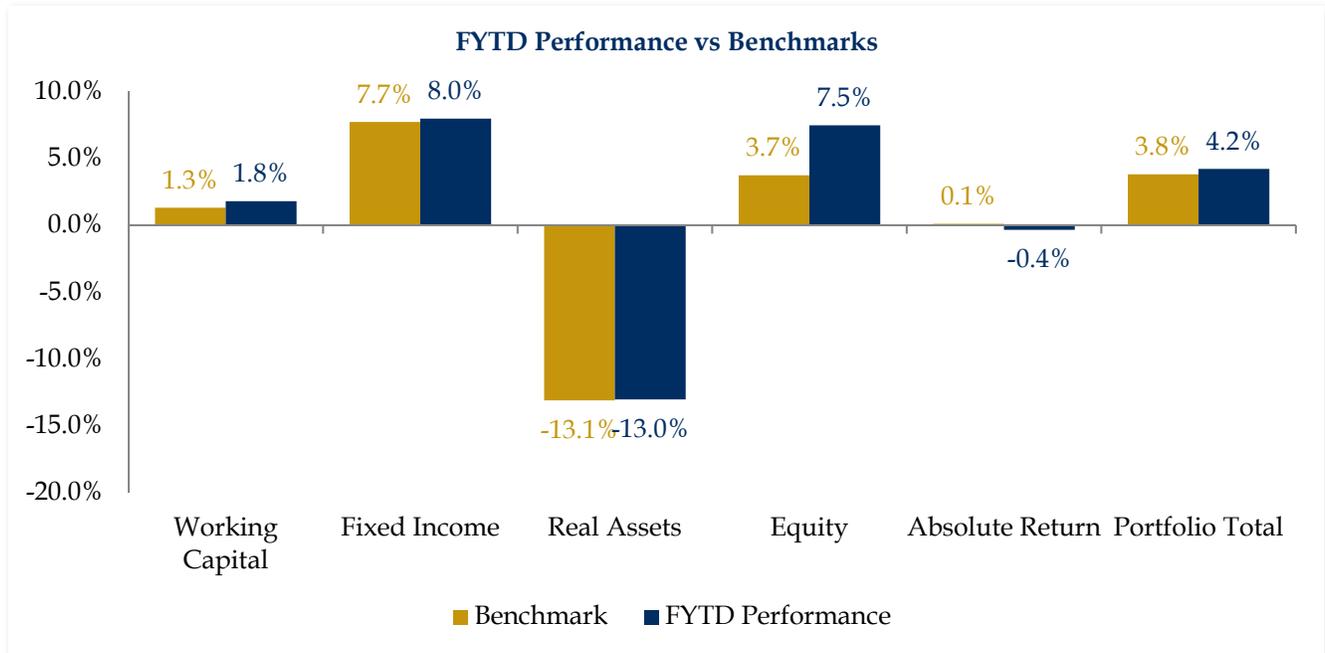
Asset allocations at the end of FY 2020 remained within policy guidelines (See *Asset Allocation* chart for quarter end detail). Working Capital Pool cash equivalents were elevated due to expectations for capital outlays for the Parkview II and EOC projects.

At the end of FY 2020, the market value of the University’s operating funds portfolio and cash was \$431.0 million. This balance reflects an increase of \$44.6 million or 11.5 percent, from the previous quarter. The increase reflects a quarter-to-quarter positive increase in cash flows, in addition to the 4Q investment returns. The total portfolio market value was \$35.4 million higher than the market value at the end of FY 2019. The increase was due to higher positive cash flows and a solid year over year investment performance.



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 2020, the portfolio returned 4.2 percent. This compares unfavorably to a 4.7 percent return at the end of FY 2019. The Strategic Capital and Reserve Pools returned 5.6 percent while the Working Capital Pool gained 1.8 percent. Returns from the SPIA totaled 3.4 percent at the end of FY 2020 (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).



The Working Capital and the Strategic/Reserve Pools were in line with their benchmarks with the exception of the Equity asset class, which outperformed its benchmark. The outperformance in the Equity asset class was largely due to the portfolio's investment in private markets.

DEBT

Total Outstanding

The University and DSOs ended FY 2020 with \$163.4 million in outstanding debt versus \$178.6 million at the end of FY 2019. 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 June 30, 2020, \$4.5 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save \$0.9 million in interest expense in FY 2021 and \$4.3 million over the next 5 years.

Rating Agencies

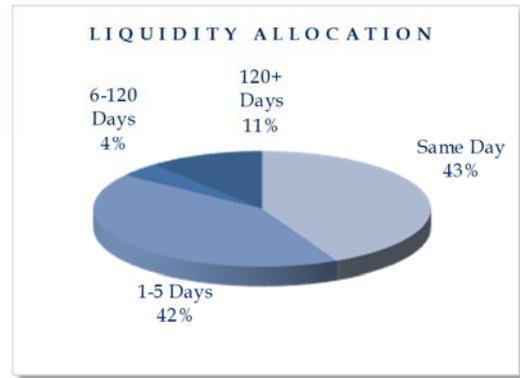
The University released voluntary disclosures, to the markets, for the Housing and Parking Systems. The disclosures provided projections of the impact that the Coronavirus pandemic will have on each of the systems. The University anticipates that it will hold ratings review meetings with each of the rating agencies throughout 1Q, relating to the Parkview II bond issuance.

OVERVIEW

Liquidity/University Debt	3.18
Liquidity/Total Debt	2.64
Liquidity Position	
Cash + W/C Pool	\$ 195,435
Strategic + Reserve Pools	235,540
Total	\$ 430,975
Debt Position	
University Debt	\$ 135,560
DSO Debt	27,855
Total	\$ 163,415

LIQUIDITY

Availability	
Same Day	\$ 184,138
1-5 Days	181,919
6-120 Days	17,337
120+ Days	47,580
Total	\$ 430,975
Real Days Payable (<5 Days)	
MTD Outflows	91
QTD Outflows	79
YTD Outflows	77

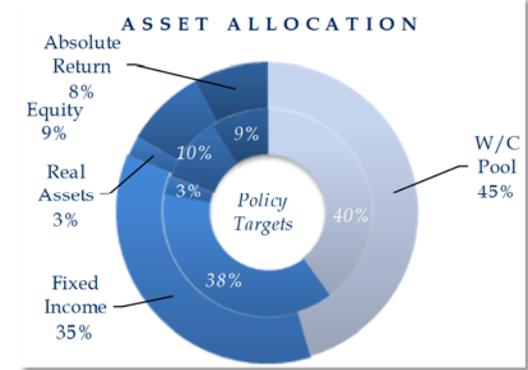
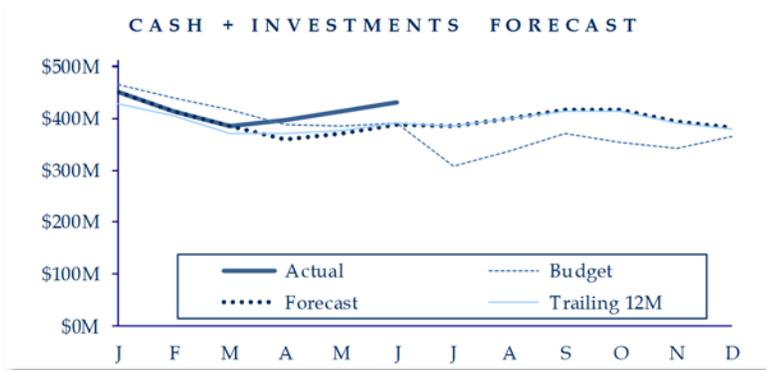


LIQUIDITY SOURCES AND USES

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 179,620	\$ 162,716	\$ 167,855
Opening Cash Balance	531	286	1,290
From State	35,806	104,599	383,257
From Operations	68,249	227,151	885,040
Uses			
To Payroll	(49,233)	(154,469)	(668,246)
To Operations	(25,567)	(78,497)	(315,978)
To Students	(13,970)	(66,351)	(257,783)
Cash + W/C Pool	\$ 195,435	\$ 195,435	\$ 195,435

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 194,919	1.8%	1.8%
Cash	516	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	154,558	8.0%	8.0%
Real Assets	9,594	-13.1%	-13.1%
Equity	37,571	7.5%	7.5%
Absolute Return	33,816	-0.4%	-0.4%
Total	\$ 430,975	5.6%	5.6%



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>	\$195.4M	\$195.2M	\$2.5M
Fixed Income	\$154.6M	\$141.1M	\$2.9M
Equity	\$37.6M	\$31.1M	\$0.3M
Real Assets	\$9.6M	\$17.8M	\$0.0M
Absolute Return	\$33.9M	\$23.7M	\$0.0M
<u>Total Strategic/Reserve</u>	\$235.6M	\$213.8M	\$3.2M
<u>Total Operating Funds</u>	\$431.0M	\$408.9M	\$5.7M

¹ Excludes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash