

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 December 3, 2020

TREASURY REPORT (For quarter ending September 30, 2020)

Report (For Information Only – no action required)

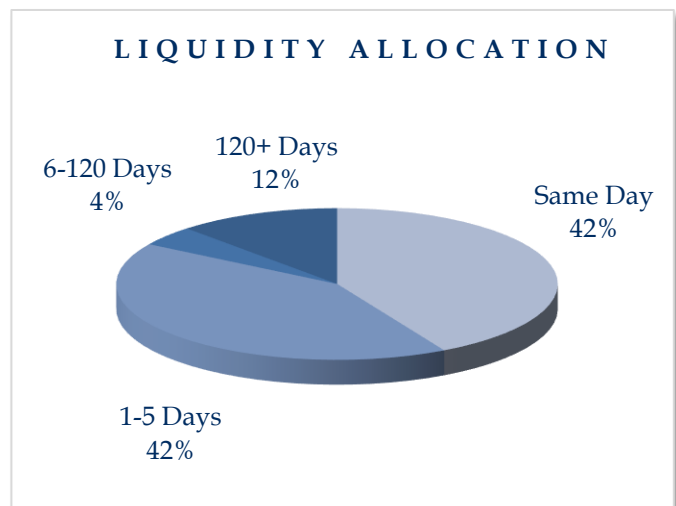
OVERVIEW

The University’s total liquidity position of \$479.8 million was 3.7 times the University’s debt position of \$128.5M million at the end of FY 2021 1Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 3.1 times. These results are better compared to the end of FY 2020 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.1 times and 2.5 times, respectively.

LIQUIDITY

Real Days Payable

At the end of FY 2021 1Q, \$412.9 million, or 86.1 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2021 1Q, the University had 87 real days payable¹ (“RDP”) versus 69 RDP at the end of FYTD 2020 1Q. The increase in RDP was largely due to the increase in net cash flows and portfolio returns over the trailing 1-year period.



Sources

The University started the fiscal year with \$195.4 million in cash balances². Total FYTD 2021 1Q inflows (state and operational) were \$356.4 million as compared to \$349.5 Million for FYTD 2020 1Q. On average, \$5.4 million flowed into the University each business day in FYTD 2021 1Q and \$5.3 million in FYTD 2020 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 2021 1Q, the University used \$314.6 million as compared to \$333.4 million in the same period last fiscal year. The FYTD 2021 1Q velocity cash outflow was \$4.8 million per day and \$5.1 million in FYTD 2020 1Q. The University ended FY 2021 1Q with \$237.3 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 2021 1Q ending balance) could have unrealized losses of up to \$11.6 million and one percent probability of up to \$21.6 million of unrealized losses within a twelve-month period.

The University conducts monthly performance simulations of the portfolio under various market scenarios. At the end of FY 2021 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$2.6 million (0.5 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 79.2 percent, or \$384.4 million, of the total current available cash and investment balances. RDP would fall to 81 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$7.2 million (-1.6 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would increase slightly to \$413.7 million or 88.9 percent of the total current available cash and investment balances. RDP would remain steady at 87 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$7.8 million (-1.7 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$367.5 million or 79.2 percent of the total current available balances. Furthermore, RDP would drop to 77 days.

Forecast and Budget

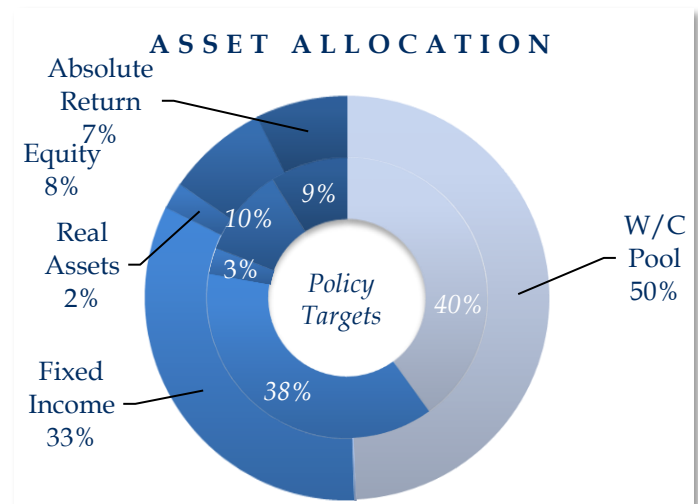
Actual balances at the end of FY 2021 1Q were 13.9 percent higher than the rolling forecast, 22.5 percent higher than the budget, and 15.5 percent higher than prior year. For the next quarter, the University should experience a decrease in the cash and investment balances lasting through the end of the second quarter of FY 2021.

INVESTMENTS

Composition

Asset allocations at the end of FY 2021 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2021 1Q, the market value of the University’s operating funds portfolio and cash was \$479.8 million. This balance reflects an increase of \$48.3 million or 11.1 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows in addition to the quarterly investment returns. The total portfolio market value was

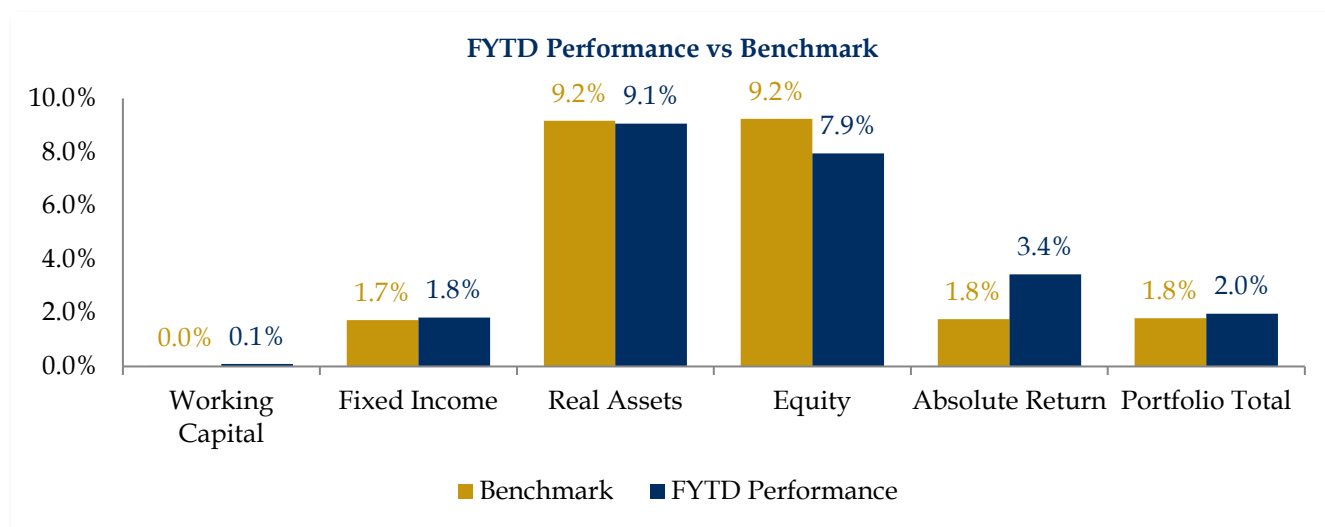


\$64.5 million higher than the market value at the end of FY 2020 1Q. The increase was largely due to higher net cash flows and a solid investment performance throughout the year.

Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.2 percent since inception versus the SPIA's 2.6 percent for the same period. At the end of FY 2021 1Q, the portfolio returned 2.0 percent. This compares favorably to a 1.2 percent return at the end of FY 2020 1Q. The Strategic Capital and Reserve Pools returned 3.3 percent while the Working Capital Pool gained 0.1 percent. Returns from the SPIA totaled 0.6 percent at the end of FY 2021 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The Working Capital Pool and the Strategic and Reserve Pools were each slightly higher than their respective benchmarks. Asset classes were in line with their benchmarks with the exception of Equities, which underperformed the benchmark and Absolute Return, which outperformed. The underperformance in the equity asset class was due to the portfolio's investments in private markets.



DEBT

Total Outstanding

The University and DSOs ended FY 2021 1Q with \$156.1M million in outstanding debt versus \$165.5M million at the end of FY 2020 1Q. 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 \$15.5 million in interest expense over the term of the issuances. As of September 30, 2020, \$5.4 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 Fiscal Year 2021 and \$4.3 million over the next 5 years. The University anticipates that it will be able to refund the 2012A Housing Bonds for interest savings in late Spring of 2021.

Rating Agencies/Bond Sales

The University will hold ratings review meetings with each of the rating agencies throughout 2Q, and anticipates that it will sell \$71.8 million in bonds to fund the Parkview II project in November.

OVERVIEW

Liquidity/University Debt	3.73
Liquidity/Total Debt	3.07

Liquidity Position

Cash + W/C Pool	\$ 237,253
Strategic + Reserve Pools	242,500
Total	\$ 479,753

Debt Position

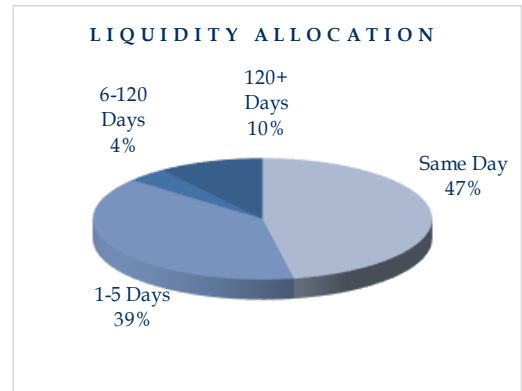
University Debt	\$ 128,500
DSO Debt	27,615
Total	\$ 156,115

LIQUIDITY

Availability	
Same Day	\$ 225,620
1-5 Days	187,288
6-120 Days	18,266
120+ Days	48,579
Total	\$ 479,753

Real Days Payable (<5 Days)

MTD Outflows	73
QTD Outflows	87
YTD Outflows	87

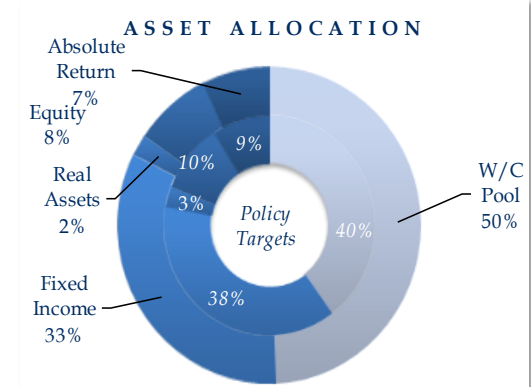
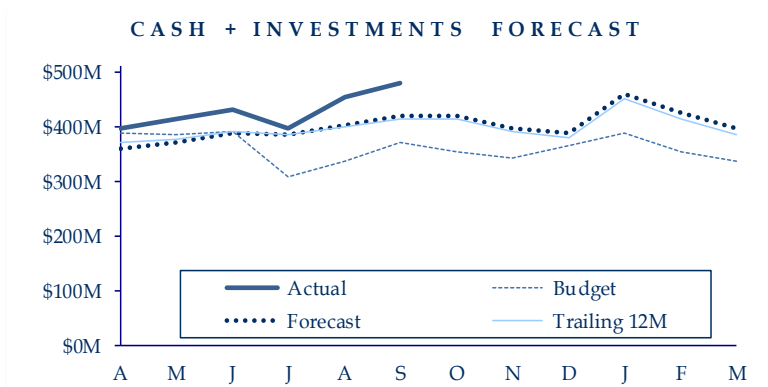


LIQUIDITY SOURCES AND USES

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 209,533	\$ 194,919	\$ 194,919
Opening Cash Balance	826	516	516
From State	36,076	101,825	101,825
From Operations	115,876	254,591	254,591
Uses			
To Payroll	(53,175)	(170,850)	(170,850)
To Operations	(22,328)	(61,858)	(61,858)
To Students	(49,555)	(81,891)	(81,891)
Cash + W/C Pool	\$ 237,253	\$ 237,253	\$ 237,253

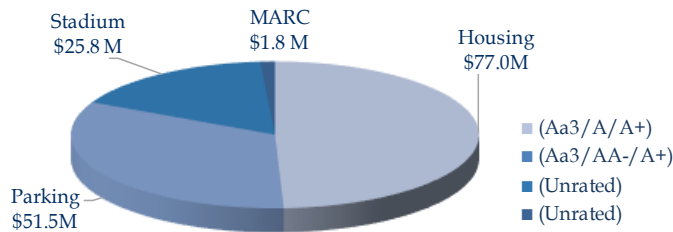
INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last1Y
W/C Pool	\$ 236,457	0.1%	1.2%
Cash	796	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	157,865	1.8%	7.7%
Real Assets	10,466	9.1%	-2.9%
Equity	39,144	7.9%	12.7%
Absolute Return	35,025	3.4%	5.6%
Total	\$ 479,753	3.3%	7.4%

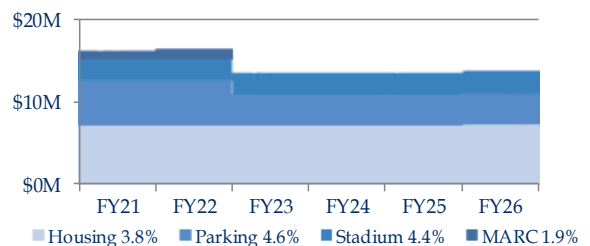


DEBT

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>	\$237.3M	\$237.0M	\$0.1M
Fixed Income	\$157.9M	\$142.7M	\$0.7M
Equity	\$39.1M	\$29.9M	\$0.1M
Real Assets	\$10.5M	\$17.8M	\$0.0M
Absolute Return	\$35.0M	\$23.7M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$242.5M</u>	<u>\$214.0M</u>	<u>\$0.7M</u>
<u>Total Operating Funds</u>	<u>\$479.8M</u>	<u>\$451.0M</u>	<u>\$0.9M</u>

¹ Excludes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash