THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
February 23, 2021

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

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

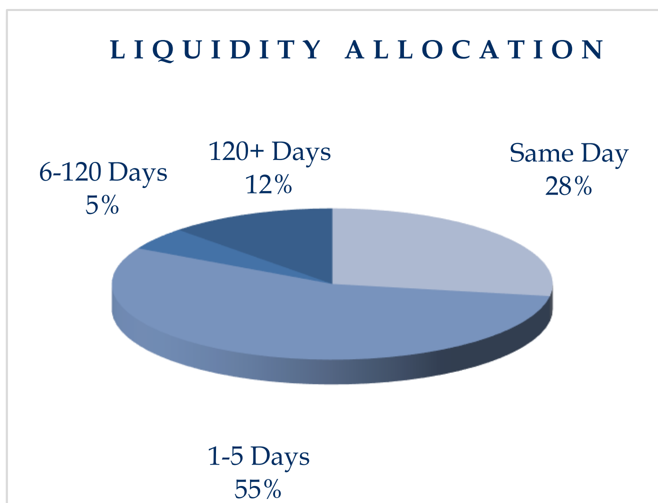
OVERVIEW

The University's total liquidity position of $423.1 million was 2.1 times the University's debt position of $200.3M million at the end of FY 2021 2Q. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 1.9 times. These results are lower compared to the end of FY 2020 2Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.8 times and 2.3 times, respectively. The lower results are the result of the issuance of $71.8M for the 2020A Housing Bonds

LIQUIDITY

Real Days Payable

At the end of FY 2021 2Q, $350.4 million, or 82.8 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). This compares to $309.9 million, or 81.5 percent at the end of the same period in the prior year. At the end of FYTD 2021 2Q, the University had 80 real days payable[1] ("RDP") versus 69 RDP at the end of FYTD 2020 2Q. The increase in RDP was 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 balances[2]. Total FYTD 2021 2Q inflows (state and operational) were $551.9 million as compared to $566.9 Million for FYTD 2020 2Q. On average, $4.2 million flowed into the University each business day in FYTD 2021 2Q and $4.3 million in FYTD 2020 2Q.

Uses

FYTD 2021 2Q, the University used $578.7 million as compared to $591.8 million in the same period last fiscal year. The FYTD 2021 2Q velocity cash outflow was $4.4 million per day and $4.5 million in FYTD 2020 2Q. The University ended FY 2021 2Q with $168.6 million in cash balances.

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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.

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 2Q ending balance) could have unrealized losses of up to $13.4 million and one percent probability of up to $24.2 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 2Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a $4.0 million (0.9 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 73.4 percent, or $316.4 million, of the total available cash and investment balances. RDP would fall to 72 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -$10.7 million (-2.7 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to $348.6 million or 86.8 percent of the total available cash and investment balances. RDP would remain steady at 80 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -$8.7 million (-2.1 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to $302.0 million or 74.4 percent of the total available balances. Furthermore, RDP would drop to 69 days.

Forecast and Budget

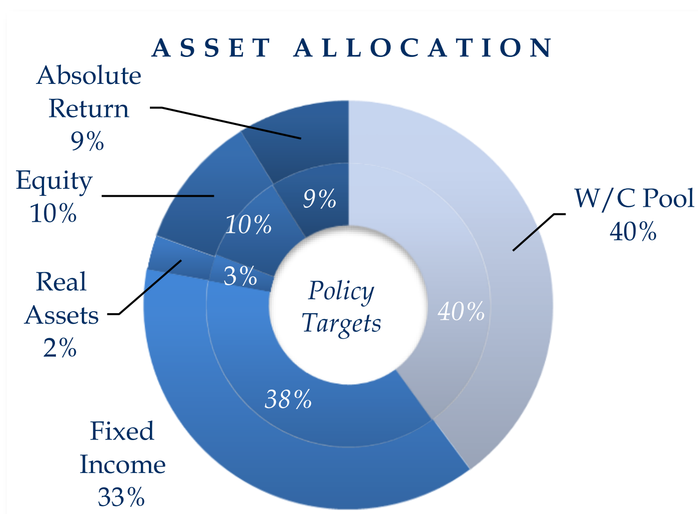
Actual balances at the end of FY 2021 2Q were 5.3 percent higher than the rolling forecast, 11.2 percent higher than the budget, and 8.3 percent higher than prior year. For the next quarter, the University should experience an initial increase in cash as spring tuition payments are received and then a gradual decrease through the end of the third quarter of FY 2021.

INVESTMENTS

Composition

Asset allocations at the end of FY 2021 2Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

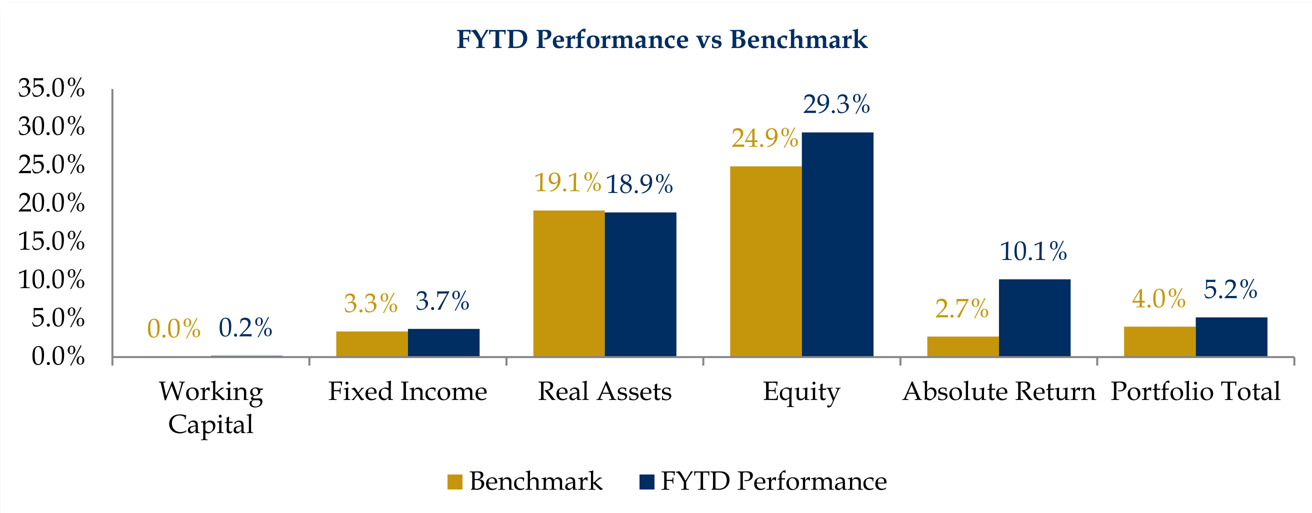
At the end of FY 2021 2Q, the market value of the University's operating funds portfolio and cash was $423.1 million. This balance reflects a decrease of -$56.7 million or -11.8 percent, from the previous quarter. The decrease reflects the quarter-to-quarter seasonal decrease in net cash flows. The total portfolio market value was $43.2 million higher or 11.4 percent, than the market value at the end of FY 2020 2Q. 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 4.4 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FYTD 2021 2Q, the portfolio returned 5.2 percent. This compares favorably to a 3.1 percent return at the end of FYTD 2020 2Q. The Strategic Capital and Reserve Pools returned 9.1 percent while the Working Capital Pool gained 0.2 percent. Returns from the SPIA totaled 1.1 percent at the end of FYTD 2021 2Q (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 higher than their respective benchmarks. All asset classes were either higher or in line with their benchmarks. The significant outperformance in Equities was due to the portfolio's investment in small cap equities and private markets. The significant outperformance in Absolute Return was due to the portfolio's Hedge Fund allocation.



DEBT

Total Outstanding

The University and DSOs ended FY 2021 2Q with $227.7 million in outstanding debt versus $165.3 million at the end of FY 2020 2Q. The weighted average interest rate for the University and DSO issuances was 4.0 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 December 31, 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 2011A and 2012A Housing Bonds for interest savings in April 2021.

Rating Agencies/Bond Sales

Moody's, S&P and Fitch affirmed the ratings on the University Housing Bonds and Moody's and Fitch affirmed the ratings on the University Parking Bonds in November. In November, the University issued $71.8M in bonds at a Total Interest Cost of 2.58%. The issuance included a premium of $6.6M, which brought the net proceeds to $78.4M. The bond sale was closed on December 15th.

FIU FLORIDA INTERNATIONAL UNIVERSITY

Finance and Administration
Office of the Treasurer
Treasury Summary

Period Ending December 31, 2020

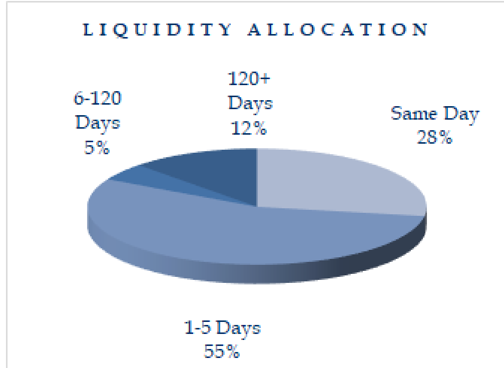
(000's)

OVERVIEW

Liquidity/University Debt		**2.11**
Liquidity/Total Debt		**1.86**
Liquidity Position		
Cash + W/C Pool	$	168,577
Strategic + Reserve Pools		254,505
Total	$	**423,082**
Debt Position		
University Debt	$	200,300
DSO Debt		27,375
Total	$	**227,675**

LIQUIDITY

Availability		
Same Day	$	116,619
1-5 Days		233,804
6-120 Days		20,656
120+ Days		52,003
Total	$	**423,082**
Real Days Payable (<5 Days)		
MTD Outflows		**85**
QTD Outflows		**88**
YTD Outflows		**80**

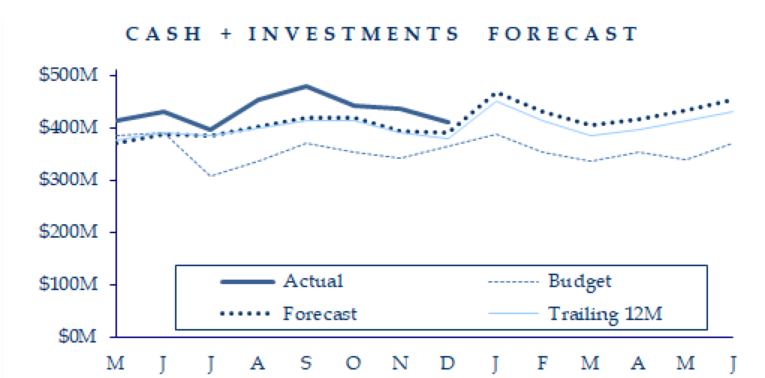


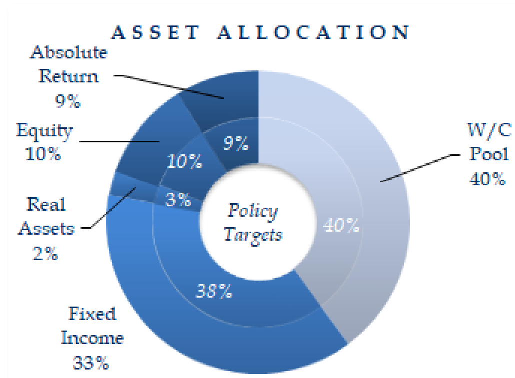
LIQUIDITY SOURCES AND USES

Sources		**MTD**		**QTD**		**YTD**
Opening W/C Pool Balance	$	188,871	$	236,457	$	194,919
Opening Cash Balance		1,563		796		516
From State		44,452		94,551		196,376
From Operations		28,186		100,893		355,485
Uses						
To Payroll		(76,985)		(184,138)		(354,988)
To Operations		(13,080)		(61,790)		(123,648)
To Students		(4,431)		(18,193)		(100,084)
Cash + W/C Pool	$	**168,577**	$	**168,577**	$	**168,577**

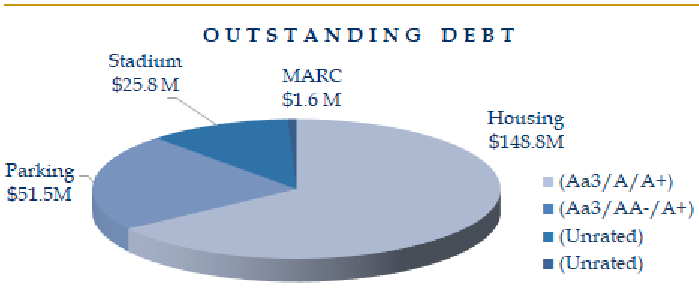
INVESTMENTS

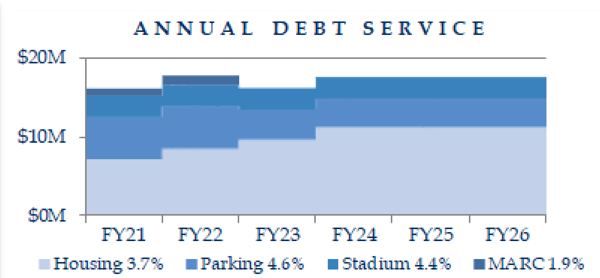
Cash + W/C Pool	**Balance**	**FYTD**	**Last 1Y**
W/C Pool	$ 157,729	0.2%	0.8%
Cash	10,847	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	160,701	3.7%	8.9%
Real Assets	11,411	18.9%	1.2%
Equity	45,096	29.3%	23.7%
Absolute Return	37,298	10.1%	10.3%
Total	**$ 423,082**	**9.1%**	**10.4%**





DEBT





(Million's)

OPERATING FUNDS	MARKET VALUE[1]	BOOK VALUE	INCOME EARNED[2]
Working Capital[3]	**$168.6M**	**$168.3M**	**$0.3M**
Fixed Income	$160.7M	$143.9M	$1.4M
Equity	$45.1M	$32.8M	$0.2M
Real Assets	$11.4M	$17.8M	$0.0M
Absolute Return	$37.3M	$23.7M	$0.0M
Total Strategic/Reserve	**$254.5M**	**$218.2M**	**$1.5M**
Total Operating Funds	**$423.1M**	**$386.5M**	**$1.8M**

[1] Excludes Dividend/Interest Receivable

[2] Investment Income Earnings - Dividends and Interest

[3] Includes Bank Cash