

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee**

June 16, 2021

TREASURY REPORT (For quarter ending March 31, 2021)

Report (For Information Only – no action required)

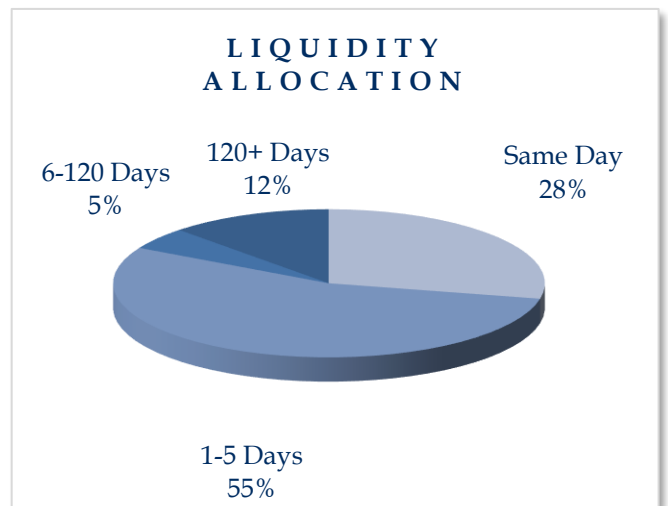
OVERVIEW

The University’s total liquidity position of \$442.2 million was 2.2 times the University’s debt position of \$225.9 million at the end of FY 2021 3Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.0 times. These results are lower compared to the end of FY 2020 3Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.9 times and 2.4 times, respectively. The lower results are due to the issuance of \$71.8M for the 2020A Housing Bonds

LIQUIDITY

Real Days Payable

At the end of FY 2021 3Q, \$366.7 million, or 82.9 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). This compares to \$323.9 million, or 83.8 percent at the end of the same period in the prior year. At the end of FYTD 2021 3Q, the University had 78 real days payable¹ (“RDP”) versus 68 RDP at the end of FYTD 2020 3Q. The increase in RDP was due to the solid performance of the portfolio over the trailing 1-year period and the increase in net cash flows.



Sources

The University started the fiscal year with \$195.4 million in cash balances². Total FYTD 2021 3Q inflows (state and operational) were \$914.7 million as compared to \$936.5 Million for FYTD 2020 3Q. On average, \$4.7 million flowed into the University each business day in FYTD 2021 3Q and \$4.8 million in FYTD 2020 3Q.

Uses

FYTD 2021 3Q, the University used \$922.5 million as compared to \$942.7 million in the same period last fiscal year. The FYTD 2021 3Q velocity cash outflow was \$4.7 million per day and \$4.8 million in FYTD 2020 3Q. The University ended FY 2021 3Q with \$187.6 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 FYTD 2021 3Q ending balance) could have unrealized losses of up to \$15.9 million and one percent probability of up to \$27.4 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 3Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$5.0 million (1.1 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would decrease to 71.8 percent, or \$324.6 million, of the total available cash and investment balances. RDP would fall to 69 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$11.5 million (-2.7 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$364.6 million or 87.0 percent of the total available cash and investment balances. RDP would remain fairly steady at 77 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$8.9 million (-2.1 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$318.6 million or 75.1 percent of the total available balances. Furthermore, RDP would drop to 68 days.

Forecast and Budget

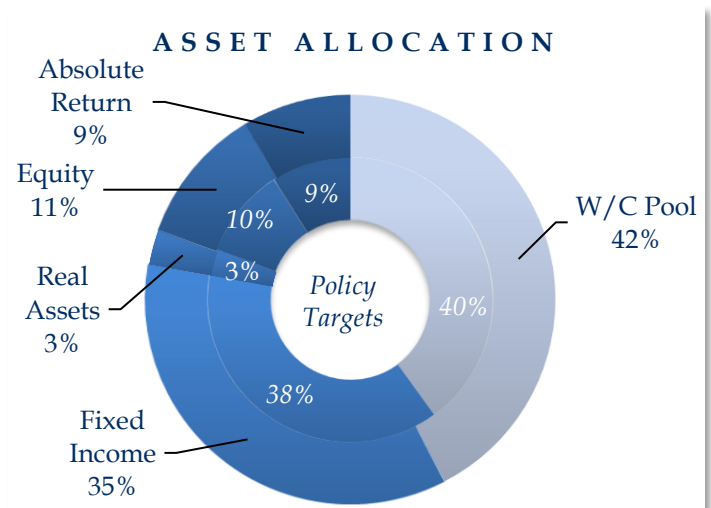
Actual balances at the end of FY 2021 3Q were 10.2 percent higher than the rolling forecast, 24.0 percent higher than the budget, and 14.4 percent higher than prior year. For the next quarter, the University should experience a slow decline in cash until summer tuition payments are received at the end of the fiscal year.

INVESTMENTS

Composition

Asset allocations at the end of FY 2021 3Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

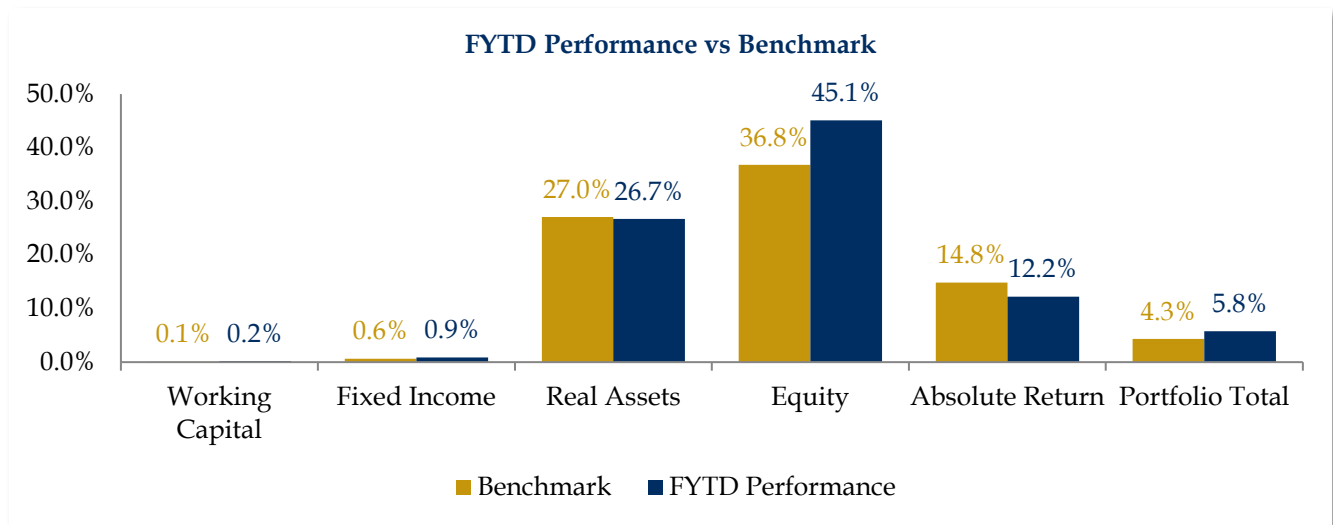
At the end of FY 2021 3Q, the market value of the University’s operating funds portfolio and cash was \$442.2 million. This balance reflects an increase of \$19.1 million or 4.5 percent, from the previous quarter. The increase mostly reflects the quarter-to-quarter seasonal increase in net cash flows. The total portfolio market value was \$55.8 million or 14.4 percent higher, than the market value at the end of FY 2020 3Q. The increase was largely due to solid investment performance throughout the year and positive cash flows.



Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.3 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FYTD 2021 3Q, the portfolio returned 5.8 percent. This compares favorably to a 0.4 percent return at the end of FYTD 2020 3Q. The Strategic Capital and Reserve Pools returned 10.2 percent while the Working Capital Pool gained 0.2 percent. Returns from the SPIA totaled 1.6 percent at the end of FYTD 2021 3Q (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 with the exception of the Absolute Return position. The Equity asset class significantly outperformed in real and nominal terms. The outperformance was due to the portfolio's investments in the private markets and small cap equities.



DEBT

Total Outstanding

The University and DSOs ended FY 2021 3Q with \$225.9 million in outstanding debt versus \$165.3 million at the end of FY 2020 3Q. The weighted average interest rate for the University and DSO issuances was 4.0 percent. The increase in outstanding debt was due to the issuance of \$71.8 million for the Parkview II housing project.

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 \$27.5 million in interest expense over the term of the issuances. As of March 31, 2021, \$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 \$7.7 million over the next 5 years. Additionally, the University refunded the 2011A and 2012A Housing Bonds for a present value interest savings of \$10.3 million in April 2021.

Rating Agencies/Bond Sales

Moody's, S&P and Fitch affirmed the ratings on the University Housing Bonds in March. In March, the University refunded \$46.4M in Housing bonds at a True Interest Cost of 1.71%. The issuance included a net premium of \$6.0M, which brought the net proceeds to \$52.4M. The bond sale was closed on April 15th.

OVERVIEW

Liquidity/University Debt	2.21
Liquidity/Total Debt	1.96

Liquidity Position

Cash + W/C Pool	\$ 187,610
Strategic + Reserve Pools	254,581
Total	\$ 442,191

Debt Position

University Debt	\$ 200,300
DSO Debt	25,630
Total	\$ 225,930

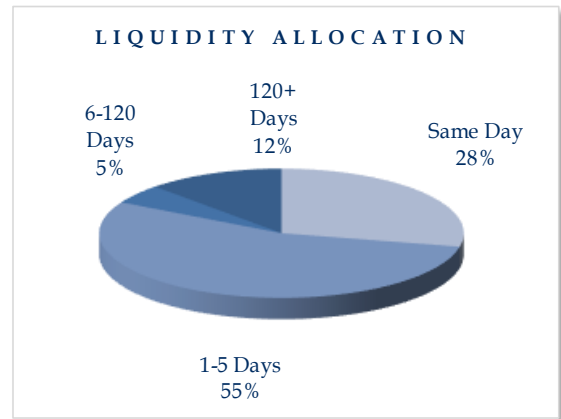
LIQUIDITY

Availability

Same Day	\$ 125,376
1-5 Days	241,332
6-120 Days	21,562
120+ Days	53,921
Total	\$ 442,191

Real Days Payable (<5 Days)

MTD Outflows	89
QTD Outflows	67
YTD Outflows	78

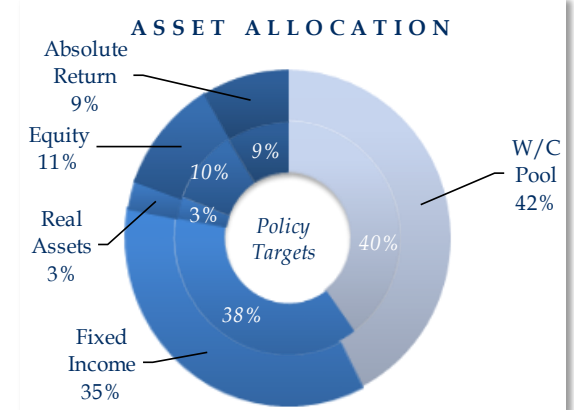
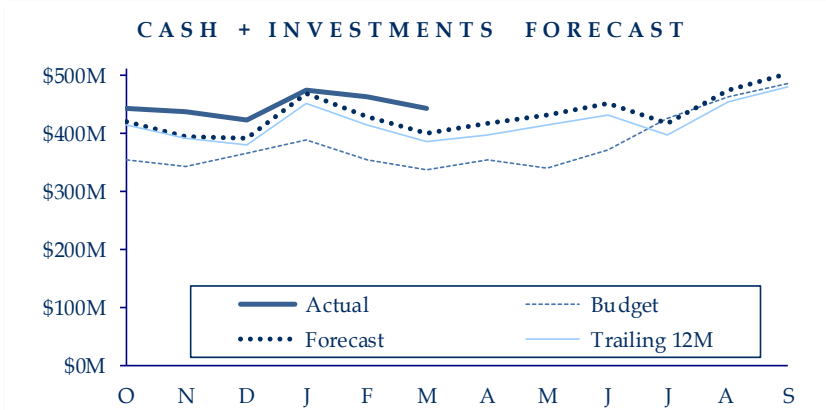


LIQUIDITY SOURCES AND USES

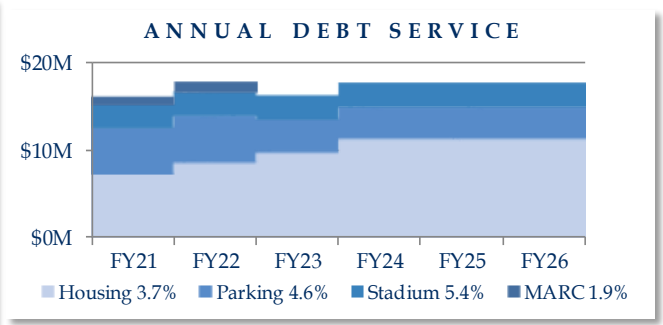
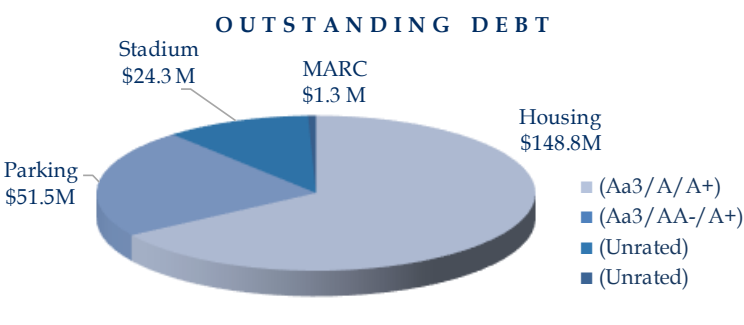
Sources*	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 173,727	\$ 145,169	\$ 194,919
Opening Cash Balance	\$ 37,916	\$ 23,408	516
From State	34,230	81,378	277,753
From Operations	36,301	281,454	636,939
Uses			
To Payroll	(54,915)	(162,845)	(517,833)
To Operations	(29,034)	(86,348)	(209,995)
To Students	(10,615)	(94,605)	(194,689)
Cash + W/C Pool	\$ 187,610	\$ 187,610	\$ 187,610

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 108,696	0.2%	0.5%
Cash	78,914	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	156,293	0.9%	6.1%
Real Assets	12,161	26.7%	34.1%
Equity	48,133	45.1%	61.6%
Absolute Return	37,994	12.2%	20.3%
Total	\$ 442,191	10.1%	17.2%



DEBT



* Estimated for FY 3Q 2021

Period Ending March 31, 2021

(Million's)

<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$187.6M	\$187.8M	\$0.5M
Fixed Income	\$156.3M	\$145.0M	\$1.9M
Equity	\$48.1M	\$30.8M	\$0.2M
Real Assets	\$12.2M	\$17.8M	\$0.0M
Absolute Return	\$38.0M	\$23.7M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$254.6M</u>	<u>\$217.3M</u>	<u>\$2.1M</u>
<u>Total Operating Funds</u>	<u>\$442.2M</u>	<u>\$405.1M</u>	<u>\$2.7M</u>

¹ Excludes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash