

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

September 14, 2021

TREASURY REPORT (For quarter ending June 30, 2021)

Report (For Information Only – no action required)

OVERVIEW

The University’s total liquidity position of \$482.6 million was 2.6 times the University’s debt position of \$187.5 million at the end of FY 2021 4Q. Including direct support organizations (“DSOs”), for a total debt of \$212.9 million, the liquidity to total debt ratio was 2.3 times. These results are lower compared to the end of FY 2020 4Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.2 times and 2.6 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 4Q, \$409.8 million, or 84.9 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). This compares to \$356.3 million, or 85.1 percent at the end of the same period in the prior year. At the end of FYTD 2021 4Q, the University had 83 real days payable (“RDP”) versus 77 RDP at the end of FYTD 2020 4Q. 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 4Q inflows (state and operational) were \$1,318.0 million as compared to \$1,268.3 Million for FYTD 2020 4Q. On average, \$5.0 million flowed into the University each business day in FYTD 2021 4Q and \$4.8 million in FYTD 2020 4Q.

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 4Q, the University used \$1,293.1 million as compared to \$1,242.0 million in the same period last fiscal year. The FYTD 2021 4Q velocity cash outflow was \$5.0 million per day and \$4.7 million in FYTD 2020 4Q. The University ended FY 2021 4Q with \$220.3 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 4Q ending balance) could have unrealized losses of up to \$15.8 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 4Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$4.7 million (1.0 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would decrease to 74.5 percent, or \$366.7 million, of the total available cash and investment balances. RDP would fall to 74 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$10.6 million (-2.3 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$407.8 million or 88.4 percent of the total available cash and investment balances. RDP would drop slightly to 82 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$8.9 million (-1.9 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$358.9 million or 77.2 percent of the total available balances. Furthermore, RDP would drop to 72 days.

1980 Stagflation scenario with inflation of 14 percent and GDP shrinkage of -1.5 percent would result in a -\$15.5 million (-3.4 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would drop to \$351.0 million or 77.7 percent. RDP would drop to 71 days.

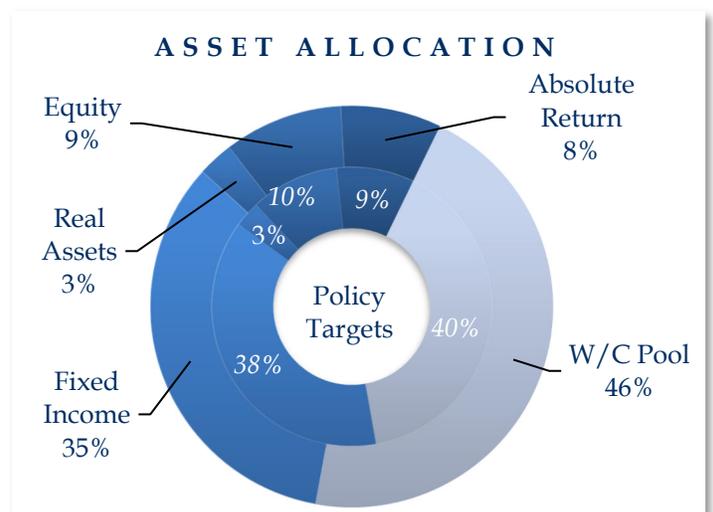
Forecast and Budget

Actual balances at the end of FY 2021 4Q were 6.1 percent higher than the rolling forecast, 23.1 percent higher than the budget, and 11.9 percent higher than prior year. For the next quarter, the University should experience an increase in net cash flow as the Fall tuition payments are received.

INVESTMENTS

Composition

Asset allocations at the end of FY 2021 4Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

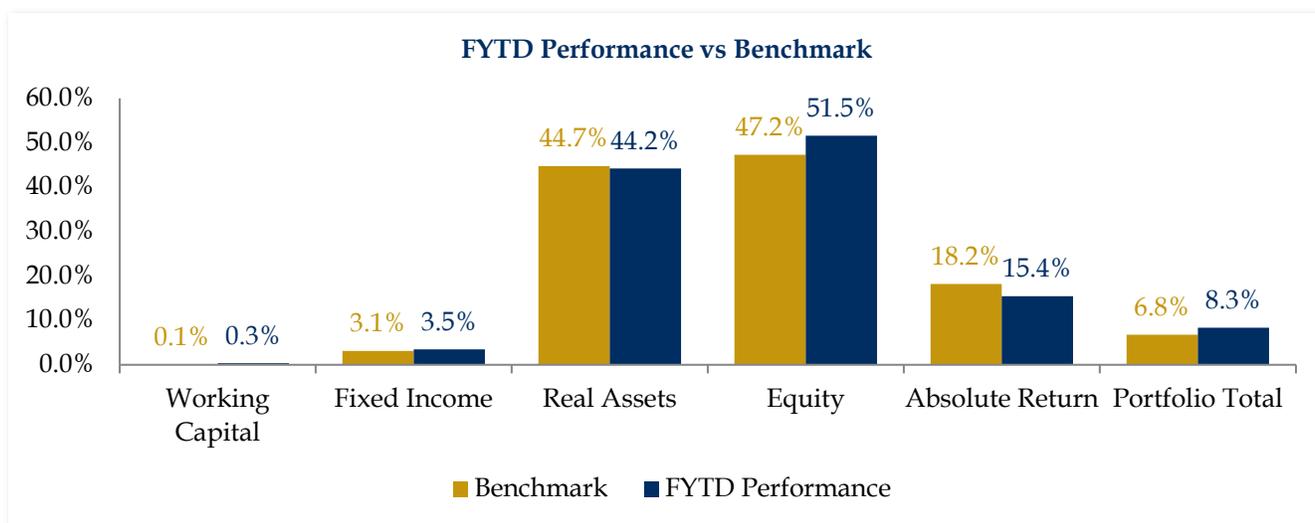


At the end of FY 2021 4Q, the market value of the University’s operating funds portfolio and cash was \$482.6 million. This balance reflects an increase of \$40.5 million or 9.2 percent, from the previous quarter. The increase mostly reflects the quarter-to-quarter seasonal increase in net cash flows. The total portfolio market value was \$51.2 million or 11.9 percent higher, than the market value at the end of FY 2020 4Q. The increase was due to solid investment performance in the trailing 1 year period and positive cash flows.

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 4Q, the portfolio returned 8.3 percent. This compares favorably to a 4.2 percent return at the end of FYTD 2020 4Q. The Strategic Capital and Reserve Pools returned 14.0 percent while the Working Capital Pool gained 0.3 percent. Returns from the SPIA totaled 1.8 percent at the end of FYTD 2021 4Q (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 4Q with \$212.9 million in outstanding debt versus \$163.4 million at the end of FY 2020 4Q. The weighted average interest rate for the University and DSO issuances was 3.8 percent versus 4.2 percent in the same period last year. 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 June 30, 2021, \$5.4 million of interest savings have been realized from the refunding/modification activities. The University and AFC saved \$0.9 million in interest expense in Fiscal Year 2021. The University expects to save \$1.0 million in FY 2022 and \$7.7 million over the next 5 years.

OVERVIEW

Liquidity/University Debt	2.57
Liquidity/Total Debt	2.27

Liquidity Position

Cash + W/C Pool	\$ 220,332
Strategic + Reserve Pools	262,312
Total	\$ 482,644

Debt Position

University Debt	\$ 187,545
DSO Debt	25,390
Total	\$ 212,935

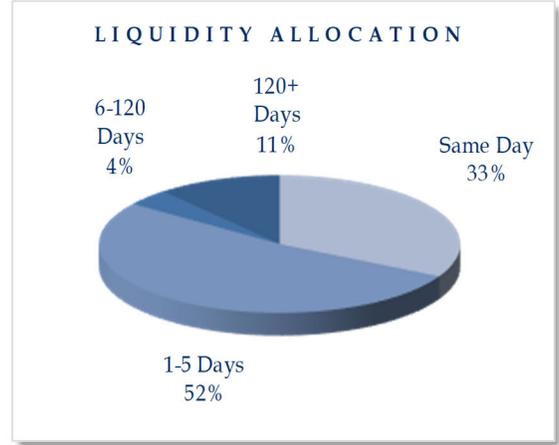
LIQUIDITY

Availability

Same Day	\$ 158,194
1-5 Days	251,575
6-120 Days	19,092
120+ Days	53,784
Total	\$ 482,644

Real Days Payable (<5 Days)

MTD Outflows	82
QTD Outflows	72
YTD Outflows	83



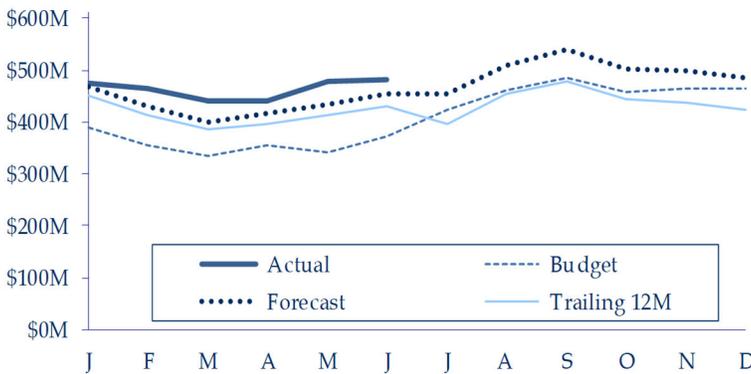
LIQUIDITY SOURCES AND USES

Sources*	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 153,879	\$ 108,696	\$ 194,919
Opening Cash Balance	\$ 63,986	\$ 78,914	516
From State	31,241	123,570	401,324
From Operations	80,579	279,744	916,683
Uses			
To Payroll	(51,460)	(159,775)	(677,608)
To Operations	(48,007)	(151,591)	(361,586)
To Students	(9,886)	(59,227)	(253,916)
Cash + W/C Pool	\$ 220,332	\$ 220,332	\$ 220,332

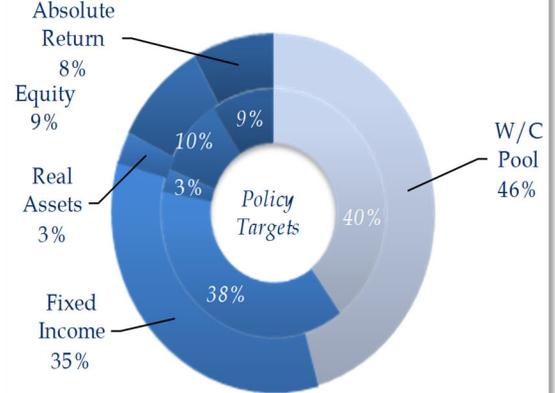
INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 150,855	0.3%	0.3%
Cash	69,476	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	163,408	3.5%	3.5%
Real Assets	13,844	44.2%	44.2%
Equity	45,977	51.5%	51.5%
Absolute Return	39,083	15.4%	15.4%
Total	\$ 482,644	14.0%	14.0%

CASH + INVESTMENTS FORECAST

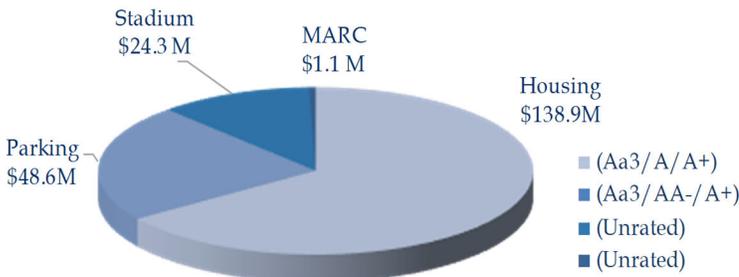


ASSET ALLOCATION

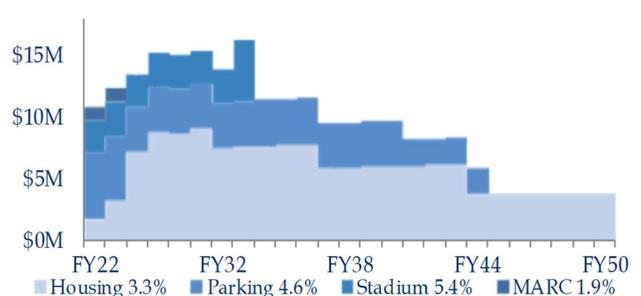


DEBT

OUTSTANDING DEBT



ANNUAL DEBT SERVICE



* Estimated for FY 4Q 2021

<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$220.3M	\$220.6M	\$0.8M
Fixed Income	\$163.4M	\$148.5M	\$2.6M
Equity	\$46.0M	\$31.0M	\$0.3M
Real Assets	\$13.8M	\$17.7M	\$0.0M
Absolute Return	\$39.1M	\$23.7M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$262.3M</u>	<u>\$220.9M</u>	<u>\$2.9M</u>
<u>Total Operating Funds</u>	<u>\$482.6M</u>	<u>\$441.5M</u>	<u>\$3.7M</u>

¹ Excludes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash