

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 December 8, 2021

TREASURY REPORT (For quarter ending September 30, 2021)

Report (For Information Only – no action required)

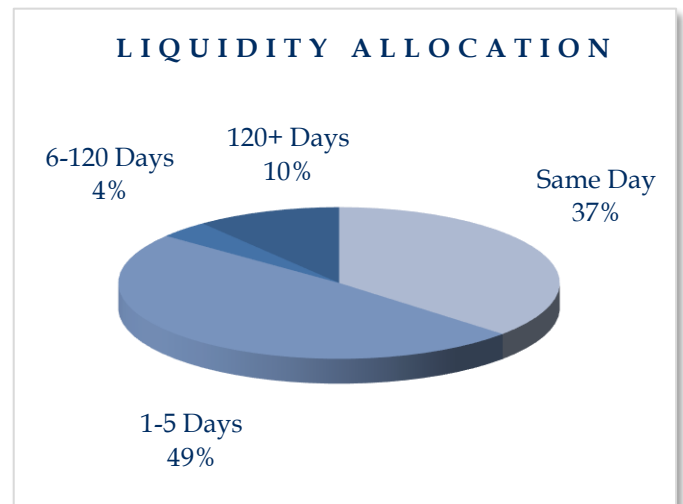
OVERVIEW

The University’s total liquidity position of \$580.5 million was 3.1 times the University’s debt position of \$187.5 million at the end of FY 2022 1Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.7 times. These results are lower compared to the end of FY 2021 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.7 times and 3.1 times, respectively. The ratio was lower mostly due to the addition of the 2020A Housing Bonds for Tamiami Hall.

LIQUIDITY

Real Days Payable

At the end of FY 2022 1Q, \$497.3 million, or 85.7 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2022 1Q, the University had 86 real days payable¹ (“RDP”) versus 87 RDP at the end of FYTD 2021 1Q. The decrease in RDP was largely due to the increase in the rate of cash outflows over the previous year.



Sources

The University started the fiscal year with \$217.9 million in cash balances². Total FYTD 2022 1Q inflows (state and operational) were \$437.5 million as compared to \$356.4 Million for FYTD 2021 1Q. On average, \$6.6 million flowed into the University each business day in FYTD 2022 1Q and \$5.4 million in FYTD 2021 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 2022 1Q, the University used \$379.9 million as compared to \$314.6 million in the same period last fiscal year. The FYTD 2022 1Q velocity cash outflow was \$5.8 million per day and \$4.8 million in FYTD 2021 1Q. The University ended FY 2022 1Q with \$275.5 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 2022 1Q ending balance) could have unrealized losses of up to \$17.8 million and one percent probability of up to \$31.2 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 2022 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$5.1 million (0.9 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 76.2 percent, or \$450.0 million, of the total current available cash and investment balances. RDP would fall to 78 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$11.6 million (-2.1 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$495.4 million or 88.9 percent of the total current available cash and investment balances. RDP would remain steady at 86 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$10.5 million (-1.9 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$438.5 million or 78.4 percent of the total current available balances. Furthermore, RDP would drop to 76 days.

Forecast and Budget

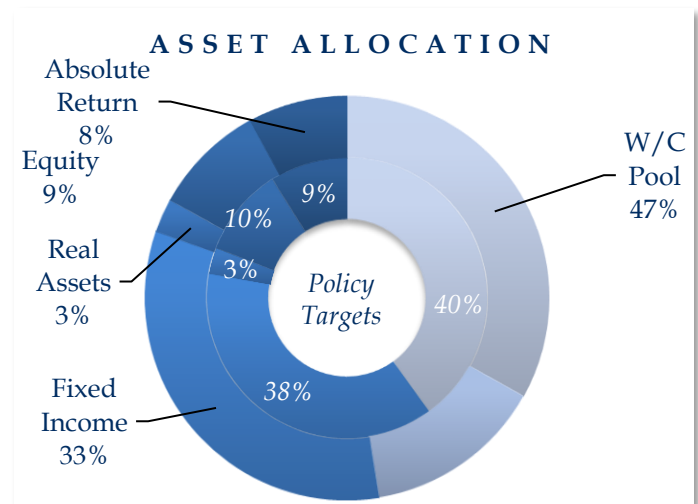
Actual balances at the end of FY 2022 1Q were 0.2 percent higher than the rolling forecast, 16.2 percent higher than the budget, and 21.0 percent higher than prior year. For the next quarter, the University should experience a decrease in the cash and investment balances lasting through the end of the second quarter of FY 2022.

INVESTMENTS

Composition

Asset allocations at the end of FY 2022 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2022 1Q, the market value of the University’s operating funds portfolio and cash was \$580.5 million. This balance reflects an increase of \$97.9 million or 20.3 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows (including CARES ACT funds) in addition to the quarterly investment returns. The total

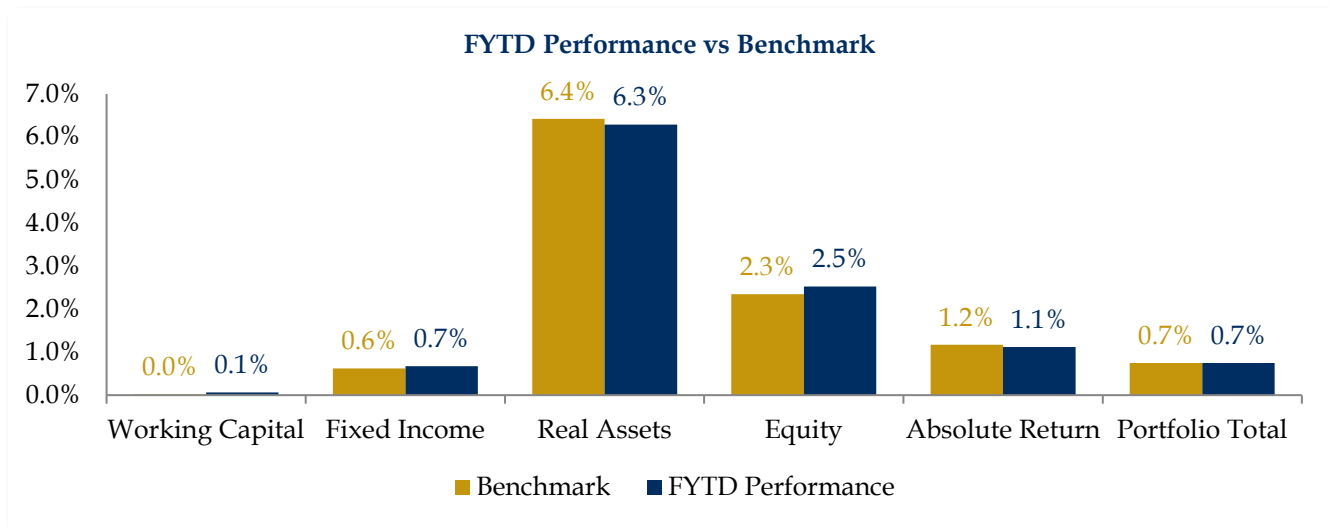


portfolio market value was \$100.7 million higher than the market value at the end of FY 2021 1Q. The increase was largely due to higher net cash flows and a solid investment performance for the trailing one year period.

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 FY 2022 1Q, the portfolio returned 0.75 percent. This compares unfavorably to a 1.97 percent return at the end of FY 2021 1Q. The Strategic Capital and Reserve Pools returned 1.3 percent while the Working Capital Pool gained 0.1 percent. Returns from the SPIA totaled 0.3 percent at the end of FY 2022 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The overall Portfolio, the Working Capital Pool and the Strategic and Reserve Pools were each in line with their respective benchmarks. All Asset classes were, also, in line with their benchmarks.



DEBT

Total Outstanding

The University and DSOs ended FY 2022 1Q with \$212.7M million in outstanding debt versus \$157.6M million at the end of FY 2021 1Q. The higher year over year outstanding debt was due to the issuance of housing bonds for the Tamiami Hall project. The weighted average interest rate for the University and DSO issuances was 3.7 percent versus 4.2 percent in the same period in the prior year.

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 September 30, 2021, \$6.5 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save \$1.0 million in interest expense in Fiscal Year 2022 and \$7.7 million over the next 5 years.

OVERVIEW

Liquidity/University Debt	3.10
Liquidity/Total Debt	2.73

Liquidity Position

Cash + W/C Pool	\$ 275,494
Strategic + Reserve Pools	305,008
Total	\$ 580,502

Debt Position

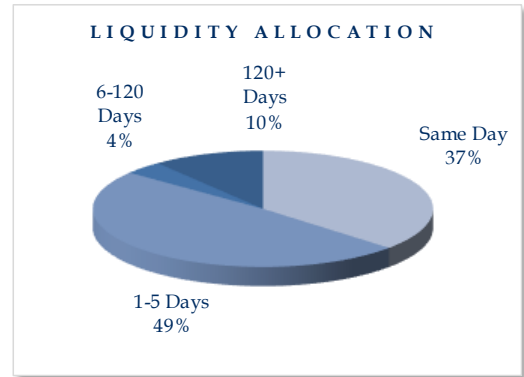
University Debt	\$ 187,545
DSO Debt	25,138
Total	\$ 212,683

LIQUIDITY

Availability	
Same Day	\$ 213,262
1-5 Days	284,030
6-120 Days	21,575
120+ Days	61,635
Total	\$ 580,502

Real Days Payable (<5 Days)

MTD Outflows	78
QTD Outflows	86
YTD Outflows	86

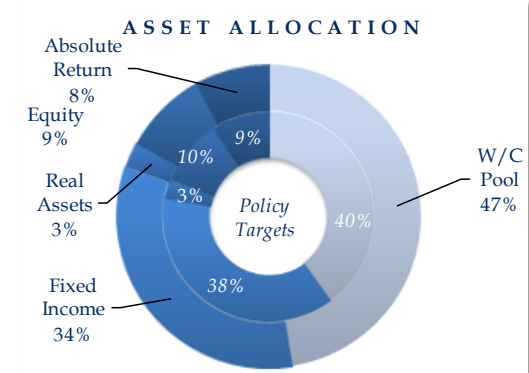
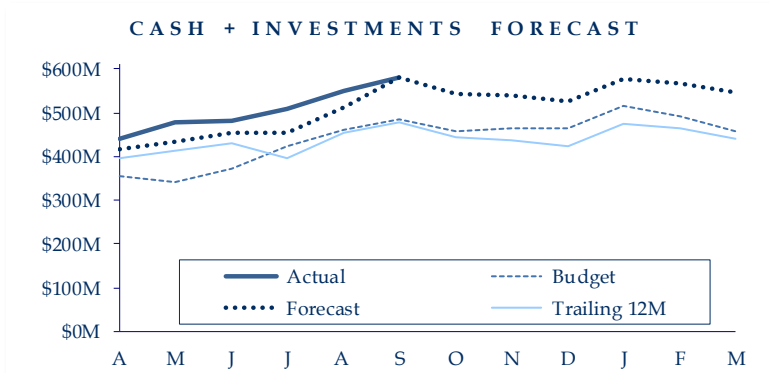


LIQUIDITY SOURCES AND USES

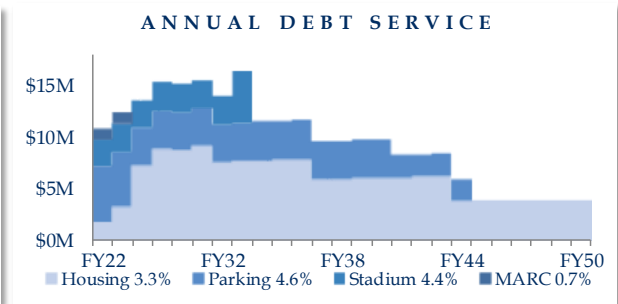
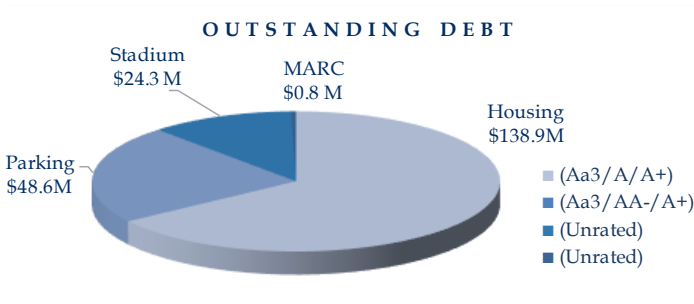
Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 155,489	\$ 150,855	\$ 150,855
Opening Cash Balance	\$ 83,540	\$ 66,999	66,999
From State	42,856	95,783	95,783
From Operations	134,751	341,748	341,748
Uses			
To Payroll	(55,295)	(188,265)	(188,265)
To Operations	(35,105)	(92,035)	(92,035)
To Students	(50,741)	(99,591)	(99,591)
Cash + W/C Pool	\$ 275,494	\$ 275,494	\$ 275,494

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last1Y
W/C Pool	\$ 192,270	0.1%	0.3%
Cash	83,224	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	190,804	0.7%	2.3%
Real Assets	15,763	6.3%	40.5%
Equity	52,397	2.5%	43.9%
Absolute Return	46,044	1.1%	12.8%
Total	\$ 580,502	1.3%	11.8%



DEBT



<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$275.5M	\$275.9M	\$0.2M
Fixed Income	\$190.8M	\$175.9M	\$0.6M
Equity	\$52.4M	\$34.4M	\$0.1M
Real Assets	\$15.8M	\$18.7M	\$0.0M
Absolute Return	\$46.0M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$305.0M</u>	<u>\$259.2M</u>	<u>\$0.7M</u>
<u>Total Operating Funds</u>	<u>\$580.5M</u>	<u>\$535.1M</u>	<u>\$0.9M</u>

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash