

**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**Finance and Facilities Committee**

June 16, 2022

TREASURY REPORT (For quarter ending March 31, 2022)

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

**OVERVIEW**

The University’s total liquidity position of \$527.2 million was 2.8 times the University’s debt position of \$187.5 million at the end of FY 2022 3Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.5 times. These results are higher compared to the end of FY 2021 3Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.2 times and 2.0 times, respectively. The ratio was higher due to debt service payments.

**LIQUIDITY**

**Real Days Payable**

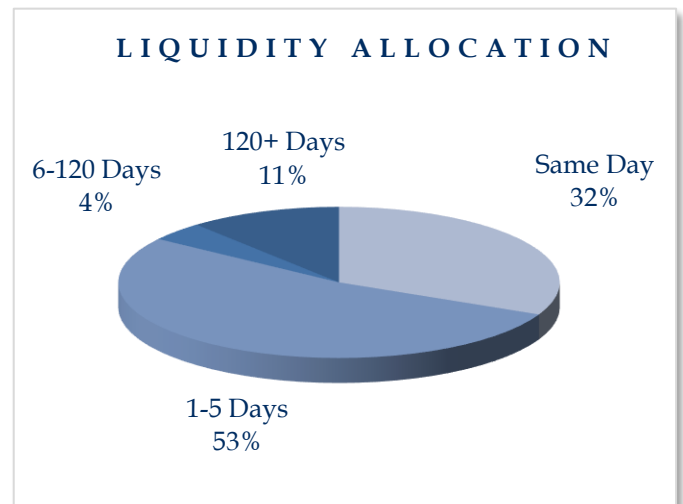
At the end of FY 2022 3Q, \$446.6 million, or 84.7 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2022 3Q, the University had **83** real days payable (“RDP”) versus 78 RDP at the end of FYTD 2021 3Q.

**Sources**

The University started the fiscal year with \$220.3 million in cash balances<sup>2</sup>. Total FYTD 2022 3Q inflows (state and operational) were \$1,069.1 million as compared to \$914.7 Million for FYTD 2021 3Q. On average, \$5.4 million flowed into the University each business day in FYTD 2022 3Q and \$4.7 million in FYTD 2021 3Q.

**Uses**

FYTD 2022 3Q, the University used \$1,060.0 million as compared to \$922.5 million in the same period last fiscal year. The FYTD 2022 3Q velocity cash outflow was \$5.4 million per day and \$4.7 million in FYTD 2021 3Q. The University ended FY 2022 3Q with \$229.4 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.

<sup>1</sup> 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.

<sup>2</sup> Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

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 3Q ending balance) could have unrealized losses of up to \$15.6 million and one percent probability of up to \$28.9 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 3Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$4.6 million (0.9 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 75 percent, or \$401.4 million, of the total current 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 -\$13.1 million (-2.6 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$442.8 million or 88.4 percent of the total current available cash and investment balances. RDP would drop to 82 days based on fiscal year outflows in this stress scenario.

A scenario similar to the 2013 Federal Reserve “Taper Tantrum” would result in a -\$8.2 million (-1.6 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$383.5 million or 75 percent of the total current available balances. Furthermore, RDP would drop to 71 days.

### Forecast and Budget

Actual balances at the end of FY 2022 3Q were 1.6 percent lower than the rolling forecast, 13.4 percent higher than the budget, and 19.3 percent higher than prior year. For the next quarter, the University should experience a slow decrease in the cash and investment balances until the summer tuition payments are received towards the end of the fiscal year.

## INVESTMENTS

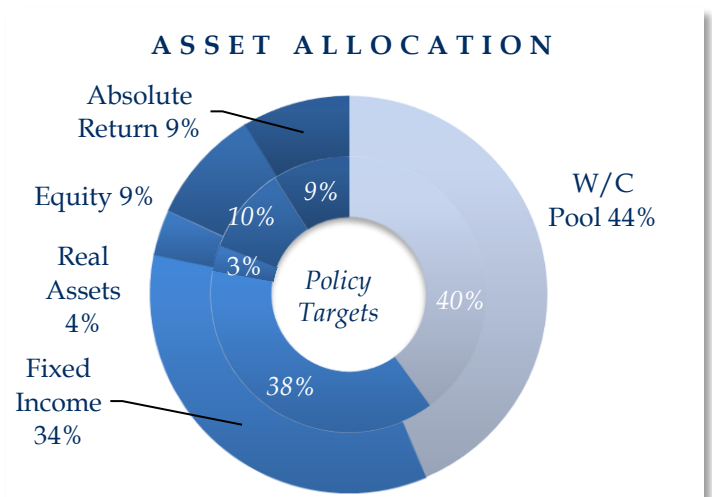
### Composition

Asset allocations at the end of FY 2022 3Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2022 3Q, the market value of the University’s operating funds portfolio and cash was \$527.2 million. This balance reflects an increase of \$29.1 million or 5.8 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows. The total portfolio market value was \$85.0 million higher than the market value at the end of FY 2021 3Q. The increase was largely due to institutional HEERF Program receipts and investment earnings for the trailing one year period.

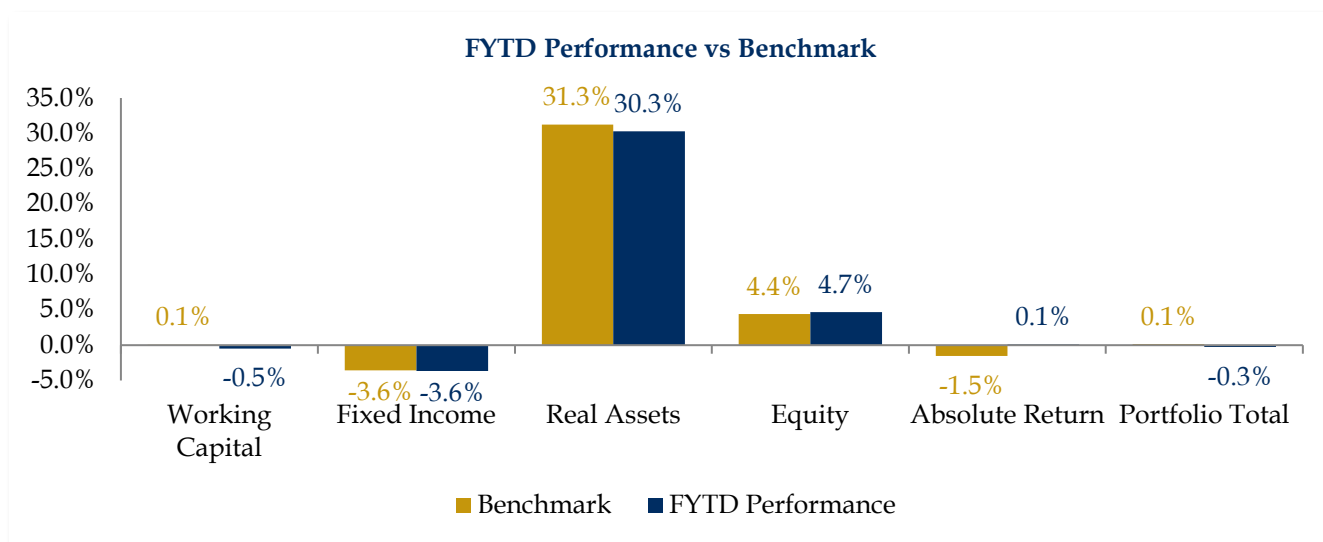
### Performance

FIU’s operating portfolio continues to outperform the State Treasury investment pool (“SPIA”), returning 4.2 percent since inception versus the SPIA’s 2.4 percent for the same period. At the end of FY 2022 3Q, the portfolio returned -0.3 percent. This compares unfavorably to a 5.8 percent return at



the end of FY 2021 3Q. The Strategic Capital and Reserve Pools returned 0.0 percent while the Working Capital Pool had unrealized losses of -0.5 percent. Returns from the SPIA totaled 0.7 percent at the end of FY 2022 3Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class). Negative returns were experienced across the entire portfolio in FY 2022 3Q with the exception of the commodities and equity asset classes.

The overall Portfolio was 0.4% lower than its overall weighted benchmark. All asset classes with the exception of Short Term Bonds were in line with their respective benchmarks. The Short Term Bonds were lower due to the underweight to US Treasuries. We anticipate that these returns will gradually improve and turn positive as the average coupon is higher than the benchmark.



## DEBT

### Total Outstanding

The University and DSOs ended FY 2022 3Q with \$210.6 million in outstanding debt versus \$225.9 million at the end of FY 2021 3Q. The weighted average interest rate for the University and DSO issuances was 3.7 percent versus 4.1 percent in the same period in the prior year.

### MARC Building

The University/Foundation expects that it will make the final payment on the loan used to build the MARC building in April. As agreed, it is expected that the Foundation will transfer the operational activity for the building to the University's Auxiliary Enterprises.

### Rating Agencies

The University anticipates that the rating agencies (Moody's, S&P and Fitch) will conduct their annual rating surveillances for the University's Housing and Parking Systems Bonds between May and June of this fiscal 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 March 31, 2022, \$6.5 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save \$1.8 million in interest expense in Fiscal Year 2023 and \$8.0 million over the next 5 years.

**OVERVIEW**

Liquidity/University Debt	<b>2.81</b>
Liquidity/Total Debt	<b>2.48</b>

**Liquidity Position**

Cash + W/C Pool	\$ 229,407
Strategic + Reserve Pools	297,816
<b>Total</b>	<b>\$ 527,223</b>

**Debt Position**

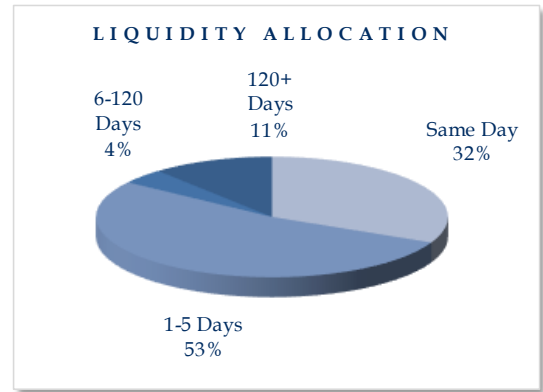
University Debt	\$ 187,545
DSO Debt	24,633
<b>Total</b>	<b>\$ 212,178</b>

**LIQUIDITY**

<b>Availability</b>	
Same Day	\$ 168,532
1-5 Days	278,025
6-120 Days	21,551
120+ Days	58,865
<b>Total</b>	<b>\$ 526,974</b>

**Real Days Payable (<5 Days)**

MTD Outflows	<b>104</b>
QTD Outflows	<b>76</b>
YTD Outflows	<b>83</b>

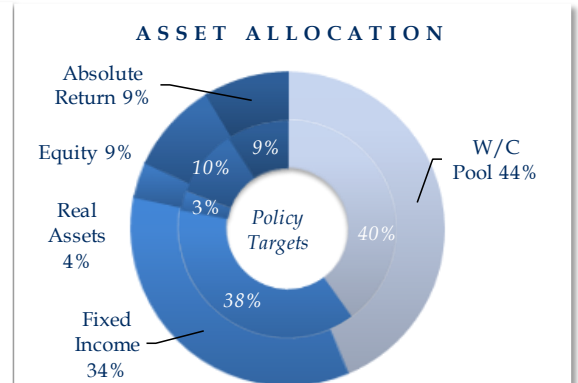
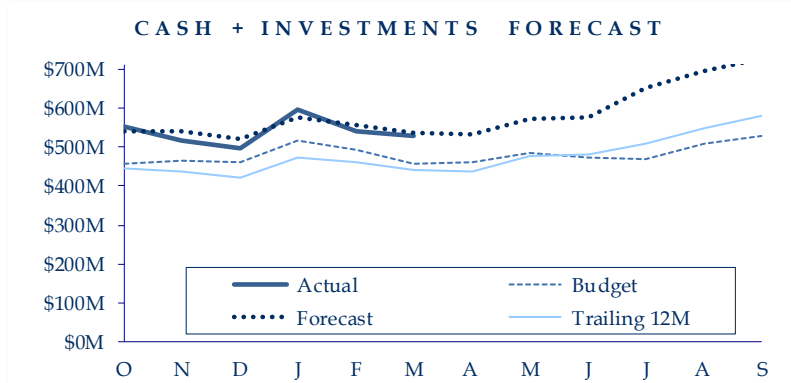


**LIQUIDITY SOURCES AND USES**

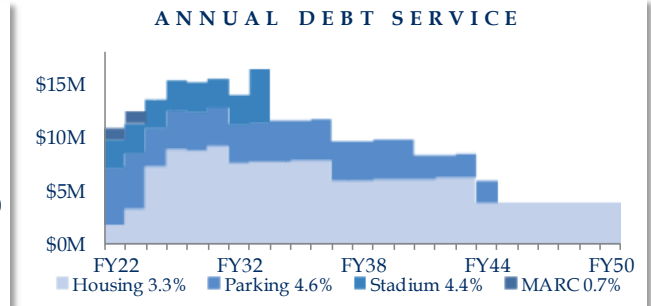
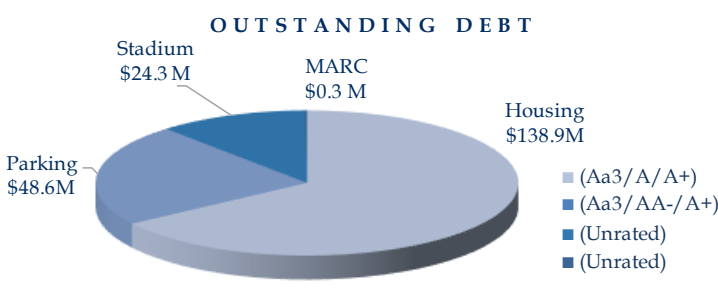
Sources*	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 160,435	\$ 118,493	\$ 150,855
Opening Cash Balance	\$ 81,040	\$ 71,780	69,476
From State	39,341	126,591	299,917
From Operations	47,230	288,779	769,196
<b>Uses</b>			
To Payroll	(56,991)	(169,956)	(561,365)
To Operations	(33,099)	(101,143)	(271,343)
To Students	(8,549)	(105,136)	(227,330)
<b>Cash + W/C Pool</b>	<b>229,407</b>	<b>229,407</b>	<b>229,407</b>

**INVESTMENTS**

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 148,078	-0.7%	-0.7%
Cash	81,330	0.1%	0.1%
<b>Strategic + Reserve Pools</b>			
Fixed Income	182,545	-3.6%	-1.2%
Real Assets	19,339	30.3%	48.3%
Equity	50,341	4.7%	9.3%
Absolute Return	45,591	0.1%	2.8%
<b>Total Portfolio</b>	<b>\$ 527,223</b>	<b>-0.3%</b>	<b>2.1%</b>



**DEBT**



<u>OPERATING FUNDS</u>	<u>MARKET VALUE<sup>1</sup></u>	<u>BOOK VALUE</u>	<u>INCOME EARNED<sup>2</sup></u>
<u>Working Capital<sup>3</sup></u>	\$229.4M	\$231.6M	\$0.6M
Fixed Income	\$182.5M	\$177.1M	\$2.0M
Equity	\$50.3M	\$33.6M	\$0.4M
Real Assets	\$19.3M	\$18.7M	\$0.0M
Absolute Return	\$45.6M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$297.8M</u>	<u>\$259.6M</u>	<u>\$2.4M</u>
<u>Total Operating Funds</u>	<u>\$527.2M</u>	<u>\$491.3M</u>	<u>\$3.0M</u>

<sup>1</sup> Includes Dividend/Interest Receivable

<sup>2</sup> Investment Income Earnings - Dividends and Interest

<sup>3</sup> Includes Bank Cash