

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 December 6, 2022

TREASURY REPORT (For quarter ending September 30, 2022)

Report (For Information Only – no action required)

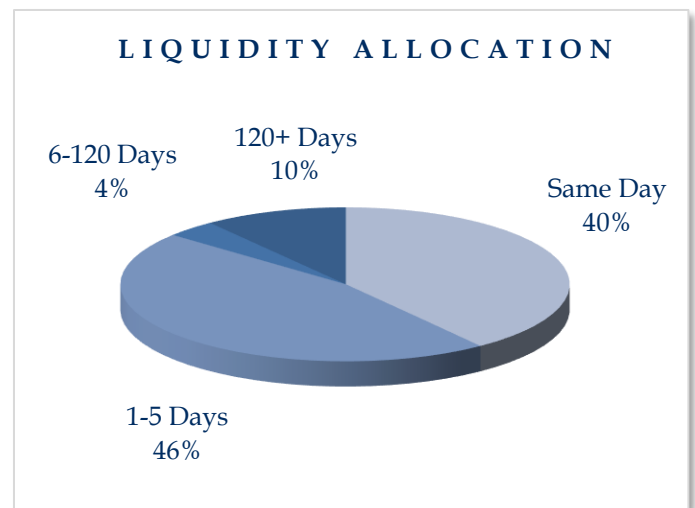
OVERVIEW

The University’s total liquidity position of \$543.3 million was 3.0 times the University’s debt position of \$180.5 million at the end of FY 2023 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 2022 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.2 times and 2.8 times, respectively. The lower ratio was driven by a decrease in the liquidity position.

LIQUIDITY

Real Days Payable

At the end of FY 2023 1Q, \$467.6 million, or 86.1 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2023 1Q, the University had 84 real days payable¹ (“RDP”) versus 86 RDP at the end of FYTD 2022 1Q. The decrease in RDP was due to the reduction in investments over the previous year.



Sources

The University started the fiscal year with \$236.9 million in cash balances². Total FYTD 2023 1Q inflows (state and operational) were \$404.8 million as compared to 437.5 million for FYTD 2022 1Q. On average, \$6.1 million flowed into the University each business day in FYTD 2023 1Q and \$6.6 million in FYTD 2022Q. The decrease is due to a reduction in HEERF fund receipts from the prior year.

Uses

FYTD 2023 1Q, the University used \$365.6 million as compared to \$379.9 million in the same period last fiscal year. The FYTD 2023 1Q velocity cash outflow was \$5.5 million per day and \$5.8 million in FYTD 2022 1Q. The University ended FY 2023 1Q with \$276.1 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 five 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 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 2023 1Q ending balance) could have unrealized losses of up to \$12.1 million and one percent probability of up to \$23.7 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 2023 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$3.4 million (0.6 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 80.2 percent, or \$441.0 million, of the total current available cash and investment balances. RDP would fall to 80 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$9.8 million (-1.9 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$466.3 million or 89.1 percent of the total current available cash and investment balances. RDP would be 84 days based on fiscal year outflows in this stress scenario.

A scenario similar to the 2013 Federal Reserve “Taper Tantrum” would result in a -\$7.4 million (-1.4 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$413.4 million or 78.2 percent of the total current available balances. RDP would drop to 75 days.

Forecast and Budget

Actual balances at the end of FY 2023 1Q were -19.5 percent lower than the rolling forecast, 2.3 percent higher than the budget, and -6.4 percent lower 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 2023.

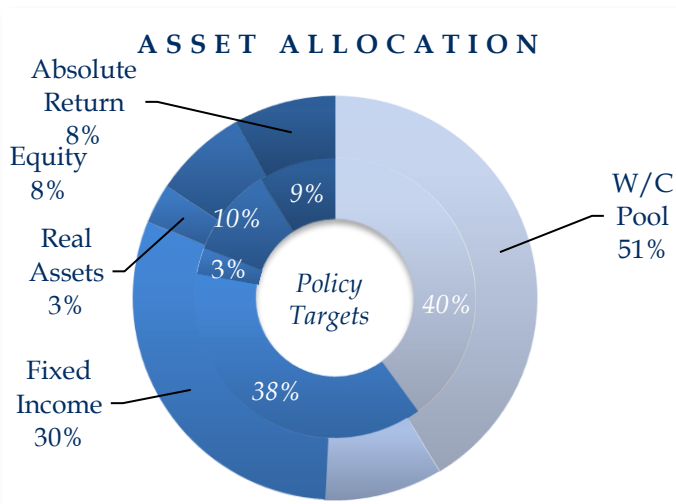
INVESTMENTS

Composition

Asset allocations at the end of FY 2023 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

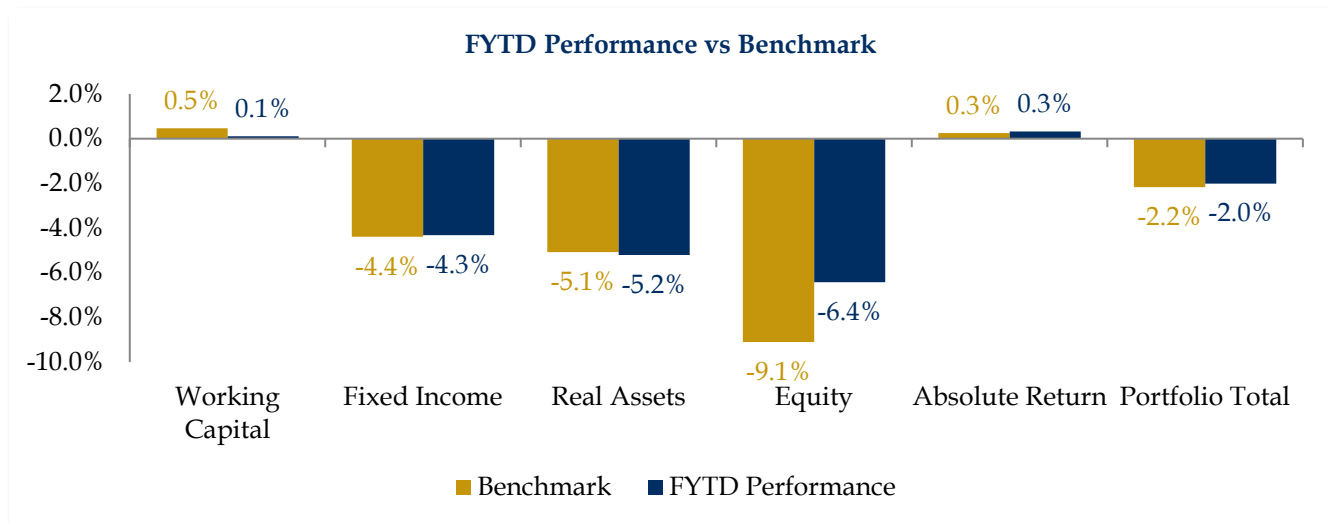
At the end of FY 2023 1Q, the market value of the University’s operating funds portfolio and cash was \$543.3 million. This balance reflects an increase of \$28.4 million or 5.5 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows. The total portfolio market value was -\$37.2 million lower than the market value at the end of FY 2022 1Q. The decrease was due to lower investment balances for the trailing one-year period.

Performance



FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 3.7 percent since inception versus the SPIA's 2.4 percent for the same period. At the end of FY 2023 1Q, the portfolio returned -2.0 percent. This compares unfavorably to a 0.7 percent return at the end of FY 2022 1Q. The Strategic Capital and Reserve Pools returned -4.0 percent while the Working Capital Pool gained 0.1 percent. Returns from the SPIA totaled 0.3 percent at the end of FY 2023 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, except for, equities were in line with their benchmarks. Equities outperformance to their benchmark was due to investments in the private markets.



DEBT

Total Outstanding

The University and DSOs ended FY 2023 1Q with \$203.2 million in outstanding debt versus \$212.7 million at the end of FY 2022 1Q. The lower year over year outstanding debt was due to continued debt service payments. The weighted average interest rate for the University and DSO issuances was 3.8 percent versus 3.7 percent in the same period in the prior year.

Rating Agencies

The University held annual surveillance calls with S&P and Moody's during the quarter. We received an affirmation of our rating and outlook from S&P in August (Parking AA-, Housing A, Outlook: Stable). We anticipate that Moody's will issue their rating report in November.

Bond Refunding

The University and the Athletics Finance Corporation (AFC) has refunded/modified all eligible outstanding bond series. The refunding/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, 2022, \$8.2 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	3.01
Liquidity/Total Debt	2.67

Liquidity Position

Cash + W/C Pool	\$ 276,092
Strategic + Reserve Pools	267,192
Total	\$ 543,285

Debt Position

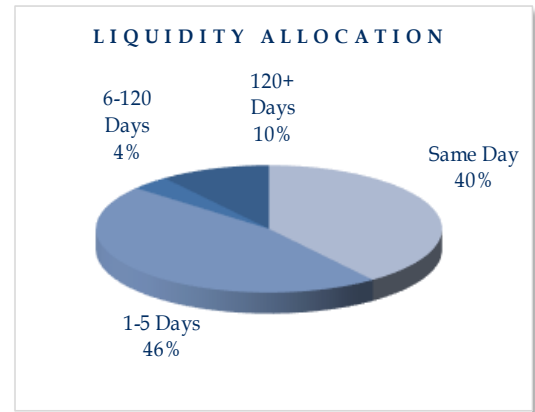
University Debt	\$ 180,505
DSO Debt	22,735
Total	\$ 203,240

LIQUIDITY

Availability	
Same Day	\$ 216,071
1-5 Days	251,532
6-120 Days	19,745
120+ Days	55,937
Total	\$ 543,285

Real Days Payable (<5 Days)

MTD Outflows	74
QTD Outflows	84
YTD Outflows	84

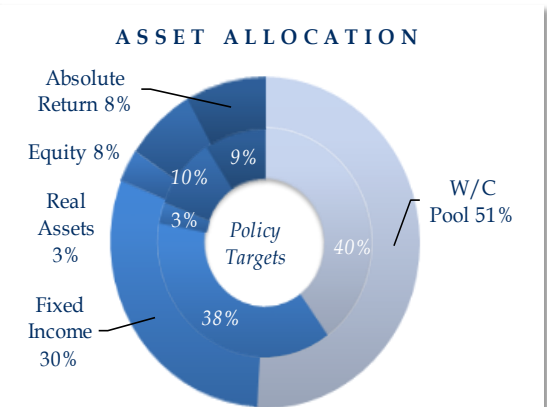
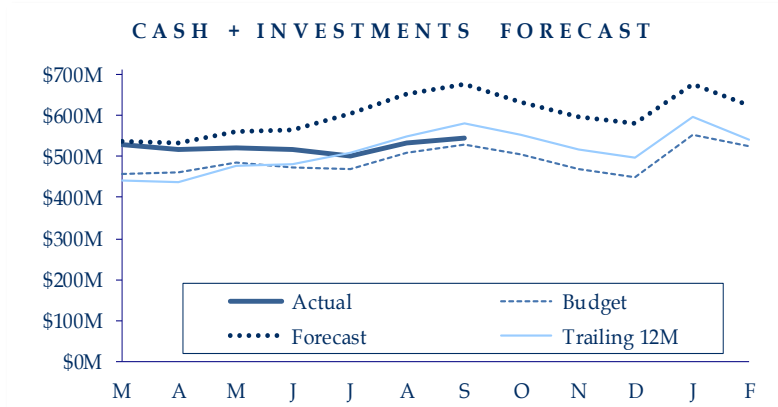


LIQUIDITY SOURCES AND USES

Sources*	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 199,964	\$ 152,009	\$ 152,009
Opening Cash Balance	\$ 52,769	\$ 84,874	84,874
From State	40,420	93,751	93,751
From Operations	121,917	311,094	311,094
Uses			
To Payroll	(56,871)	(182,163)	(182,163)
To Operations	(35,177)	(99,300)	(99,300)
To Students	(46,929)	(84,174)	(84,174)
Cash + W/C Pool	276,092	276,092	276,092

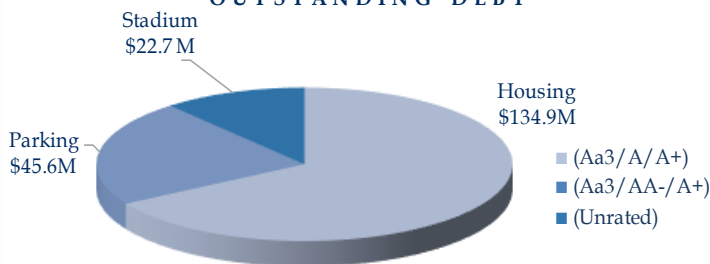
INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 224,717	-0.9%	-0.9%
Cash	51,375	0.1%	0.1%
Strategic + Reserve Pools			
Fixed Income	164,740	-9.2%	-9.2%
Real Assets	17,375	23.5%	23.5%
Equity	40,766	-8.0%	-8.0%
Absolute Return	44,311	-3.0%	-3.0%
Total Portfolio	\$ 543,285	-3.9%	-3.9%

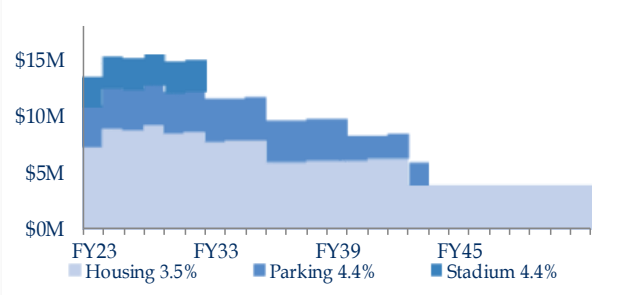


DEBT

OUTSTANDING DEBT



ANNUAL DEBT SERVICE



<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$276.1M	\$279.6M	\$0.9M
Fixed Income	\$164.7M	\$177.2M	\$0.8M
Equity	\$40.8M	\$33.4M	\$0.1M
Real Assets	\$17.4M	\$18.7M	\$0.0M
Absolute Return	\$44.3M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$267.2M</u>	<u>\$259.5M</u>	<u>\$0.9M</u>
<u>Total Operating Funds</u>	<u>\$543.3M</u>	<u>\$539.1M</u>	<u>\$1.8M</u>

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash