

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
 June 15, 2023

TREASURY REPORT (For quarter ending March 31, 2023)

Report (For Information Only – no action required)

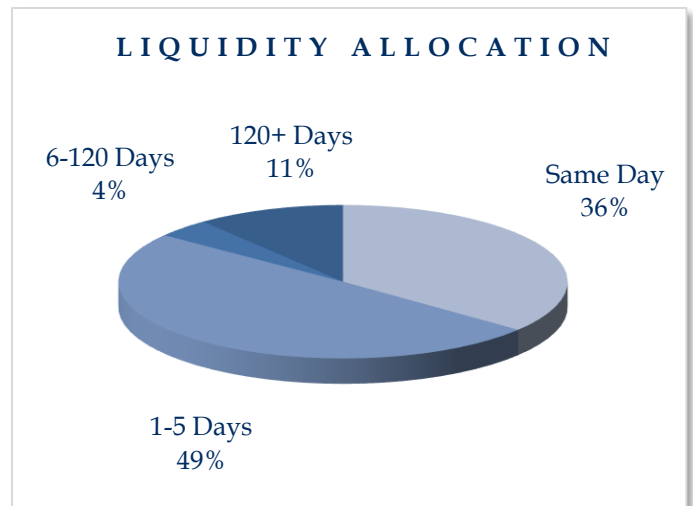
OVERVIEW

The University’s total liquidity position of \$527.9 million was 2.9 times the University’s debt position of \$180.5 million at the end of FY 2023 3Q. Including direct support organization (“DSO”) debt, the liquidity to total debt ratio was 2.6 times. These results are flat compared to the end of FY 2022 3Q, where the liquidity to University debt and the liquidity to total debt ratios were 2.9 times and 2.6 times, respectively.

LIQUIDITY

Real Days Payable

At the end of FY 2023 3Q, \$450.6 million, or 85.4 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2023 3Q, the University had 83 real days payable¹ (“RDP”) versus 83 RDP at the end of FYTD 2022 3Q.



Sources

The University started the fiscal year with \$237.1 million in cash balances². Total FYTD 2023 3Q inflows (state and operational) were \$1,064.9 million as compared to \$1,063.6 million for FYTD 2022 3Q. On average, \$5.4 million flowed into the University each business day in FYTD 2023 3Q and \$5.4 million in FYTD 2022 3Q.

Uses

FYTD 2023 3Q, the University used \$1,068.0 million as compared to \$1,060.0 million in the same period last fiscal year. The FYTD 2023 3Q velocity cash outflow was \$5.4 million per day and \$5.4 million in FYTD 2022 3Q. The University ended FY 2023 3Q with \$234.0 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 3Q ending balance) could have unrealized losses of up to \$5.7 million and one percent probability of up to \$18.5 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 3Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$3.3 million (0.6 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 78.3 percent, or \$418.5 million, of the total current available cash and investment balances. RDP would fall to 77 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$11.6 million (-2.3 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$447.7 million or 88.7 percent of the total current available cash and investment balances. RDP would be 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 -\$8.5 million (-1.7 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$387.7 million or 75.9 percent of the total current available balances. RDP would drop to 71 days.

Forecast and Budget

Actual balances at the end of FY 2023 3Q were -5.8 percent lower than the rolling forecast, 3.4 percent higher than the budget, and 0.1 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 fourth quarter of FY 2023.

INVESTMENTS

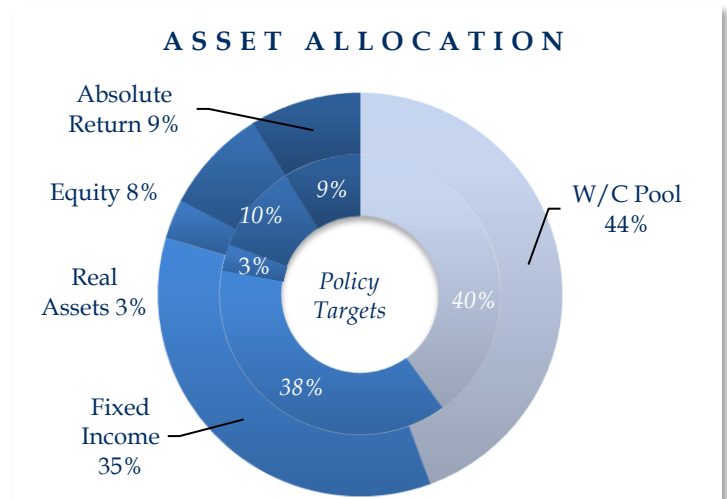
Composition

Asset allocations at the end of FY 2023 3Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2023 3Q, the market value of the University’s operating funds portfolio and cash was \$527.9 million. This balance reflects an increase of \$49.3 million or 10.3 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows and quarterly investment returns. The total portfolio market value was \$0.7 million higher than the market value at the end of FY 2022 3Q.

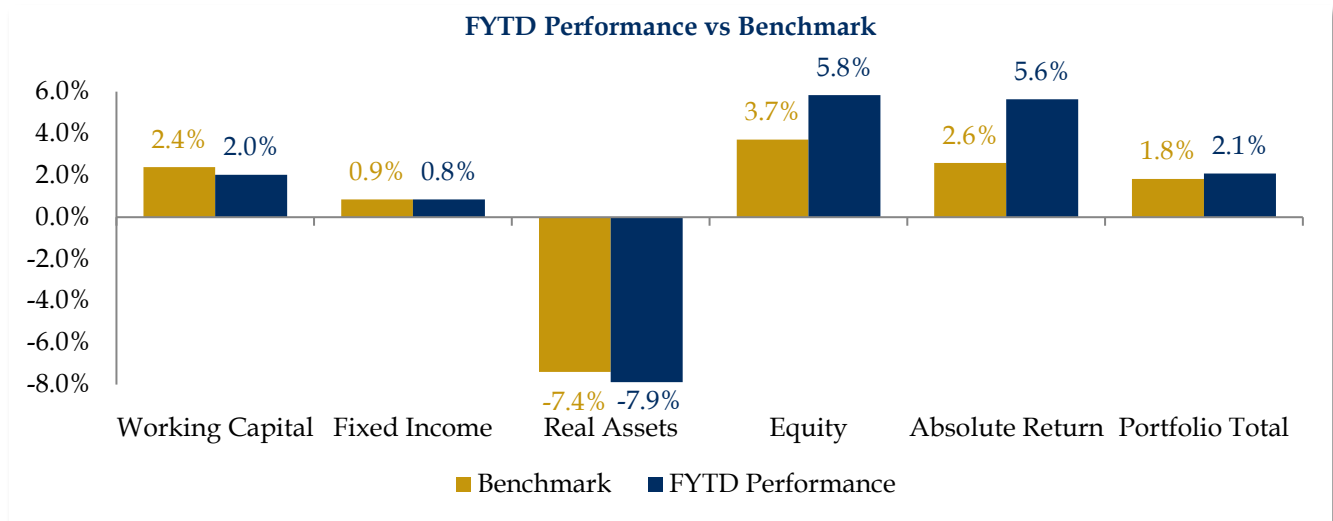
Performance

FIU’s operating portfolio continues to outperform the State Treasury investment pool (“SPIA”), returning 3.8 percent since inception versus the SPIA’s 2.4 percent for the same period. At the end of FY 2023 3Q, the portfolio returned 2.1 percent. This compares favorably to a -.3 percent return at the end of



FY 2022 3Q. The Strategic Capital and Reserve Pools returned 1.8 percent while the Working Capital Pool gained 2.0 percent. Returns from the SPIA totaled 1.3 percent at the end of FY 2023 3Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The overall Portfolio was above its benchmark due to performance in the Equity and Absolute Return asset classes. Equities outperformance was due to Small Cap equities and Private Markets. The absolute Return outperformance was mostly due to its Long/Short Strategies.



DEBT

Total Outstanding

The University and DSOs ended FY 2023 3Q with \$201.6 million in outstanding debt versus \$210.6 million at the end of FY 2022 3Q. 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.

Bond Refunding

The University refunded the 2013A (PG6) bonds at a true interest cost of 3.58 percent and a present value interest savings of \$3.3 million in April 2023. The University and the Athletics Finance Corporation (AFC) has refunded/modified all other eligible outstanding bond series. The refunding/modification are projected to save the University and AFC \$32.2 million in interest expense over the term of the issuances. As of March 31, 2023, \$8.3 million of interest savings have been realized from the refunding and modification activities. The University and AFC are expected to save \$1.8 million in interest expense in Fiscal Year 2023 and \$8.5 million over the next 5 years.

Rating Agencies

Moody's, S&P and Fitch affirmed the ratings on both the University's Housing and Parking Systems' bonds in March with a stable outlook. Fitch's outlook for the Parking System's bonds was upwardly revised from "stable" to "positive". The revised outlook indicates a possible ratings upgrade over the next couple of years.

OVERVIEW

Liquidity/University Debt	2.92
Liquidity/Total Debt	2.62

Liquidity Position

Cash + W/C Pool	\$ 234,018
Strategic + Reserve Pools	293,892
Total	\$ 527,910

Debt Position

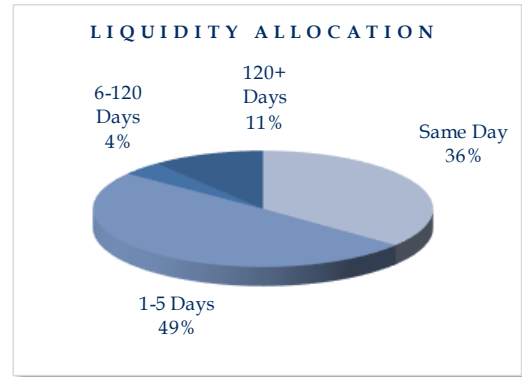
University Debt	\$ 180,505
DSO Debt	21,090
Total	\$ 201,595

LIQUIDITY

Availability	
Same Day	\$ 188,860
1-5 Days	261,750
6-120 Days	20,825
120+ Days	56,476
Total	\$ 527,910

Real Days Payable (<5 Days)

MTD Outflows	90
QTD Outflows	77
YTD Outflows	83

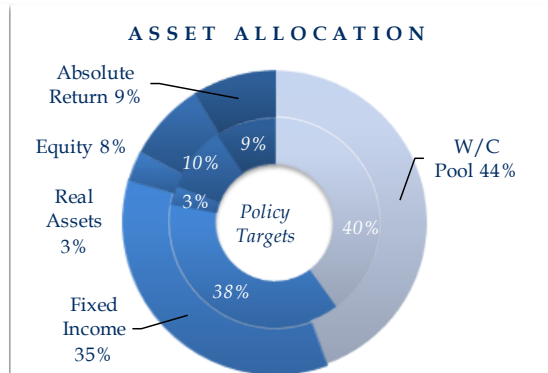
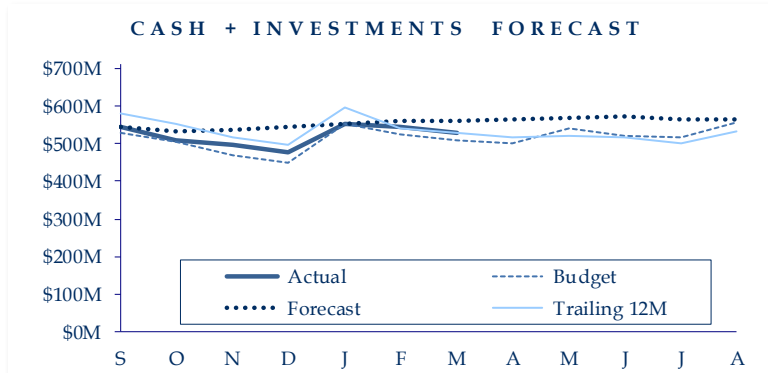


LIQUIDITY SOURCES AND USES

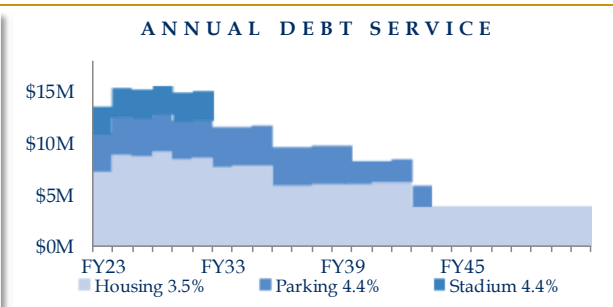
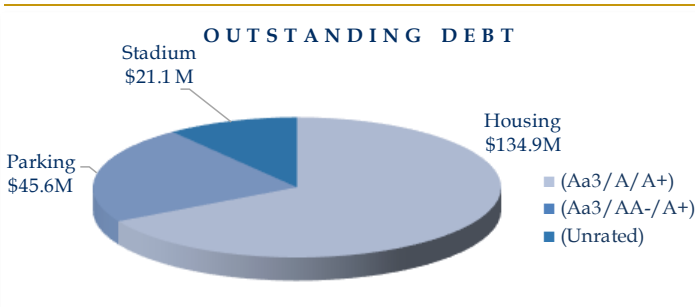
Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 201,797	\$ 141,111	\$ 152,009
Opening Cash Balance	\$ 54,190	\$ 50,709	85,049
From State	45,504	114,609	334,291
From Operations	47,987	301,058	730,651
Uses			
To Payroll	(58,044)	(173,510)	(564,908)
To Operations	(47,455)	(117,103)	(314,591)
To Students	(9,961)	(82,855)	(188,483)
Cash + W/C Pool	234,018	234,018	234,018

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last1Y
W/C Pool	\$ 179,694	1.9%	2.0%
Cash	54,324	1.7%	1.7%
Strategic + Reserve Pools			
Fixed Income	185,849	0.8%	-4.9%
Real Assets	16,889	-7.9%	-12.7%
Equity	44,493	5.8%	-7.0%
Absolute Return	46,662	5.6%	2.4%
Total Portfolio	\$ 527,910	2.1%	-1.6%



DEBT



<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$234.0M	\$237.0M	\$4.6M
Fixed Income	\$185.8M	\$189.5M	\$2.7M
Equity	\$44.5M	\$32.4M	\$0.3M
Real Assets	\$16.9M	\$18.7M	\$0.0M
Absolute Return	\$46.7M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	<u>\$293.9M</u>	<u>\$270.8M</u>	<u>\$3.0M</u>
<u>Total Operating Funds</u>	<u>\$527.9M</u>	<u>\$507.9M</u>	<u>\$7.6M</u>

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash