

**UTMB CASH FLOW FORECAST
CONFIDENTIAL DRAFT FOR DISCUSSION PURPOSES**

Updated:
03/03/2009

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
\$, millions											
Total Operating Revenues	\$ 994.4	\$ 1,027.3	\$ 1,061.2	\$ 1,096.3	\$ 1,232.5	\$ 1,392.2	\$ 1,439.8	\$ 1,489.2	\$ 1,540.3	\$ 1,593.2	\$ 12,866.4
Less Total Operating Expenses	(1,361.2)	(1,403.9)	(1,448.0)	(1,493.5)	(1,644.0)	(1,815.5)	(1,873.7)	(1,933.9)	(1,995.7)	(2,059.6)	(17,029.1)
Plus Base Formula General Revenue	308.4	308.4	317.7	317.7	327.2	327.2	337.0	337.0	347.1	347.1	3,274.7
Plus Incremental Formula General Revenue (Clinical)	71.4	58.7	61.0	63.1	65.3	74.9	86.1	90.1	93.3	96.5	760.5
Plus DISPRO/JUPL General Revenue	23.7	24.4	25.1	25.9	26.7	27.5	28.3	29.1	30.0	30.9	271.7
Net Other Non-Operating Revenues / (Expenses)	36.7	14.9	17.0	9.5	7.7	6.3	17.5	11.6	15.0	8.1	144.2
Adjusted Margin											
Plus Depreciation	77.8	79.3	80.7	82.2	102.4	122.8	124.4	126.0	128.5	131.1	1,055.2
Adjusted Margin Before Depreciation	114.5	94.1	97.7	91.7	110.0	129.1	141.9	137.6	143.5	139.2	1,199.4
Working Capital Changes	-	-	-	-	-	-	-	-	-	-	-
Other Operating Cash Flow Adjustments	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flows from (to) Operations	114.5	94.1	97.7	91.7	110.0	129.1	141.9	137.6	143.5	139.2	1,199.4
John Sealy Hospital Modernization/Repairs (214 beds)	(78.0)	(78.8)	(51.0)	(58.3)	-	-	-	-	-	-	(266.0)
John Sealy Hospital: Sealy & Smith Foundation	22.6	22.8	14.7	16.9	-	-	-	-	-	-	77.0
John Sealy Hospital: FEMA Reimbursement	38.1	38.5	24.9	28.5	-	-	-	-	-	-	130.0
John Sealy Hospital: FEMA State Match	13.5	13.6	8.8	10.1	-	-	-	-	-	-	46.0
John Sealy Hospital: State Capital Support	2.6	2.7	1.7	2.0	-	-	-	-	-	-	9.0
John Sealy Hospital: Other Donors	1.2	1.2	0.8	0.9	-	-	-	-	-	-	4.0
Jennie Sealy Replacement Hospital (214 beds)	(48.0)	(96.0)	(102.0)	(96.0)	(96.0)	12.5	12.5	12.5	12.5	12.5	(438.0)
Jennie Sealy Replacement Hospital: Sealy & Smith Fdn (1)	-	-	-	-	12.5	12.5	12.5	12.5	12.5	12.5	75.0
Jennie Sealy Replacement Hospital: State Capital Support	15.5	30.9	32.8	30.9	30.9	-	-	-	-	-	141.0
Jennie Sealy Replacement Hospital: UTMB Debt	18.8	37.7	40.1	37.7	37.7	-	-	-	-	-	172.0
TDCJ Hospital Mitigation and Repairs (100 beds)	(1.0)	-	-	-	-	-	-	-	-	-	(1.0)
TDCJ Hospital: UTMB Debt	1.0	-	-	-	-	-	-	-	-	-	1.0
Trauma Center Equipment Mitigation and Repairs	(8.0)	-	-	-	-	-	-	-	-	-	(8.0)
Trauma Center: FEMA Reimbursement	8.0	-	-	-	-	-	-	-	-	-	8.0
Other FEMA Capital Expenditures	(186.7)	(158.4)	(90.0)	(48.0)	-	-	-	-	-	-	(483.0)
Other FEMA Reimbursement	120.4	102.1	58.0	30.9	-	-	-	-	-	-	311.4
Other FEMA Proceeds (State Match)	40.1	34.0	19.3	10.3	-	-	-	-	-	-	103.8
Insurance Proceeds (\$67.8 received in FY 2009)	-	-	-	-	-	-	-	-	-	-	-
Other projected Capital Expenditures	(85.0)	(87.6)	(90.2)	(92.9)	(95.7)	(105.0)	(108.2)	(111.4)	(114.7)	(118.2)	(1,008.7)
Net Cash Flows from (for) Capital	(124.9)	(137.2)	(131.9)	(127.0)	(110.6)	(92.5)	(95.7)	(98.9)	(102.2)	(105.7)	(1,126.5)
Net Other Cash Flows	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flows	(10.4)	(43.0)	(34.2)	(35.3)	(0.5)	36.6	46.3	38.7	41.2	33.5	72.9
Cash and Investments - Beginning of Period	285.4	275.0	231.9	197.7	162.5	162.0	198.6	244.8	283.5	324.7	285.4
Cash and Investments - End of Period	\$ 275.0	\$ 231.9	\$ 197.7	\$ 162.5	\$ 162.0	\$ 198.6	\$ 244.8	\$ 283.5	\$ 324.7	\$ 358.3	\$ 358.3

(1). In addition to these funds, the Sealy & Smith Foundation has committed another \$50 million in funds to be paid out at \$12.5 million per year through FY2024

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ASSUMPTIONS

1. Based on 528 bed clinical configuration (214 bed John Sealy Hospital, 214 bed Jennie Sealy Replacement Hospital, 100 beds TDCJ Hospital)
2. Total project cost of \$713 million, with \$173 million financed with debt. Remaining project funding assumed from external sources (FEMA, Sealy Smith Foundation, TRBs, etc.)
3. \$173 debt at 6% for 20 years. Interest incurred during the construction period (through 2013) is assumed to be capitalized
4. Cash flow forecast also includes \$483 million in non-clinical FEMA related capital costs, financed from FEMA, FEMA state match and insurance proceeds
5. Projected clinical operating revenues and expenses based upon patient volumes, adjusted for payor type and patient mix
6. Projection assumes that new Jennie Sealy Replacement Hospital facilities are online the beginning of FY 2015
7. Projected payor mix is (excluding TDCJ) - Medicare 18%, Medicaid 55%, Commercial/Managed Care 13%, Uninsured/Other 14%
8. Clinical operating revenues and expenses inflated at approximately 4% per year
9. Non-clinical operating revenues and expenses inflated at approximately 3% per year
10. Base general revenue is assumed to inflate at 3% per biennium, starting in FY 2012
11. Projected DSH/UPL is based on projected Medicaid and Uninsured patient volumes utilizing current DSH/UPL guidelines/methodology
12. Historical clinical and non clinical depreciation expense inflated at 2% per year. Clinical depreciation also includes depreciation on the \$713 project cost starting in FY 2014
13. Depreciation expense assumes no impairment (write-off) of assets as a result of Hurricane Ike
14. Cash and investments at the beginning of the projection period of \$285.4 million assumes \$54.5 million in appropriations for business losses and
and \$56.5 million in insurance proceeds for capital were received in FY 2009