

U. T. Medical Branch – Galveston

Cash Flow Forecast FY 2010 – FY 2019



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Meeting of the Board
of Regents

March 10, 2009



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Assumptions

- 528 beds:**

214	John Sealy Hospital Modernization/Repairs
214	Jennie Sealy Replacement Hospital
100	TDCJ Hospital Mitigation and Repairs
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528	Total Beds
- \$713 mm TPC:**

\$ 173 mm	Debt Funding
540 mm	Non-Debt Funding
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\$ 713 mm	Total Project Cost
- RFS Debt Service: 20 years @ 6% = \$15.1 million annually**
- \$483 million non-clinical FEMA capital costs**
- Projections based on patient volumes, adjusted for payor mix**

Assumptions (cont'd.)

6. Jennie Sealy comes online beginning FY 2015
7. Payor mix (excl. TDCJ):

18% Medicare
55% Medicaid
13% Comm./Managed Care
14% Un-sponsored/Other
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100% Total Payor Mix
8. Clinical operations grow 4% per year
9. Non-clinical operations grow 3% per year
10. Base general revenues grow 3% per biennium beginning FY 2012

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Assumptions (cont'd.)

11. Projected DISPRO/UPL based on Medicaid/un-sponsored volumes
12. Depreciation grows 2% per year
13. No estimate for potential Hurricane Ike asset impairments
14. Beginning cash and investments assumes receipt of \$54.5 million of appropriations for business losses and \$56.5 million of insurance proceeds for capital received in FY 2009

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Cumulative Base Cash Flows (FY10 – FY19)

(\$ millions)	Cumulative FY10 - FY19
Total Operating Revenues	\$ 12,866.4
Less Total Operating Expenses	(17,029.1)
Plus Base Formula General Revenue	3,274.7
Plus Incremental Formula General Revenue (Clinical)	--
Plus DISPRO/UPL General Revenue	760.5
Net Other Non-Operating Revenues/ (Expenses)	271.7
Adjusted Margin	144.2
Plus Depreciation	1,055.2
Adjusted Margin Before Depreciation	\$ 1,199.4

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General Revenue: **\$3.3 billion**

(\$ millions)	Cumulative FY10 - FY19
Total Operating Revenues	\$ 12,866.4
Less Total Operating Expenses	(17,029.1)
Plus Base Formula General Revenue	3,274.7
Plus Incremental Formula General Revenue (Clinical)	--
Plus DISPRO/UPL General Revenue	760.5
Net Other Non-Operating Revenues/ (Expenses)	271.7
Adjusted Margin	144.2
Plus Depreciation	1,055.2
Adjusted Margin Before Depreciation	\$ 1,199.4

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DISPRO/UPL: \$760.5 million

(\$ millions)	Cumulative FY10 - FY19
Total Operating Revenues	\$ 12,866.4
Less Total Operating Expenses	(17,029.1)
Plus Base Formula General Revenue	3,274.7
Plus Incremental Formula General Revenue (Clinical)	--
Plus DISPRO/UPL General Revenue	760.5
Net Other Non-Operating Revenues/ (Expenses)	271.7
Adjusted Margin	144.2
Plus Depreciation	1,055.2
Adjusted Margin Before Depreciation	\$ 1,199.4

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Cumulative Operating Cash Flows (FY10 – FY19)

(\$ millions)	Cumulative FY10 - FY19
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
Net Cash Flows from (for) Capital	\$ (1,126.5)

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FEMA Support: \$599.2 million net of insurance

(\$ millions)	Cumulative FY10 - FY19
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
Net Cash Flows from (for) Capital	\$ (1,126.5)

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State Support: \$150 million for capital

(\$ millions)	Cumulative FY10 - FY19
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
Net Cash Flows from (for) Capital	\$ (1,126.5)

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Sealy & Smith Support: \$152 million over ten years

(\$ millions)	Cumulative FY10 - FY19
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
Net Cash Flows from (for) Capital	\$ (1,126.5)

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U. T. System Support: \$173 million of RFS debt

(\$ millions)	Cumulative FY10 - FY19
John Sealy Modernization/Repairs (214 beds)	\$ (266.0)
Sealy & Smith Foundation	77.0
FEMA Reimbursement	130.0
FEMA State Match	46.0
State Capital Support	9.0
Other Donors	4.0
Jennie Sealy Replacement (214 beds)	(438.0)
Sealy & Smith Foundation	75.0
State Capital Support	141.0
UTMB Debt	172.0
TDCJ Hosp. Mitigation/Repairs (100 beds)	(1.0)
UTMB Debt	1.0
Trauma Ctr. Equip. Mitigation/Repairs	(8.0)
FEMA Reimbursement	8.0
Other FEMA Capital Expenditures	(483.0)
Other FEMA Reimbursement	311.4
Other FEMA Proceeds (State Match)	103.8
Insurance Proceeds (\$67.8 rec'd. in FY09)	--
Other Projected Capital Expenditures	(1,008.7)
Net Cash Flows from (for) Capital	\$ (1,126.5)

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Net Cash Flows (FY10 – FY19)

(\$ millions)	Cumulative FY10 - FY19
Adjusted Margin Before Depreciation	\$ 1,199.4
Net Cash Flows from (for) Capital	(1,126.5)
Net Other Cash Flows	--
Net Cash Flows	\$ 72.9
Cash & Investments - Beginning of Period	285.4
Cash & Investments - End of Period	\$ 358.3