

UWHCA
Additional Capital & Cash Needs
February 5, 2014

Background:

The long range financial plan (LRFP) has identified approximately **\$800m** of capital from 2014 through 2021. This includes replacement capital of \$380m, American Center for \$222m, the remaining balance of \$200m is for AFCH, renovation and new technology.

Current:

Over the past year we have completed a master facilities plan, identified pension funding opportunities and entered into merger discussions. As a result of these and other items we have identified additional capital needs, not currently in the LRFP. These include additional funding for the American Center and the Rehab Hospital (\$38m), additional funding for replacement capital (\$45m), additional master facilities funding (\$140m), potential pension payoffs (\$75m) and other contingent funding (\$130m). This totals over **\$400m** of potential additional capital needs for UWHC/UW Health.

Funding Sources:

There are three primary sources of funding – operations (margin generation), philanthropy and borrowing. We are assessing our ability to provide funding through these various sources.

Interim Financing:

Management's desire is to create flexibility in funding some of these needs. UWHCA has had preliminary discussions with US Bank about the possibility of establishing a working capital line of credit of \$25m. Using this line of credit, UWHCA management could utilize interim financing for any projects that it may intend to finance later on a permanent basis.

Management Recommendations:

1. Authorize management to execute a bank line of credit up to \$25m
2. Management will evaluate capital, cash and financing needs and present a capital funding proposal to the Finance Committee and Board by the end of 2014.
3. Formal recommendation for approval:
 - a. The Board authorizes management to execute a line of credit with US Bank in an amount not to exceed \$25m.