

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM - CONSENT

For Meeting of September 18, 2024

FUNDING REALLOCATION, UC DAVIS HEALTH: EXTERNAL FINANCING APPROVAL, SACRAMENTO AMBULATORY SURGERY CENTER AND FOLSOM MEDICAL OFFICE BUILDING

EXECUTIVE SUMMARY

UC Davis Health (UCDH) requests the reallocation of funding to two previously approved projects, the Sacramento Ambulatory Surgery Center (48X Complex) and the Folsom Medical Office Building (Folsom MOB). The reallocation will allow UC Davis Health to better balance capital funding sources and provide near-term operating flexibility as these critical projects begin operation. The reallocation would not increase the total budget for either project or alter UC Davis Health's ten-year financial projection for total debt.

The Regents approved the 48X Complex project in May 2022 at a project cost of \$579 million. The project is currently in construction. In June 2023, the Executive Vice President—Chief Financial Officer approved an augmentation of \$10 million for a revised total project budget of \$589 million in response to operational changes to increase the number of rooms and to move forward with the buildout of space originally designated as a future-ready hybrid operating room. The project is currently on track for completion in 2025 within the originally approved budget as UC Davis Health will not use the interest during construction (IDC) budget.

The Regents approved the Folsom MOB project in July 2022 at a project cost of \$171.69 million. The project is currently in construction. In October 2023, the Executive Vice President—Chief Financial Officer approved an augmentation of \$10.85 million for a revised total project budget of \$182.54 million in response to increased design standards for off-campus owned facilities, additional development fees, and weather-related site construction delays. The project is currently on track for completion in 2025 within the augmented budget.

The Regents are being asked to take the following action: 1) approve the amendment to the funding plan (48X Complex); 2) approve an increase of external financing from \$300 million to a total of \$569.67 million (48X Complex); 3) approve the amendment to the funding plan (Folsom MOB); and 4) approve an increase of external financing from \$100.8 million to a total of \$146 million (Folsom MOB).

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
- From: Davis: Sacramento Ambulatory Surgery Center (“The 48X Complex”) – preliminary plans, working drawings, construction, and equipment – \$589 million to be funded from hospital reserves (\$289 million) and external financing (\$300 million).
- To: Davis: The 48X Complex – preliminary plans, working drawings, construction, and equipment – \$569,698,000 to be funded from external financing.
- B. The President be authorized to obtain additional external financing of \$269,698,000 in a total amount not to exceed \$569,698,000 to finance the 48X Complex plus additional related financing costs and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, the revenues of UC Davis Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.
 - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- C. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
- From: Davis: Folsom Medical Office Building for the Folsom Center for Health – preliminary plans, working drawings, construction, and equipment – \$182.54 million to be funded from hospital reserves (\$81.74 million) and external financing (\$100.8 million).
- To: Davis: Folsom Medical Office Building – preliminary plans, working drawings, construction, and equipment – \$182.54 million to be funded from hospital reserves (\$36.54 million) and external financing (\$146 million).

- D. The President be authorized to obtain additional external financing of \$45.2 million in a total amount not to exceed \$146 million to finance the Folsom Medical Office Building plus additional related financing costs and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, the revenues of UC Davis Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.
 - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

BACKGROUND

UC Davis Health is an integrated, academic healthcare organization maintaining the historic UC Davis tradition of being guided by a public service mission in all its endeavors. UC Davis Health includes the School of Medicine, the Betty Irene Moore School of Nursing, the UC Davis Main Hospital, a 656-bed acute care hospital, a National Cancer Institute-designated Cancer Center, and outpatient clinics on the Sacramento Campus and in communities throughout the Sacramento region. UC Davis Health serves six million residents across 33 Northern and Central California counties. Both the 48X Complex and Folsom MOB projects are critical in UC Davis Health's strategic plan to expand outpatient services in and around the Sacramento region.

48X Complex

The planned 48X Complex is under construction and on schedule for completion in 2025. The medical building includes: (1) a state-of-the-art outpatient surgery facility with a preparation and post-anesthesia care unit; (2) a buildout of ancillary services to include Diagnostic Imaging, Phlebotomy/Lab, Pharmacy, and General Support Services for the entire building; (3) construction of specialty clinics; and (4) utility infrastructure improvements. The building is designed to add outpatient surgery capacity on the Sacramento campus, provide updated facilities, and support modern workflows. This project allows UC Davis Health to provide the necessary facilities to support the growing patient populations and expand surgical service lines while moving outpatient surgical cases from the main hospital to free up inpatient resources.

The 48X Complex consists of an approximately 262,000-gross-square-foot outpatient surgery center of Department of Health Care Access and Information (HCAI) Level-3 space. The project includes HCAI Level-1 site utilities and Central Utility Plant upgrades to support the building. This project supports UC Davis Health in continuing to provide high-quality care in the Sacramento region by: (1) moving outpatient surgical volumes from the main hospital to free up

inpatient resources; (2) enhancing outpatient surgery capacity to accommodate existing demand and expected growth; (3) enabling expansion of complex surgical service lines and therapies; and (4) enhancing patient experience by reducing waiting times for elective procedures.

Previous Items - 48X Complex

- Regents: Preliminary Plans, May 2021, \$26.6 million (hospital reserves)
- Regents: Budget, Scope, Design following action pursuant to the California Environmental Quality Act, May 2022, \$579 million (hospital reserves/external financing)
- Executive Vice President—Chief Financial Officer: Augmentation, June 2023, \$10 million for a total of \$589 million

Folsom Medical Office Building

The Folsom MOB is under construction and on schedule for completion in 2025. The project will provide an approximately 110,000-gross-square-foot (gsf), three-story medical office building with examination rooms, procedure rooms, and support services space on Regents-owned land in Folsom, California as the first phase of the planned Folsom Center for Health. This project would enable UC Davis Health to continue to provide high-quality care and expand services in the city of Folsom. This project meets the primary objectives of consolidating existing outpatient clinic operations from leased space into one building, expanding outpatient care and access into the rapidly growing community, and remaining competitive in an area where competitors seek to expand their presence and market share.

The Folsom MOB will be a state-of-the-art medical office building that includes: (1) 115 patient examination rooms; (2) a buildout of ancillary services to include Diagnostic Imaging, Radiology, Ophthalmology, and General Support Services for the entire building; (3) construction of specialty clinics and infusion services with a compounding pharmacy; and (4) site development of approximately 525 parking spaces, landscape, hardscape, utilities, and pathways to and around the building.

Previous Items - Folsom MOB

- Regents: Preliminary Plans, November 2021, \$6.9 million (hospital reserves)
- Regents: Budget, Scope, Design following action pursuant to the California Environmental Quality Act, July 2022, \$171.69 million (hospital reserves/external financing)
- Executive Vice President—Chief Financial Officer: Augmentation, October 2023, \$10.85 million for a revised budget of \$182.54 million

Request for Funding Reallocation

The UC Davis Health capital planning vision and key projects are based on patient needs in the growing, aging regional population in Sacramento and consideration of long-term seismic safety needs. These factors serve as the basis for the growth vision, planned spending, and the projected increases in revenue generation. The facility planning, timing, and growth in services remain

unchanged with project delivery scheduled to match the established long-term revenue projections. Reallocating funding on both the 48X Complex and Folsom MOB allows UC Davis Health to ensure that the capital vision and program continues to move forward with critical projects while providing for better management of hospital reserves and improved near-term operational flexibility.

Previous long-term projections for UC Davis Health showed declining cash on hand due to the planned spending of hospital reserves for capital expansion; however, the recent higher than expected operational expenses have further reduced cash as compared to the original capital planning vision. Careful management of the increased expenses with adjustments to reduce operational expenses began in early 2024 and this approach has resulted in substantial improvements, but cash will continue to trend lower than originally projected as the expense management effort continues to take effect. The proposed reallocation of funding combined with the ongoing operational changes are anticipated to support the overall UCDH strategic vision.

This reallocation will adjust the timing of debt and help balance capital spending as these two important projects begin operation in 2025 but does not increase the total amount of debt in the ten-year financial projections. The planned capital spending for projects such as the 48X Complex and the Folsom MOB originally included a relatively low level of financing to increase net income. UC Davis Health then anticipated increasing its use of financing for future projects, which will now be adjusted to a lower level.

The 48X Complex is projected to be completed on budget, and the Folsom MOB project is projected to be completed within the original pre-augmentation budget. UC Davis Health has not used the IDC budget and instead has used income generated from current operations and hospital reserves to pay interest and will continue with that practice as it will reduce leverage in the long term without significantly increasing near-term expenses.

Funding Plan and Financial Feasibility

The proposed project budget for the 48X Complex is \$569,698,000, to be funded from external financing. The proposed project budget for the Folsom MOB is \$182,540,000, to be funded from hospital reserves (\$36.54 million) and external financing (\$146 million). Refer to Attachment 1, project Sources and Uses.

As of June 30, 2023, the UC Davis Medical Center has a 4.9 percent modified operating margin, 3.9x debt service coverage, and 94 days' cash on hand, including adjustments for non-cash pension and other post-employment benefit (OPEB) items, which is allowed by the University's Debt Policy. Over a ten-year projection period, minimum operating margin is projected to be greater than or equal to zero percent and debt service coverage is projected to be greater than or equal to 3.0x. Days' cash on hand is projected to be less than the debt policy requirement until FY2026-27. (The Executive Vice President–Chief Financial Officer has granted an exception to the Debt Policy for 48X and Folsom MOB.)

Additional information may be found in Attachment 2, Summary of Financial Feasibility, and Attachment 3, UCD Health System – Projected Financial Performance.

KEY TO ACRONYMS:

DCOH	Days Cash on Hand
gsf	Gross Square Feet
HCAI	Department of Health Care Access and Information
MOB	Medical Office Building
UCDH	UC Davis Health

ATTACHMENTS:

Attachment 1:	Project Sources and Uses
Attachment 2:	Summary of Financial Feasibility
Attachment 3:	Projected Financial Performance

ATTACHMENT 1

PROJECT SOURCES AND USES

48X COMPLEX

Project Source	Approved Budget	Proposed Change	New Proposed Budget	% of Total
External Financing	\$300,000,000	\$269,698,000	\$569,698,000	100%
Hospital Reserves	\$289,000,000	-\$289,000,000	\$0	0%
Total Sources	\$589,000,000	-\$19,302,000	\$569,698,000	100%

Project Uses	Approved Budget	Proposed Change	New Proposed Budget	% of Total¹
Site Clearance	\$2,354,000		\$2,354,000	0.5%
Building	\$358,907,000		\$358,907,000	75.2%
Exterior Utilities	\$5,509,000		\$5,509,000	1.2%
Site Development	\$11,634,000		\$11,634,000	2.4%
A/E Fees	\$51,286,000		\$51,286,000	10.7%
Campus Administration	\$3,560,000		\$3,560,000	0.7%
Surveys, Tests, Plans	\$9,566,000		\$9,566,000	2.0%
Special Items ²	\$14,444,000		\$14,444,000	3.0%
Contingency	\$20,257,000		\$20,257,000	4.2%
Subtotal (P-W-C Cost)	\$477,517,000		\$477,517,000	100%
Group 2 & 3 Equipment	\$92,181,000		\$92,181,000	
Total Project	\$569,698,000		\$569,698,000	
Interest During Construction	\$19,302,000	-\$19,302,000	\$0	
Grand Total	\$589,000,000		\$569,698,000	

**UCDH currently uses income generated from current operations and hospital reserves to pay interest incurred during the construction period. The IDC amount (\$19.3 million representing three percent of the total project budget) does not require debt financing.*

¹ Because of rounding, some totals may not correspond with the sum of separate parts

² Special items include; Building Permit/Agency Fees (\$5,036,260); Other Consultants (\$5,607,154); Art Program (\$1,000,000); Big Room (\$2,801,315); IDC (\$19,302,000)

PROJECT SOURCES AND USES

FOLSOM MEDICAL OFFICE BUILDING

Project Source	Approved Budget	Proposed Change	New Proposed Funding Plan	% of Total
External Financing	\$100,800,000	\$45,200,000	\$146,000,000	80%
Hospital Reserves	\$81,740,000	-\$45,200,000	\$36,540,000	20%
Total Sources	\$182,540,000	\$0	\$182,540,000	100%

Project Uses	Approved Budget	Proposed Change	New Proposed Budget	% of Total
Site Clearance	-		-	-
Building	\$100,712,000		\$100,712,000	64.8%
Exterior Utilities	-		-	-
Site Development	\$24,427,000		\$24,427,000	15.7%
A/E Fees	\$14,295,000		\$14,295,000	9.2%
Campus Administration ¹	\$2,768,000		\$2,768,000	1.8%
Surveys, Tests, Plans	\$2,158,000		\$2,158,000	1.4%
Special Items ²	\$3,239,000		\$3,239,000	2.1%
Contingency	\$7,723,000		\$7,723,000	5.0%
Subtotal (P-W-C Cost)	\$155,322,000		\$155,322,000	100%
Group 2 & 3 Equipment	\$27,218,000		\$27,218,000	
Total Project	\$182,540,000		\$182,540,000	
Grand Total	\$182,540,000		\$182,540,000	

¹ Campus Administration includes project management, contract administration, and inspection.

² Special items include Building Permit/Agency Fees (\$458,000); Other Consultants (\$598,000); and builders risk and University Controlled Insurance Program (\$2,183,000).

ATTACHMENT 2**SUMMARY OF FINANCIAL FEASIBILITY**

DAVIS CAMPUS	
Project Name	48X Complex
Project ID	9557270
Total Estimated Project Cost	\$569,698,000
Anticipated Interest During Construction (included in the Grand Total)	\$0

PROPOSED SOURCES OF FUNDING	
External Financing	\$569,698,000
Hospital Reserves	\$0
Total	\$569,698,000

FINANCING ASSUMPTIONS	
External Financing Amount	\$569,698,000
Anticipated Repayment Source	Hospital Reserves (built from EBIDA margin)
Anticipated Fund Source	Hospital Reserves
Financial Feasibility Rate	4.25%
First Year of Repayment (e.g. FY 20XX)	FY 2023 (Interest-Only); FY 2026 (Principal)
Term (e.g. 30 years; indicate if any year's interest only)	33 Years: Interest-Only 3 years (FY 2023-2025), 30-Year principal repayment
Final Maturity (e.g. FY 20xx)	FY 2055
Estimated Average Annual Debt Service	\$33,953,002 average principal and interest beginning FY2026; \$24,212,165 average annual interest payments for FY 2023 – FY 2025

DAVIS CAMPUS	
Project Name	Folsom MOB
Project ID	9557280
Total Estimated Project Cost	\$182,540,000

PROPOSED SOURCES OF FUNDING ¹	
External Financing	\$146,000,000
Hospital Reserves	\$36,540,000
Total	\$182,540,000

FINANCING ASSUMPTIONS	
External Financing Amount	\$146,000,000
Anticipated Repayment Source	Hospital Reserves (built from EBIDA margin)
Anticipated Fund Source	Hospital Reserves
Financial Feasibility Rate	4.25%
First Year of Repayment (e.g. FY 20XX)	FY 2023 (Interest-Only); FY 2026 (Principal)
Term (e.g. 30 years; indicate if any year's interest only)	33 Years: Interest-Only 3 years (FY 2023-2025), 30-Year principal repayment
Final Maturity (e.g. FY 20xx)	FY 2055
Estimated Average Annual Debt Service	\$8,701,344 average principal and interest beginning FY2026; \$9,882,184 average annual interest payments for FY 2023 – FY 2025

FINANCING BENCHMARKS			
Measure	Medical Center Metric	Approval Threshold	Requirement
Modified Net Income Margin*	4.9% (minimum), FY25	≥ 0.0%	Must Meet
Debt Service Coverage*	3.3x (minimum), FY25	≥ 3x	
Days Cash on Hand - DCOH	75 days, 6/30/2024	≥ 80 days (effective July 2024) ≥ 90 days (effective July 2025)	

* Excludes non-cash pension and OPEB as allowed under University Debt Policy.

PROJECTED FINANCIAL PERFORMANCE

UC Davis Health
Projection Financial Performance Consolidated
Statement of Revenues and Expenses

(\$ in Thousands)	Preliminary FY2024	Budget FY2025	Projection FY2026	Projection FY2027	Projection FY2028	Projection FY2029	Projection FY2030	Projection FY2031	Projection FY2032	Projection FY2033	Projection FY2034
Operating Revenue											
Net Patient Revenue	3,232,592	3,639,334	3,919,093	4,122,510	4,280,142	4,413,575	4,622,590	4,764,099	4,945,309	5,170,226	5,349,719
Other Operating Revenue	381,717	393,169	758,430	799,744	832,040	854,800	1,054,713	1,121,938	1,152,063	1,182,465	1,211,135
Total Operating Revenue	3,614,309	4,032,503	4,677,523	4,922,255	5,112,181	5,268,375	5,677,303	5,886,037	6,097,372	6,352,691	6,560,853
Operating Expenses											
Operating Expenses, Modified	3,402,109	3,652,198	4,049,493	4,179,908	4,288,759	4,394,929	4,717,838	4,867,256	5,069,093	5,245,252	5,388,727
Depreciation	160,815	167,738	180,368	187,845	204,611	229,032	244,649	296,480	356,898	381,290	401,312
Modified Operating Expenses	3,562,924	3,819,936	4,229,860	4,367,753	4,493,370	4,623,961	4,962,487	5,163,736	5,425,992	5,626,542	5,790,038
Net Modified Operating Income (Loss)	51,385	212,567	447,662	554,501	618,812	644,414	714,816	722,301	671,380	726,149	770,815
Interest Expense	(46,109)	(86,972)	(124,947)	(123,715)	(166,315)	(164,997)	(175,541)	(173,315)	(170,716)	(167,981)	(163,931)
Other Non-Operating Income (Expense)	44,308	70,058	62,910	67,045	76,393	92,833	109,727	85,984	91,378	94,003	96,686
Modified Net Income¹	49,584	195,653	385,626	497,832	528,890	572,251	649,001	634,969	592,042	652,171	703,570
Modified EBIDA	256,508	450,363	690,940	809,392	899,816	966,279	1,069,191	1,104,765	1,119,657	1,201,442	1,268,813
Modified EBIDA Margin	7.1%	11.2%	14.8%	16.4%	17.6%	18.3%	18.8%	18.8%	18.4%	18.9%	19.3%
Days Cash on Hand (Modified)²	75	77	77	95	93	95	100	101	105	112	121

¹ Modified Net Income excludes non-cash pension and OPEB expenses as allowed under the University Debt Policy.

² Modified days cash: calculated using cash expenses (excluding non-cash pension and retiree health benefit expenses and depreciation expense).

Includes debt reallocations requested herein, and new project debt funding for PS7, & Central Plant Upgrades.

UC Davis Health
Projection Financial Performance Consolidated
Statement of Net Position

(\$ in Thousands)	Preliminary FY2024	End of year Budget FY2025	Projection FY2026	Projection FY2027	Projection FY2028	Projection FY2029	Projection FY2030	Projection FY2031	Projection FY2032	Projection FY2033	Projection FY2034
Assets											
Current Assets											
Cash and Unrestricted Investments	696,597	773,348	857,612	1,093,570	1,095,431	1,146,531	1,286,318	1,346,102	1,458,555	1,603,948	1,787,113
Net Accounts/Other Receivables	486,277	540,299	581,250	611,509	634,407	653,804	684,143	704,710	731,029	763,674	788,497
Other Current Assets	216,098	217,296	221,732	225,726	229,505	233,599	239,545	244,510	250,763	256,500	262,745
Total Current Assets	1,398,972	1,530,943	1,660,594	1,930,805	1,959,343	2,033,934	2,210,006	2,295,322	2,440,348	2,624,123	2,838,354
Other Assets											
Restricted Cash and Investments	375,000	361,753	207,151	44,684	13,197	2,471	297,066	297,066	297,066	297,066	297,066
Other LT Assets and Deferred Outflows	982,710	982,710	982,710	982,710	982,710	982,710	982,710	982,710	982,710	982,710	982,710
Total Other Assets	1,357,710	1,344,463	1,189,861	1,027,394	995,907	985,181	1,279,776	1,279,776	1,279,776	1,279,776	1,279,776
PPE, Net	2,771,736	3,486,161	4,050,758	4,734,483	5,353,955	5,596,835	5,781,229	6,030,322	6,163,876	6,305,687	6,443,949
Total Assets and Deferred Outflows	5,528,418	6,361,567	6,901,213	7,692,682	8,309,205	8,615,951	9,271,011	9,605,420	9,884,000	10,209,586	10,562,079
Liabilities and Net Assets											
Current Liabilities											
Accounts Payable	154,015	155,384	159,766	164,456	168,571	173,102	180,581	186,140	193,959	200,704	208,211
Current Maturities of Debt	38,285	48,828	57,443	60,287	61,483	81,077	83,176	90,655	93,186	110,771	114,384
Third Party Payables	138,377	146,025	148,321	148,837	149,407	149,972	150,558	151,124	151,734	152,339	152,944
Other Accrued Liabilities	420,503	420,503	420,503	420,503	420,503	420,503	420,503	420,503	420,503	420,503	420,503
Total Current Liabilities	751,180	770,740	786,034	794,084	799,964	824,654	834,818	848,423	859,382	884,317	896,042
Long Term Liabilities											
Long-Term Debt	1,729,554	2,154,177	2,996,139	2,935,852	3,894,368	3,813,291	4,025,710	3,935,055	3,841,869	3,731,098	3,616,715
Other LT Liabilities and Deferred Inflows	4,510,323	4,510,363	4,510,323	4,510,323	4,510,323	4,510,323	4,510,323	4,510,323	4,510,323	4,510,323	4,510,323
Total Long Term Liabilities and Deferred Inflow	6,239,877	6,664,540	7,506,462	7,446,175	8,404,691	8,323,614	8,536,033	8,445,378	8,352,192	8,241,421	8,127,038
Net Assets	(1,462,639)	(1,073,714)	(1,391,283)	(547,576)	(895,451)	(532,318)	(99,841)	311,619	672,426	1,083,848	1,539,000
Total Liabilities Net Assets	5,528,418	6,361,566	6,901,213	7,692,682	8,309,205	8,615,951	9,271,011	9,605,420	9,884,000	10,209,585	10,562,079

UC Davis Health
Projection Financial Performance Consolidated
Statement of Cash Flows

(\$ in Thousands)	Preliminary FY2024	Budget FY2025	Projection FY2026	Projection FY2027	Projection FY2028	Projection FY2029	Projection FY2030	Projection FY2031	Projection FY2032	Projection FY2033	Projection FY2034
Sources of Cash											
Modified Net Income	49,584	195,653	385,626	497,832	528,890	572,251	649,001	634,969	592,042	652,171	703,570
Depreciation	160,815	167,738	180,368	187,845	204,611	229,032	244,649	296,480	356,898	381,290	401,312
Other Sources of Cash	209,102	(126,848)	(267,191)	(210,498)	(195,299)	(127,888)	(118,711)	(147,608)	(150,142)	(157,236)	(162,431)
Long Term Debt Proceeds	0	473,451	899,405	0	1,020,000	0	295,595	0	0	0	0
Total Sources of Cash	419,501	709,994	1,198,207	475,179	1,558,202	673,394	1,070,534	783,841	798,798	876,225	942,452
Uses of Cash											
Change in Working Capital	97,849	(46,202)	(38,708)	(29,048)	(21,992)	(18,396)	(28,219)	(19,407)	(24,143)	(31,033)	(22,955)
Property, Plant and Equipment	(692,942)	(882,163)	(744,965)	(871,570)	(824,083)	(471,912)	(429,043)	(545,573)	(490,453)	(523,101)	(539,574)
LT Debt Principal Repayments	(32,301)	(38,285)	(48,828)	(57,443)	(60,287)	(61,483)	(81,077)	(83,176)	(90,655)	(93,186)	(110,771)
Total Uses of Cash	(627,394)	(966,650)	(832,501)	(958,061)	(906,362)	(551,791)	(538,339)	(648,156)	(605,251)	(647,320)	(673,300)
Beginning Unrestricted & Restricted Cash	1,596,466	1,071,598	1,135,101	1,064,763	1,138,254	1,108,628	1,147,090	1,583,384	1,643,168	1,755,621	1,901,014
Net Change in Cash & Investments	(524,868)	63,504	(70,338)	73,491	(29,626)	40,374	436,294	59,784	112,453	145,393	183,165
Cash and Unrestricted Cash Investments	696,597	773,348	857,612	1,093,570	1,095,431	1,146,531	1,286,318	1,346,102	1,458,555	1,603,948	1,787,113
Restricted Cash	375,001	361,753	207,151	44,684	13,197	2,471	297,066	297,066	297,066	297,066	297,066
Unrestricted and Restricted Cash Investments	1,071,598	1,135,101	1,064,763	1,138,254	1,108,628	1,149,002	1,583,384	1,643,168	1,755,621	1,901,014	2,084,179

FY25 & FY27 assumes commercial paper

UC Davis Health
Projection Financial Performance Consolidated
Key Financial Ratios

	Preliminary FY2024	Budget FY2025	Projection FY2026	Projection FY2027	Projection FY2028	Projection FY2029	Projection FY2030	Projection FY2031	Projection FY2032	Projection FY2033	Projection FY2034
Modified Net Income Margin ¹	1.4%	4.9%	8.2%	10.1%	10.3%	10.9%	11.4%	10.8%	9.7%	10.3%	10.7%
Modified EBITDA Margin ¹	7.1%	11.2%	14.8%	16.4%	17.6%	18.3%	18.8%	18.8%	18.4%	18.9%	19.3%
Modified Days Cash on Hand ¹	75	77	77	95	93	95	100	101	105	112	121
Modified Debt Service Coverage Ratio ¹	3.0	3.3	3.8	4.4	4.0	3.9	4.1	4.2	4.2	4.3	4.6

¹Excludes non-cash pension and OPEB expenses as allowed under the University Debt Policy