



Willapa Harbor Hospital

Debt Capacity Analysis | New Project

October 24, 2023

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WIPFLI

Today's agenda

01. Financial Forecast
02. Appendix

01. Financial Forecast

Construction Project Assumptions and Sources/Uses of Funding

Project size	\$	92,000,000
Construction timeline (months)		18
Completion date		October 2026
Debt interest rate		5.50%
Debt annual payments (P+I)	\$	3,134,195
Debt issuance cost %		1.00%
Debt term (years)		30

Sources of funding

USDA	\$	46,000,000
UTGO Bond		46,000,000
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Total sources	\$	92,000,000

Uses of funding

Construction	\$	91,540,000
Debt issuance costs		460,000
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Total uses	\$	92,000,000

Projected Income Statement

<i>Statement of Revenues, Expenses, and Changes in Net Position</i>	2023	2024	2025	2026	2027	2028
Operating revenue:						
Net patient service revenue	\$ 27,415,486	\$ 29,514,499	\$ 31,945,120	\$ 35,370,612	\$ 37,880,307	\$ 39,170,912
Other operating revenue	757,746	780,309	803,718	827,830	852,665	878,245
Total operating revenue	28,173,232	30,294,808	32,748,838	36,198,442	38,732,972	40,049,157
Operating expenses:						
Salaries and wages	14,797,027	15,240,938	15,698,166	16,169,111	16,654,184	17,153,810
Employee benefits	4,331,846	4,461,802	4,290,675	4,419,396	4,551,977	4,688,537
Other post employment benefits	300,000	300,000	309,000	318,270	327,818	337,653
Professional fees	2,652,422	2,731,995	2,813,955	2,898,374	2,985,325	3,074,885
Supplies	2,157,766	2,222,499	2,289,174	2,357,849	2,428,584	2,501,442
Purchased services	3,364,063	3,504,041	3,609,162	3,717,437	3,828,960	3,943,829
Utilities	601,802	619,856	638,452	657,606	677,334	697,654
Insurance	106,387	109,579	112,866	116,252	119,740	123,332
Other	851,489	877,033	903,344	930,444	958,357	987,108
Rent	86,333	88,923	91,591	94,339	97,169	100,084
Depreciation and amortization	500,623	961,542	910,050	4,069,261	4,026,195	4,026,641
Total operating expenses	29,749,758	31,118,208	31,666,435	35,748,339	36,655,643	37,634,975
Income/Loss from operations	(1,576,526)	(823,400)	1,082,402	450,103	2,077,329	2,414,183
Nonoperating revenues (expenses):						
Property taxes for maintenance and operations	545,196	570,552	576,258	582,021	587,841	593,719
Timber taxes	300,000	300,000	300,000	300,000	300,000	300,000
Property taxes for bond principal and interest	-	-	2,089,464	3,134,195	3,134,195	3,134,195
Contributions	(144,000)	(148,320)	(148,320)	(148,320)	(148,320)	(148,320)
Grants	173,000	828,190	903,036	930,127	958,031	986,772
Interest income	404,844	416,989	429,499	442,384	455,656	469,326
Interest expense	(138,957)	(159,728)	(1,992,876)	(3,193,206)	(5,022,187)	(4,927,414)
Financing costs	(441,448)	-	(920,000)	-	-	-
Total nonoperating revenues - Net	698,635	1,807,683	1,237,061	2,047,201	265,216	408,278
Change in net position	\$ (877,891)	\$ 984,283	\$ 2,319,463	\$ 2,497,304	\$ 2,342,545	\$ 2,822,461

Projected Balance Sheet

Statements of Net Position - Assets	2023	2024	2025	2026	2027	2028
Current assets:						
Cash and cash equivalents	\$ 10,554,775	\$ 11,933,693	\$40,952,249	\$ 19,532,459	\$ 23,912,844	\$ 28,813,526
Receivables:						
Patient accounts - Net	2,872,585	3,084,070	3,347,199	3,706,121	3,969,086	4,093,101
Taxes receivable	53,914	55,379	189,178	256,188	256,559	256,232
Other	6,086	6,086	6,086	6,086	6,086	6,086
Inventories	264,639	271,834	280,757	289,179	297,854	305,951
Prepaid expenses	82,743	88,869	91,142	118,985	121,231	123,564
Total current assets	13,834,742	15,439,931	44,866,611	23,909,018	28,563,660	33,598,460
Capital assets:						
Nondepreciable capital assets	888,664	888,664	39,221,997	888,664	888,664	888,664
Depreciable capital assets - Net	6,803,376	6,091,834	5,431,785	93,612,523	89,836,328	86,059,687
Capital assets - Net	7,692,040	6,980,498	44,653,782	94,501,187	90,724,992	86,948,351
Total assets	21,526,782	22,420,429	89,520,393	118,410,205	119,288,652	120,546,811
Deferred outflows of resources:						
Pension plan	1,049,758	1,049,758	1,049,758	1,049,758	1,049,758	1,049,758
Other post employment benefits (OPEB)	558,910	558,910	558,910	558,910	558,910	558,910
Total deferred outflows of resources	1,608,668	1,608,668	1,608,668	1,608,668	1,608,668	1,608,668
Total assets and deferred outflows of resources	\$ 23,135,450	\$ 24,029,097	\$ 91,129,061	\$ 120,018,873	\$ 120,897,320	\$ 122,155,479

Projected Balance Sheet

Statements of Net Position - Liabilities and Net Position	2023	2024	2025	2026	2027	2028
Current liabilities:						
Current maturities - New project long-term debt	\$ -	\$ -	\$ 755,447	\$ 1,305,024	\$ 1,378,638	\$ 1,456,404
Current maturities - New non-project long-term debt	530,935	555,146	580,405	606,757	634,242	662,905
Current portion - Accrued compensated absences	1,433,614	1,472,588	1,498,065	1,543,007	1,589,297	1,632,503
Current portion - OPEB liability	33,720	33,720	33,720	33,720	33,720	33,720
Payroll and related liabilities	326,386	335,259	341,059	351,291	361,830	371,667
Accounts payable	594,594	648,258	663,306	926,045	941,022	957,299
Accrued interest	21,632	18,964	225,185	429,749	420,887	411,611
Total current liabilities	2,940,881	3,063,935	4,097,187	5,195,593	5,359,636	5,526,109
Long-term liabilities:						
New project long-term debt - Less current maturities	-	-	64,001,902	89,530,211	88,151,574	86,695,170
New non-project long-term debt - Less current maturities	3,392,944	2,837,798	2,257,393	1,650,636	1,016,394	353,489
Accrued compensated absences - Less current portion	312,391	320,883	326,435	336,228	346,315	355,729
Net pension liability	2,495,296	2,561,980	2,606,900	2,685,107	2,765,660	2,840,847
OPEB liability	3,698,849	3,965,129	4,240,409	4,524,959	4,819,057	5,122,990
Total long-term liabilities	9,899,480	9,685,790	73,433,039	98,727,141	97,099,000	95,368,225
Total liabilities	12,840,361	12,749,725	77,530,226	103,922,734	102,458,636	100,894,334
Deferred inflows of resources:						
Pension plan	509,142	509,142	509,142	509,142	509,142	509,142
OPEB	147,212	147,212	147,212	147,212	147,212	147,212
Total deferred inflows of resources	656,354	656,354	656,354	656,354	656,354	656,354
Net position:						
Net investment in capital assets	7,670,408	6,961,534	44,428,597	94,071,438	90,304,105	86,536,740
Unrestricted	1,968,327	3,661,484	(31,486,116)	(78,631,653)	(72,521,775)	(65,931,949)
Total net position	9,638,735	10,623,018	12,942,481	15,439,785	17,782,330	20,604,791
Total liabilities, deferred inflows of resources, and net assets	\$ 23,135,450	\$ 24,029,097	\$ 91,129,061	\$ 120,018,873	\$ 120,897,320	\$ 122,155,479

Revenue Summary – Projected

Operating revenue	2023	2024	2025	2026	2027	2028
Net patient service revenue	\$ 27,415,486	\$ 29,514,499	\$ 31,945,120	\$ 35,370,612	\$ 37,880,307	\$ 39,170,912
Other operating revenue	757,746	780,309	803,718	827,830	852,665	878,245
Total operating revenue	\$ 28,173,232	\$ 30,294,808	\$ 32,748,838	\$ 36,198,442	\$ 38,732,972	\$ 40,049,157
Change in net patient service revenue	3.3%	7.7%	8.2%	10.7%	7.1%	3.4%
Change in total operating revenue	5.1%	7.5%	8.1%	10.5%	7.0%	3.4%

Operating Expense Summary – Projected

<i>Operating expenses</i>	2023	2024	2025	2026	2027	2028
Salaries and wages	\$ 14,797,027	\$ 15,240,938	\$ 15,698,166	\$ 16,169,111	\$ 16,654,184	\$ 17,153,810
Employee benefits	4,331,846	4,461,802	4,290,675	4,419,396	4,551,977	4,688,537
Other post employment benefits	300,000	300,000	309,000	318,270	327,818	337,653
Professional fees	2,652,422	2,731,995	2,813,955	2,898,374	2,985,325	3,074,885
Supplies	2,157,766	2,222,499	2,289,174	2,357,849	2,428,584	2,501,442
Purchased services	3,364,063	3,504,041	3,609,162	3,717,437	3,828,960	3,943,829
Utilities	601,802	619,856	638,452	657,606	677,334	697,654
Insurance	106,387	109,579	112,866	116,252	119,740	123,332
Other	851,489	877,033	903,344	930,444	958,357	987,108
Rent	86,333	88,923	91,591	94,339	97,169	100,084
Depreciation and amortization	500,623	961,542	910,050	4,069,261	4,026,195	4,026,641
Total operating expenses	\$ 29,749,758	\$ 31,118,208	\$ 31,666,435	\$ 35,748,339	\$ 36,655,643	\$ 37,634,975
Change in salaries, wages, benefits, and other noncapital operating expenses	12.7%	3.1%	2.0%	3.0%	3.0%	3.0%
Change in total operating expenses	11.2%	4.6%	1.8%	12.9%	2.5%	2.7%

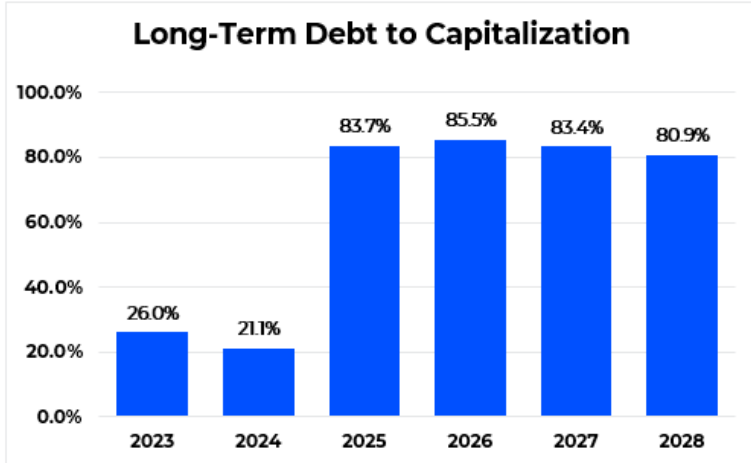
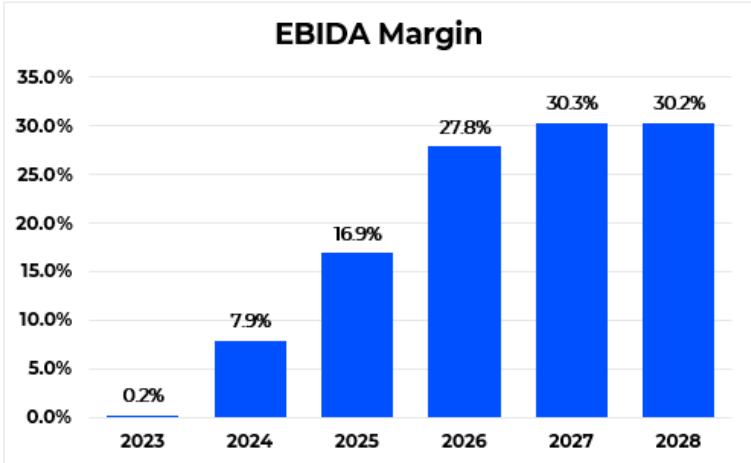
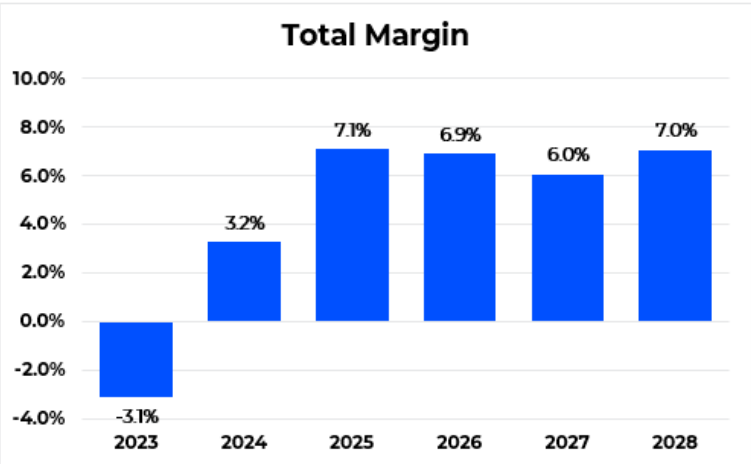
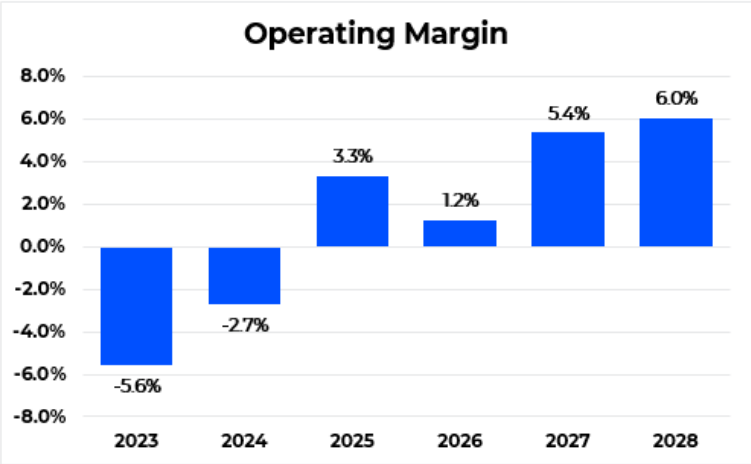
Debt Service Coverage

Debt service coverage	2023	2024	2025	2026	2027	2028
Change in net position	\$ (877,891)	\$ 984,283	\$ 2,319,463	\$ 2,497,304	\$ 2,342,545	\$ 2,822,461
Plus: OPEB	300,000	300,000	309,000	318,270	327,818	337,653
Plus: Interest expense	138,957	159,728	1,992,876	3,193,206	5,022,187	4,927,414
Plus: Depreciation and amortization expense	500,623	961,542	910,050	4,069,261	4,026,195	4,026,641
Total funds available for debt service	61,689	2,405,553	5,531,389	10,078,041	11,718,745	12,114,169
Principal payments	439,571	530,935	964,464	1,335,852	1,911,781	2,012,880
Interest expense	117,325	162,397	1,786,655	2,988,642	5,031,048	4,936,690
Annual debt service	556,896	693,332	2,751,119	4,324,494	6,942,829	6,949,570
Debt service coverage	0.11	3.47	2.01	2.33	1.69	1.74
Debt service coverage - Excluding investment income	2023	2024	2025	2026	2027	2028
Change in net position	\$ (877,891)	\$ 984,283	\$ 2,319,463	\$ 2,497,304	\$ 2,342,545	\$ 2,822,461
Plus: OPEB	300,000	300,000	309,000	318,270	327,818	337,653
Plus: Interest expense	138,957	159,728	1,992,876	3,193,206	5,022,187	4,927,414
Plus: Depreciation and amortization expense	500,623	961,542	910,050	4,069,261	4,026,195	4,026,641
Less: Investment income	(404,844)	(416,989)	(429,499)	(442,384)	(455,656)	(469,326)
Total funds available for debt service	(343,155)	1,988,564	5,101,890	9,635,657	11,263,089	11,644,843
Principal payments	439,571	530,935	964,464	1,335,852	1,911,781	2,012,880
Interest expense	117,325	162,397	1,786,655	2,988,642	5,031,048	4,936,690
Annual debt service	556,896	693,332	2,751,119	4,324,494	6,942,829	6,949,570
Debt service coverage - Excluding investment income	(0.62)	2.87	1.85	2.23	1.62	1.68

Days Cash on Hand

<i>Days cash on hand</i>	2023	2024	2025	2026	2027	2028
Cash and cash equivalents	\$ 10,554,775	\$ 11,933,693	\$ 40,952,249	\$ 19,532,459	\$ 23,912,844	\$ 28,813,526
Operating expenses	29,749,758	31,118,208	31,666,435	35,748,339	36,655,643	37,634,975
Less: Depreciation	(500,623)	(961,542)	(910,050)	(4,069,261)	(4,026,195)	(4,026,641)
Less: OPEB	(300,000)	(300,000)	(309,000)	(318,270)	(327,818)	(337,653)
Plus Interest expense	138,957	159,728	1,992,876	3,193,206	5,022,187	4,927,414
Adjusted expenses	29,088,092	30,016,394	32,440,261	34,554,014	37,323,817	38,198,095
Expenses per day	79,693	82,012	88,877	94,669	102,257	104,366
Days cash on hand	132.4	145.5	460.8	206.3	233.9	276.1

Other Key Financial Results



Other Key Financial Results

	2023	2024	2025	2026	2027	2028
EBIDA Ratio	0.2%	7.9%	16.9%	27.8%	30.3%	30.2%
Debt service coverage (DSC)	0.11	3.47	2.01	2.33	1.69	1.74
Days cash on hand (DCOH)	132	146	461	206	234	276
Operating margin	-5.6%	-2.7%	3.3%	1.2%	5.4%	6.0%
Total margin	-3.1%	3.2%	7.1%	6.9%	6.0%	7.0%
Debt to capitalization	26.0%	21.1%	83.7%	85.5%	83.4%	80.9%

Thank you!

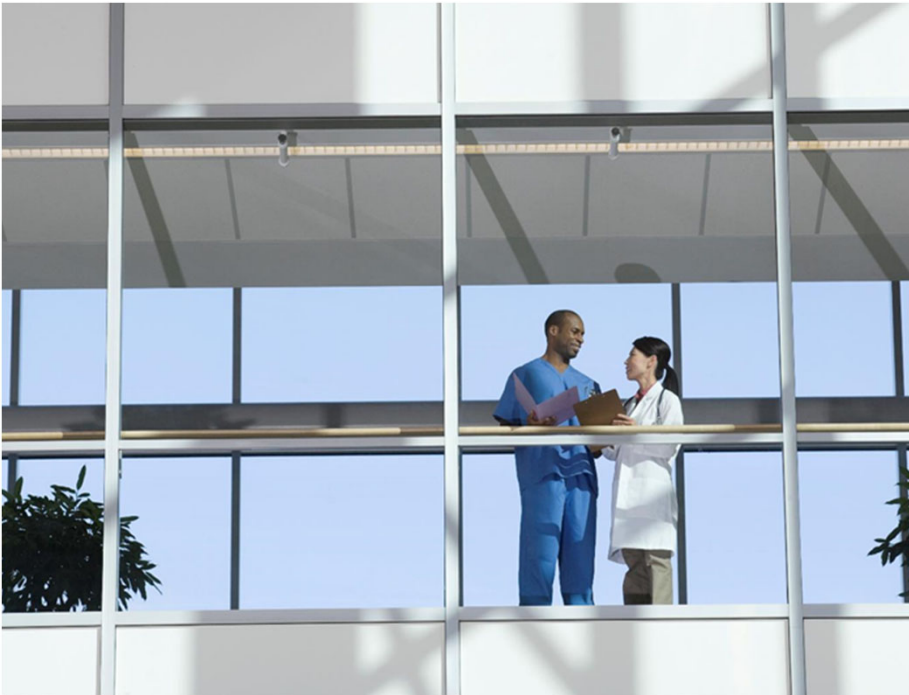
- Your Service Team:
 - ▶ Eric Volk, Partner
 - ▶ Meranda Adams, Senior Consultant



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Regarding the Use of this Presentation



- The contents of this presentation is for Willapa Harbor Hospital's internal use only and is not to be distributed to any outside parties.
- The projected financial statements presented herein are not intended to be presented in accordance with Generally Accepted Accounting Principles (GAAP).
- Wipfli did not perform an examination-level or compilation-level, feasibility analysis as a part of this engagement and, as such, does not provide any assurance on the financial information presented herein.

02. Appendix

Overall Basis

Overall Basis for the Forecast

- Prepared projected financial statements for the Hospital (2023 to 2028) based on the following:
 - ▶ Historical operating results from 2018 through 2022
 - ▶ Utilized YTD May 2023, annualized, as the primary basis for the 2023 projected income statement
 - ▶ Applied the 2024 prelim budget as the basis for the 2024 projected income statement
 - ▶ Applied inflationary increases and other assumptions as discussed with management
 - ▶ Incorporated debt financing for the new projects
 - ▶ Prepared projected income statements to assess debt capacity of Hospital

Overall Basis for the Forecast

WHH experienced significant operational changes in FY 2022 and 2023:

- ▶ Software conversion to EPIC/SAGE Intact in FY 2023
- ▶ Incorporated anticipated additional SNAP grant funds in FY 2024 and 2025

Forecast Assumptions

Revenue Assumptions

- Net patient service revenue (NPSR) includes an annual reimbursement inflation for each payor and are projected as follows:
 - ▶ Medicare and Medicaid reimbursement includes an annual inflation change from 13.09% in 2023 to 2.12% in 2028
 - ▶ Reimbursement from all other payors are projected at an annual inflation rate of 3%
 - ▶ The new project is projected to be reimbursed at 52.7% of total project cost
- NPSR incorporates volume increases of 3% and 4% for payors other than Medicare and Medicaid in 2027 through 2028, respectively
- Other operating revenue is projected to increase 3.0% annually
- Nonoperating revenues are projected as follows:
 - ▶ Adjusted grant revenue to reflect additional SNAP grant funds of \$750k and \$800k in FY 2024 and 2025, respectively
 - ▶ Timber taxes projected to remain flat over the projected period
 - ▶ Interest income is projected to increase by 3% annually

Projected Income Statement – \$Levy Rates

- Special levy assessed value is projected to be \$1,822,128,148 in 2023, based on:
 - ▶ 30.9% increase in regular levy in 2023
 - ▶ Applied increase to 2022 special levy assessed value of \$1,391,960,192

Operating Expense Assumptions

- Salaries and wages projected based on the following:
 - ▶ Analyzed historical levels
 - ▶ Applied annual inflation of 3%
- Benefits are projected based on historical experience, management discussions and anticipated cost adjustments
 - ▶ Benefit ratio is assumed at 27.3% of salaries and wages
- Adjusted purchased services to exclude ED Pro contracted services buyout amount annualized in 2023 and 2024 budget
- Other operating expenses are projected at a high level with annual inflation rate of 3%

Capital Expense Assumptions

- Depreciation is based on the following:
 - ▶ Existing assets – Depreciation is estimated based on historical information.
 - ▶ Future ongoing routine additions
 - Land of \$812k, EPIC implementation of \$3.7 million, and equipment of \$500k in 2023 based on discussions with management
 - \$250k thereafter
 - Routine additions are related to building and equipment, average 30-year and 10-year depreciable life, respectively
 - ▶ New Project Construction
 - Useful life of 30 years
 - ▶ Interest expense is based on the following:
 - Future debt associated with New Projects Construction
 - 5.5% interest rate
 - 30-year amortization period

Key Balance Sheet Assumptions

- Balance sheet assumptions are projected based on FY 2023 and discussions with management:

Balance sheet item	Basis	Assumption
Cash and cash equivalents - Current	Days expense in cash and cash equivalents - current	132.4
Patient accounts receivable - Net	Days net patient service revenue in accounts receivable	38.2
Estimated third-party payor settlements	Days net patient service revenue in third-party settlements	17.3
Taxes receivables	Days property taxes expense in receivables	23.3
Other receivables	Average % change	0.0%
Inventory	Days supplies expense in inventory	44.8
Prepays	Days expense less salaries, benefits, deprec., and interest	2.9
Accounts payable	Days expense less salaries, benefits, deprec., and interest	28.3
Accrued salaries and benefits	Days salaries and benefits accrued	6.0
Net pension liability	Days salaries and benefits in pension liability	46.9

Historical Financial Information

Revenue Summary - Historical

<i>Operating revenue</i>	Historical				
	2018	2019	2020	2021	2022
Net patient service revenue	\$ 20,445,608	\$ 20,490,085	\$ 19,952,742	\$ 23,368,833	\$ 26,527,466
Other operating revenue	148,307	505,333	873,668	455,247	285,727
Total operating revenue	\$ 20,697,669	\$ 20,995,418	\$ 20,826,410	\$ 23,824,080	\$ 26,813,193
Change in net patient service revenue	6.7%	0.2%	-2.6%	17.1%	13.5%
Change in total operating revenue	6.5%	1.4%	-0.8%	14.4%	12.5%

Operating Expense Summary - Historical

Operating expenses	Historical				
	2018	2019	2020	2021	2022
Salaries and wages	\$ 11,223,939	\$ 11,345,264	\$ 12,004,821	\$ 12,687,249	\$ 13,559,074
Employee benefits	3,080,133	3,081,956	3,360,172	3,478,768	3,605,007
Other post employment benefits	1,986,046	217,905	251,003	291,412	318,576
Professional fees	1,329,409	1,411,404	1,879,513	2,036,860	2,481,371
Supplies	1,452,686	1,404,434	1,782,136	1,827,127	1,988,690
Purchased services	1,666,116	2,137,020	1,780,223	1,948,490	2,531,362
Utilities	350,204	350,541	387,094	477,459	541,662
Insurance	66,998	79,179	112,269	114,900	116,053
Other	575,329	558,990	641,080	694,994	885,865
Rent	110,569	147,632	148,920	149,698	101,253
Depreciation and amortization	560,325	551,277	529,774	532,321	524,231
Total operating expenses	\$ 22,480,946	\$ 21,372,506	\$ 22,973,769	\$ 24,322,650	\$ 26,747,942
Change in salaries, wages, benefits, and other noncapital operating expenses	15.0%	-5.4%	7.5%	6.1%	10.0%
Change in total operating expenses	13.1%	-4.9%	7.5%	5.9%	10.0%

Debt Service Coverage - Historical

Debt service coverage	2018	2019	2020	2021	2022
Change in net position	\$ (858,413)	\$ 989,291	\$ 2,949,653	\$ 2,888,739	\$ 2,130,849
Plus: OPEB	1,986,046	217,905	251,003	291,412	318,576
Plus: Interest expense	72,169	47,323	53,695	61,517	70,893
Plus: Depreciation and amortization expense	560,325	551,277	529,774	532,321	524,231
Total funds available for debt service	1,760,127	1,625,481	(396,636)	1,146,794	3,044,549
Principal payments	513,516	540,621	485,617	700,497	1,046,212
Interest expense	61,538	37,096	39,966	52,708	73,818
Annual debt service	575,054	577,717	525,583	753,205	1,120,030
Debt service coverage	3.06	2.81	(0.75)	1.52	2.72
Debt service coverage - Excluding investment income	2018	2019	2020	2021	2022
Change in net position	\$ (858,413)	\$ 989,291	\$ 2,949,653	\$ 2,888,739	\$ 2,130,849
Plus: OPEB	1,986,046	217,905	251,003	291,412	318,576
Plus: Interest expense	72,169	47,323	53,695	61,517	70,893
Plus: Depreciation and amortization expense	560,325	551,277	529,774	532,321	524,231
Less: Investment income	(84,197)	(132,724)	(55,096)	(17,552)	(211,205)
Total funds available for debt service	1,675,930	1,673,072	3,729,029	3,756,437	2,833,344
Principal payments	513,516	540,621	485,617	700,497	1,046,212
Interest expense	61,538	37,096	39,966	52,708	73,818
Annual debt service	575,054	577,717	525,583	753,205	1,120,030
Debt service coverage - Excluding investment income	2.91	2.90	7.10	4.99	2.53

Days Cash on Hand - Historical

Days cash on hand - Short term sources	2018	2019	2020	2021	2022
Cash and cash equivalents	\$ 3,459,020	\$ 4,868,586	\$ 16,441,262	\$ 16,289,029	\$ 12,624,545
Operating expenses	22,480,946	21,372,506	22,973,769	24,322,650	26,747,942
Less: Depreciation	(560,325)	(551,277)	(529,774)	(532,321)	(524,231)
Less: OPEB	(1,986,046)	(217,905)	(251,003)	(291,412)	(318,576)
Plus Interest expense	72,169	47,323	53,695	61,517	70,893
Adjusted expenses	20,006,744	20,650,647	22,246,687	23,560,434	25,976,028
Expenses per day	54,813	56,577	60,783	64,549	71,167
Days cash on hand - Short-term	63.1	86.1	270.5	252.4	177.4
Days cash on hand - All sources	2018	2019	2020	2021	2022
Cash and cash equivalents	\$ 3,459,020	\$ 4,868,586	\$ 16,441,262	\$ 16,289,029	\$ 12,624,545
Noncurrent cash	1,035,590	723,229	862,181	913,846	25,080
Total	\$ 4,494,610	\$ 5,591,815	\$ 17,303,443	\$ 17,202,875	\$ 12,649,625
Expenses per day	54,813	56,577	60,783	64,549	71,167
Days cash on hand - All sources	82.0	98.8	284.7	266.5	177.7

Other Key Financial Results - Historical

	Historical				
	2018	2019	2020	2021	2022
EBIDA Ratio	8.5%	7.7%	-1.9%	4.8%	11.4%
Debt service coverage (DSC)	3.06	2.81	(0.75)	1.52	2.72
Days cash on hand (DCOH)	82	99	285	267	178
Operating margin	-8.6%	-1.8%	-10.3%	-2.1%	0.2%
Total margin	-4.1%	4.7%	14.2%	12.1%	7.9%
Debt to capitalization	36.1%	15.8%	16.0%	8.3%	0.0%

Summary and Next Steps

Financial Risks

- Financial risk factors and considerations include:
 - ▶ Achieving Projected volume growth
 - ▶ Estimated construction costs to expand Hospital capacity could be understated
 - ▶ Increases in operating costs to be considered once the new projects are more clearly defined (utilities, staffing, etc.)
 - ▶ Maintain levels of salaries and wages as a percentage of net patient service revenue
 - 2022 was 51.1% and 2023 is projected at 54.0%
 - ▶ Maintain levels of benefits as a percentage of salaries. 2023 is projected at 27.3%
 - ▶ Profitability implications of future project
 - Capital costs associated with the new financing is spread evenly to all services currently due to project scope not being fully defined
 - ▶ Project details have yet to be refined between asset classes. Depreciation expense based on asset class will be refined in future phases of the analysis

Considerations

- Projected strong cash position
 - ▶ Potential requirement for equity contribution due to projected cash levels
 - ▶ New debt terms may require establishment of reserve funds, which would impact days cash on hand
- Timing of projects matters
 - ▶ Prioritize and stagger projects; more certainty, maintaining financials
 - ▶ Management to determine minimum levels of financial ratios for internal goals
 - ▶ Implementation of new programs is intensive, and profitability is highly dependent on ramp-up of providers, full capacity

Potential Next Steps

- Identify specific construction projects to pursue /prioritize further
- Deeper dive on scenario modeling
- Deeper dive on financial analysis
- Real market/refining of
 - ▶ Obtaining provider services
 - ▶ Timeline
 - ▶ Sources of financing (debt, grants/contributions, equity, etc.)
 - ▶ Refining cost of construction