



The MetroHealth System

Board of Trustees

Wednesday, April 26, 2023

3:00 - 5:00 pm

The MetroHealth System K-107 or via Zoom

Finance Committee

Regular Meeting

The MetroHealth System Board of Trustees

INVESTMENT SUBCOMMITTEE

DATE: Wednesday, April 26, 2023

TIME: 3:00-3:30 pm

PLACE: MetroHealth System Board Room
K107 / Via Zoom
<https://us02web.zoom.us/j/82877117816>

AGENDA

- I. **Approval of Minutes**
Committee Meeting Minutes of January 25, 2023
- II. **Information Items**
 - A. First Quarter 2023 Investment Performance - Adam Blake, Clearstead
- III. **Recommendation/Resolution Approvals**
 - A. No items at this time

The MetroHealth System Board of Trustees

INVESTMENT SUBCOMMITTEE MEETING

January 25, 2023

3:00 – 3:30 pm

The Glick Center Room AC2-311A or Zoom <https://us02web.zoom.us/j/82877117816>

Meeting Minutes

Committee Members Present: Mr. John Moss-I¹, Dr. JB Silvers-I

Other Trustees Present: Mr. John Corlett-I, Ms. Maureen Dee-I, Dr. E. Harry Walker-R², Ms. Vanessa Whiting-I

Staff Present: Dr. Airica Steed-I, Dr. Jennifer Bailit-R, Mr. Nicholas Bernard-I, Dr. Nabil Chehade-I, Dr. Olusegun Ishmael-I, Ms. Julie Jacono-I, Dr. William Lewis-R, Dr. Benjamin Li-R, Dr. Brian Mercer-I, Ms. Christina Morales-I, Ms. Sonja Rajki-I, Mr. Craig Richmond-I, Mr. Nicholas Sukalac-R

Guest(s) Present: Ms. Suzanne Aral-Boutros-R, Mr. Adam Blake-R, (Clearstead), Ms. Bayley Miozzi-R (Clearstead)

Mr. Moss called the meeting to order at 3:19 pm, in accordance with Section 339.02(K) of the Ohio Revised Code.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.)

I. **Approval of Minutes**

The minutes of the November 8, 2022 Investment subcommittee meeting were approved as submitted.

Mr. Moss turned the meeting over to Mr. Richmond for the Information Items.

¹ I – In-person

² R – Remote

The MetroHealth System Board of Trustees

II. Information Items

Fourth Quarter 2022 Investment Performance – Adam Blake, Clearstead

Mr. Richmond welcomed the Investment Committee which is a sub-committee of the Finance Committee. Mr. Blake, Senior Managing Director from Clearstead (The MetroHealth System's investment advisor) joined remotely and reviewed the Oversight Dashboard which captures important activities required for appropriate investment portfolio management and Committee oversight.

Mr. Blake then provided the committee with an Economic and Market Update and Performance Review summary as of December 31, 2022. Mr. Blake also reviewed the Domestic & International Equity Analysis.

Finally, Mr. Blake provided an update on the Sustainable Investing Initiative.

Recommendation/Resolutions Approvals

A. No items at this time

There being no further business to bring before the Committee, the meeting was adjourned at approximately 3:45 pm.

John Moss,
Chair of Finance Committee



April 26, 2023

METROHEALTH SYSTEM INVESTMENT COMMITTEE MEETING



*1100 Superior Avenue East Suite 700
Cleveland, Ohio 44114
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CONTENTS

1. Oversight Dashboard
2. Economic and Market Update
3. 3/31/2023 Performance Review
4. Reserve Pool Fixed Income Review
5. Fee Review
6. Sustainable Investing Exposure Review

Appendix

Additional Performance Slides

Additional Economic Slides

OVERSIGHT DASHBOARD

Last Reviewed	
Investment Policy:	08/10/22
Strategic Asset Allocation:	02/09/22
Fee Review:	04/26/23

		4Q 22	1Q 23	2Q 23	3Q 23	Comments:
Strategic/ Administrative	Investment Policy Review				<input type="checkbox"/>	
	Sustainable Investing Guidelines					Further development in 2023
	Strategic Asset Allocation Review			<input type="checkbox"/>		
	2024 Oversight Dashboard				<input type="checkbox"/>	
Portfolio	Reserve Pool Fixed Income Review		✓			
	Domestic Equity Review	✓				
	International Equity Review	✓				
Performance	Capital Markets Review	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	
	Quarterly Performance Review	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>	
Other	Clearstead Firm Update	✓				
	Fee Review		✓			
	Sustainable Investing Exposure Review		✓			



ECONOMIC AND MARKET UPDATE

QUARTERLY THEMES

WHAT HAPPENED LAST QUARTER?

- Three separate narratives had their day in the sun: soft landing, no landing, and hard landing
 - January was risk-on; February was risk-off; March was bad for small caps and financials
- Equity and fixed income markets were volatile throughout the quarter influenced by interest rate movements, inflation trending lower, banking sector issues, and a potential recession, though all generated strong returns
 - S&P 500 +7.5%; MSCI EAFE +8.5%; MSCI Emerging Markets +4.0%; Bloomberg Aggregate Bond +3.0%
- Economy strengthened modestly in Q1 compared to 2022, but outlook for full CY2023 is murky

LOOKING FORWARD:

- Fed-induced recession risks are increasing as the effects of tighter financial conditions unfold
 - Slower growth, margin pressures on top of regional banking pressure and potential weakness in real-estate
 - Markets still unsure what a potential recession in 2023 will mean for corporate earnings
- Debt ceiling saga likely to culminate in late Q2/early Q3; expect noise around that timeframe which ultimately gets resolved (no default)
- Volatility is likely to remain elevated, so understanding liquidity needs is important during what are expected to be choppy markets
- Last year's repricing pushed yields much higher, and coupled with the uncertain environment, bodes well for fixed income returns

Source: Clearstead, Federal Reserve, Bloomberg LP. As of 3/31/2023. Past performance is not an indicator of future results.

U.S. ECONOMIC PROJECTIONS: FED BATTLES INFLATION

FEDERAL RESERVE BOARD MEMBERS & BANK PRESIDENTS

		2023	2024	2025	LONGER RUN*
GDP	March 2023	0.4%	1.2%	1.9%	1.8%
	December 2022	0.5%	1.6%	1.8%	1.8%
	September 2022	1.2%	1.7%	1.8%	1.8%
	June 2022	1.7%	1.9%		1.8%
Unemployment Rate	March 2023	4.5%	4.6%	4.6%	4.0%
	December 2022	4.6%	4.6%	4.5%	4.0%
	September 2022	4.4%	4.4%	4.3%	4.0%
	June 2022	3.9%	4.1%		4.0%
Core PCE Inflation	March 2023	3.6%	2.6%	2.1%	
	December 2022	3.5%	2.5%	2.1%	
	September 2022	3.1%	2.3%	2.1%	
	June 2022	2.7%	2.3%		
Federal Funds Rate	March 2023	5.1%	4.3%	3.1%	2.5%
	December 2022	5.1%	4.1%	3.1%	2.5%
	September 2022	4.6%	3.9%	2.9%	2.5%
	June 2022	3.8%	3.4%		2.5%
March 2023 of implied 25 bps rate changes/year	#				
	December 2022	3	-3	-5	
	September 2022	3	-4	-4	
	June 2022	1	-3	-4	
	June 2022	2	-2		

*Longer-run projections: The rates to which a policymaker expects the economy to converge over time – maybe in five or six years – in the absence of further shocks and under appropriate monetary policy.

Source: Clearstead, U.S. Federal Reserve 3/22/2023

INFLATION STILL HIGH ACROSS THE GLOBE

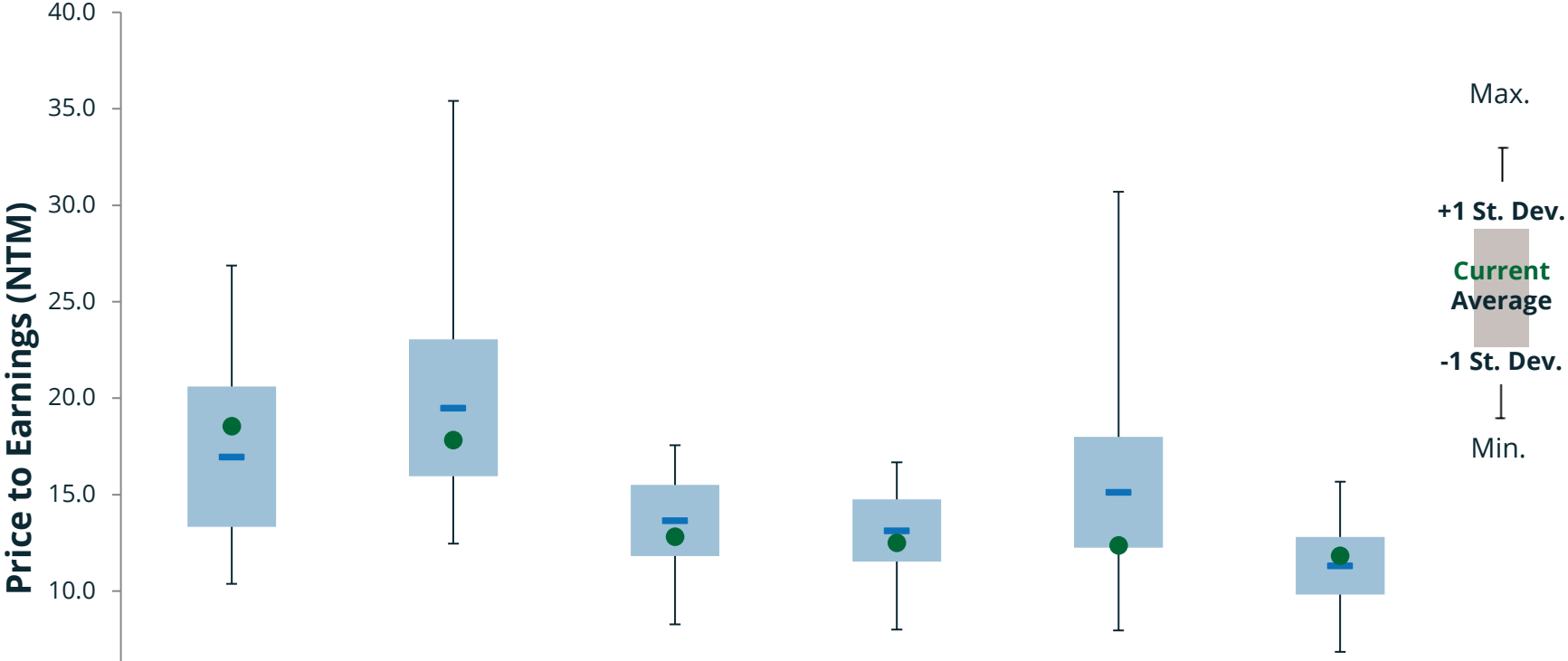
Global Headline CPI - Year-over-Year % Change

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	
Dev. Markets																										
US	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5	6.4	6.0	
EU	0.9	1.3	1.6	2.0	1.9	2.2	3.0	3.4	4.1	4.9	5.0	5.1	5.9	7.5	7.5	8.1	8.6	8.9	9.1	10.0	10.7	10.0	9.2	8.5	8.5	
Japan	-0.5	-0.4	-1.1	-0.8	-0.5	-0.3	-0.4	0.2	0.1	0.6	0.8	0.5	0.9	1.2	2.5	2.5	2.4	2.6	3.0	3.0	3.7	3.8	4.0	4.3	3.3	
UK	0.4	0.7	1.5	2.1	2.5	2.0	3.2	3.1	4.2	5.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1	10.7	10.5	10.1	10.4	
Canada	1.1	2.2	3.4	3.6	3.1	3.7	4.1	4.4	4.7	4.7	4.8	5.1	5.7	6.7	6.8	7.7	8.1	7.6	7.0	6.9	6.9	6.8	6.3	5.9	5.2	
Australia	0.9	1.1	1.1	1.1	3.8	3.8	3.8	3.0	3.0	3.0	3.5	3.5	3.5	5.1	5.1	5.1	6.1	6.1	6.1	7.3	7.3	7.3	7.8	7.8	7.8	
Switzerland	-0.5	-0.2	0.3	0.6	0.6	0.7	0.9	0.9	1.2	1.5	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	7.3	7.2	7.2	7.2	7.2	7.2	7.2	
Norway	3.3	3.1	3.0	2.7	2.9	3.0	3.4	4.1	3.5	5.1	5.3	3.2	3.7	4.5	5.4	5.7	6.3	6.8	6.5	6.9	7.5	6.5	5.9	7.0	6.3	
Sweden	1.4	1.7	2.2	1.8	1.3	1.4	2.1	2.5	2.8	3.3	3.9	3.7	4.3	6.0	6.4	7.3	8.7	8.5	8.9	10.8	10.9	11.5	12.3	11.7	12.0	
Asia																										
China	-0.2	0.4	0.9	1.3	1.1	1.0	0.8	0.7	1.5	2.3	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1	1.6	1.8	2.1	1.0	
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	4.5	4.8	5.6	5.8	5.0	5.4	6.3	7.0	6.2	5.8	5.9	6.5	6.1	5.4	5.8	6.2	6.2	
Indonesia	1.4	1.4	1.4	1.7	1.3	1.5	1.6	1.6	1.7	1.7	1.9	2.2	2.1	2.6	3.5	3.6	4.4	4.9	4.7	6.0	5.7	5.4	5.5	5.3	5.5	
Malaysia	0.1	1.7	4.7	4.4	3.4	2.2	2.0	2.2	2.9	3.3	3.2	2.3	2.2	2.2	2.3	2.8	3.4	4.4	4.7	4.5	4.0	4.0	3.8	3.7	3.7	
S Koreas	1.4	1.9	2.5	2.6	2.4	2.6	2.6	2.4	3.2	3.8	3.7	3.6	3.7	4.1	4.8	5.4	6.0	6.3	5.7	5.6	5.7	5.0	5.0	5.2	4.8	
Taiwan	1.4	1.2	2.1	2.5	1.8	1.9	2.3	2.6	2.6	2.9	2.6	2.8	2.3	3.3	3.4	3.4	3.6	3.4	2.7	2.8	2.7	2.4	2.7	3.1	2.4	
Latin America																										
Brazil	5.2	6.1	6.8	8.1	8.4	9.0	9.7	10.3	10.7	10.7	10.1	10.4	10.5	11.3	12.1	11.7	11.9	10.1	8.7	7.2	6.5	5.9	5.8	5.8	5.6	
Chile	2.8	2.9	3.3	3.6	3.8	4.5	4.8	5.3	6.0	6.7	7.2	7.7	7.8	9.4	10.5	11.5	12.5	13.1	14.1	13.7	12.8	13.3	12.8	12.3	11.9	
Colombia	1.6	1.5	2.0	3.3	3.6	4.0	4.4	4.5	4.6	5.3	5.6	6.9	8.0	8.5	9.2	9.1	9.7	10.2	10.8	11.4	12.2	12.5	13.1	13.3	13.3	
Mexico	3.8	4.7	6.1	5.9	5.9	5.8	5.6	6.0	6.2	7.4	7.4	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4	7.8	7.8	7.9	7.6	

Bloomberg Inflation Monitor as of 3/31/2023

- Inflation has started to ease in select markets, but remain uncomfortably high in most countries
 - The US, Brazil, and the EU have started to see meaningful declines
 - Only China, and to a lesser extent Taiwan, have seen negligible increases

GLOBAL EQUITY VALUATIONS Q1-23



	MSCI USA	MSCI USA Small	MSCI EAFE	MSCI ACWI ex USA	MSCI ACWI ex USA Small	MSCI EM
Current P/E (NTM)	18.6	17.8	12.8	12.5	12.4	11.8
Average P/E (NTM)	17.0	19.5	13.7	13.1	15.1	11.3

(1994-Curent) (1994-Current) (2003-Current) (2003-Current) (1994-Current) (2003-Current)

Source: Bloomberg. Data as of 3/31/2023. Average taken over full index history.



3/31/2023 PERFORMANCE REVIEW

TOTAL SYSTEM SNAPSHOT: 3/31/2023

	System	Select Assurance	3/31/2023 Total	12/31/2022 Total	12/31/2021 Total
Clearstead Investment Reports (Reserve)	\$ 311,641,663		\$ 311,641,663	\$ 327,003,239	\$ 457,085,339
Clearstead Investment Reports (Non-Reserve)	\$ 207,364,822	\$ 85,419,078	\$ 292,783,900	\$ 280,713,480	\$ 306,520,135
Cash on Hand (Primary Operating Account)	44,031,922	14,678,979	\$ 58,710,901	\$ 91,657,413	\$ 92,149,369
Other Investments (Premier shares, Recovery Resources, MHS Purchasing, MHS Care Innovation)	11,778,694	-	\$ 11,778,694	\$ 12,207,146	\$ 14,619,844
Total Cash & Unrestricted Investments	\$ 574,817,101	\$ 100,098,057	\$ 674,915,158	\$ 711,581,278	\$ 870,374,686

METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: 03/31/2023

		Starting Balance	Net Cash Flow	Net Investment Change	Ending Balance
2019	Reserve	\$346,390,927	(\$40,684,362)	\$10,486,231	\$316,192,796
	Non-Reserve	\$33,511,686	\$37,500,000	\$15,894,971	\$86,906,657
	Total	\$379,902,613	(\$3,184,362)	\$26,381,202	\$403,099,453
2020	Reserve	\$316,192,797	\$224,762,533	\$8,090,467	\$549,045,797
	Non-Reserve	\$86,906,657	\$0	\$15,698,611	\$102,605,268
	Total	\$403,099,454	\$224,762,533	\$23,789,078	\$651,651,065
2021	Reserve	\$549,045,797	(\$90,653,379)	(\$1,307,079)	\$457,085,339
	Non-Reserve	\$102,605,268	\$100,000,000	\$22,686,324	\$225,291,592
	Total	\$651,651,065	\$9,346,621	\$21,379,245	\$682,376,931
2022	Reserve	\$457,085,339	(\$122,436,356)	(\$7,645,744)	\$327,003,239
	Non-Reserve	\$225,291,592	\$0	(\$26,458,875)	\$198,832,717
	Total	\$682,376,931	(\$122,436,356)	(\$34,104,619)	\$525,835,956
1Q 2023	Reserve	\$327,003,239	(\$20,148,028)	\$4,786,450	\$311,641,661 *
	Non-Reserve	\$198,832,717	\$0	\$8,532,106	\$207,364,823
	Total	\$525,835,956	(\$20,148,028)	\$13,318,556	\$519,006,484 **

*The Reserve Pool balance excludes approximately \$27.3 million in operating cash.

** The overall balance does not include \$85.4 million of Captive investments and \$14.7 million of Captive operating cash.

SELECT ASSURANCE CAPTIVE: ATTRIBUTION OF MARKET VALUE CHANGE: 03/31/2023

	Starting Balance	Contributions	Withdrawals	Net Investment Change	Ending Balance
2019	\$16,501,370	\$10,750,000	(\$5,847)	\$3,695,567	\$30,941,090
2020	\$30,941,090	\$20,007,000	(\$9,488)	\$4,978,665	\$55,917,267
2021	\$55,917,267	\$20,000,000	(\$13,520)	\$5,324,796	\$81,228,543
2022	\$81,228,543	\$10,000,000	(\$17,920)	(\$9,329,858)	\$81,880,765

1Q 2023	\$81,880,765	\$0	(\$4,809)	\$3,543,122	\$85,419,078 *
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- The Investment Committee of the Captive has been given authority by the Captive Board to invest operating cash that is in excess of \$10 million within the guidelines of the investment policy

* Balance excludes operating cash, \$14.7 million

METROHEALTH: PERFORMANCE SUMMARY

	QTD (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	2022 (%)	2021 (%)	2020 (%)	Inception (%)	Inception Date
Total Plan	2.5	-0.2	-0.2	2.6	-5.0	3.2	3.9	2.5	Aug- 18
Non-Reserve Long-Term Pool	7.0	-7.3	-0.1	16.8	-19.2	21.9	18.0	7.6	Aug- 18
<i>Non-Reserve LT Pool Benchmark¹</i>	<i>7.1</i>	<i>-7.8</i>	<i>0.3</i>	<i>17.2</i>	<i>-18.5</i>	<i>21.9</i>	<i>18.8</i>	<i>8.2</i>	
Total Equity	7.1	-7.3	-0.1	16.8	-19.2	21.9	18.0	7.6	Aug- 18
Total Domestic Equity	6.8	-8.2	1.2	18.0	-19.0	25.7	18.8	9.0	Aug- 18
<i>Russell 3000 Index</i>	<i>7.2</i>	<i>-8.6</i>	<i>1.2</i>	<i>18.5</i>	<i>-19.2</i>	<i>25.7</i>	<i>20.9</i>	<i>9.6</i>	
<i>Russell 2000 Index</i>	<i>2.7</i>	<i>-11.6</i>	<i>-8.7</i>	<i>17.5</i>	<i>-20.4</i>	<i>14.8</i>	<i>20.0</i>	<i>3.0</i>	
<i>S&P 500 Index</i>	<i>7.5</i>	<i>-7.7</i>	<i>3.3</i>	<i>18.6</i>	<i>-18.1</i>	<i>28.7</i>	<i>18.4</i>	<i>10.4</i>	
Total International Equity	8.3	-2.9	-5.7	11.4	-20.5	6.1	14.4	1.8	Aug- 18
<i>MSCI AC World ex USA (Net)</i>	<i>6.9</i>	<i>-5.1</i>	<i>-3.3</i>	<i>11.8</i>	<i>-16.0</i>	<i>7.8</i>	<i>10.7</i>	<i>2.7</i>	
Total Fixed Income & Cash	0.9	1.9	1.0	0.6	1.0	0.0	0.3	1.0	Aug- 18
Non-Reserve Short-Term Pool	1.4	0.6	-	-	-2.6	-	-	-0.5	May- 21
<i>Blmbg. U.S. Treasury: 1-3 Year</i>	<i>1.6</i>	<i>0.2</i>	<i>-1.4</i>	<i>-0.8</i>	<i>-3.8</i>	<i>-0.6</i>	<i>3.2</i>	<i>-1.5</i>	
Reserve Pool	1.5	1.2	-0.2	0.0	-1.6	-0.3	2.5	1.4	Aug- 18
<i>Blmbg. U.S. Treasury: 1-3 Year</i>	<i>1.6</i>	<i>0.2</i>	<i>-1.4</i>	<i>-0.8</i>	<i>-3.8</i>	<i>-0.6</i>	<i>3.2</i>	<i>1.1</i>	
Total Fixed Income	1.5	1.2	-0.2	0.0	-1.6	-0.3	2.5	1.4	Aug- 18

¹Russell 3000 Index: 80.00%, MSCI AC World ex USA (Net): 20.00%

METROHEALTH: PORTFOLIO SNAPSHOT: 4/17/2023

	Market Value as of 4/17/2023			New Allocation		Policy	
	\$	%	Change	\$	%	Target	Range
Total Non-Reserve LTP Pool	\$109,143	100.0%	\$0	\$109,143	100.0%	100.0%	
Domestic Equity	\$90,590	83.0%	\$0	\$90,590	83.0%	80%	0%-100%
Large Cap	\$73,244	67.1%	\$0	\$73,244	67.1%		
Vanguard Inst 500 Index	\$44,442	40.7%		\$44,442	40.7%		
Vanguard FTSE Social Index	\$7,975	7.3%		\$7,975	7.3%		
AQR Defensive Large Cap	\$7,378	6.8%		\$7,378	6.8%		
Harbor Capital Appreciation	\$6,934	6.4%		\$6,934	6.4%		
DFA US Large Cap Value	\$6,515	6.0%		\$6,515	6.0%		
Mid Cap	\$8,791	8.1%	\$0	\$8,791	8.1%		
Vanguard Mid Cap Index	\$8,791	8.1%		\$8,791	8.1%		
Small Cap	\$8,555	7.8%	\$0	\$8,555	7.8%		
Harbor Small Growth	\$4,361	4.0%		\$4,361	4.0%		
Boston Partners Small Value	\$4,194	3.8%		\$4,194	3.8%		
International Equity	\$18,349	16.8%	\$0	\$18,349	16.8%	20%	0%-20%
Oppenheimer Int'l Gth	\$7,157	6.6%		\$7,157	6.6%		
Transamerica (TS&W) International	\$7,556	6.9%		\$7,556	6.9%		
Allspring Advtg Emerging Markets	\$3,636	3.3%		\$3,636	3.3%		
Cash	\$204	0.2%	\$0	\$204	0.2%		
First American Government Fund	\$204	0.2%		\$204	0.2%		
Total Non-Reserve STP Pool	\$99,288					0.0%	
Total Reserve Pool *	\$311,642					0.0%	
Total Combined System	\$520,073					0.0%	

*Reserve Pool as of 03/31/23

Portfolio Summary

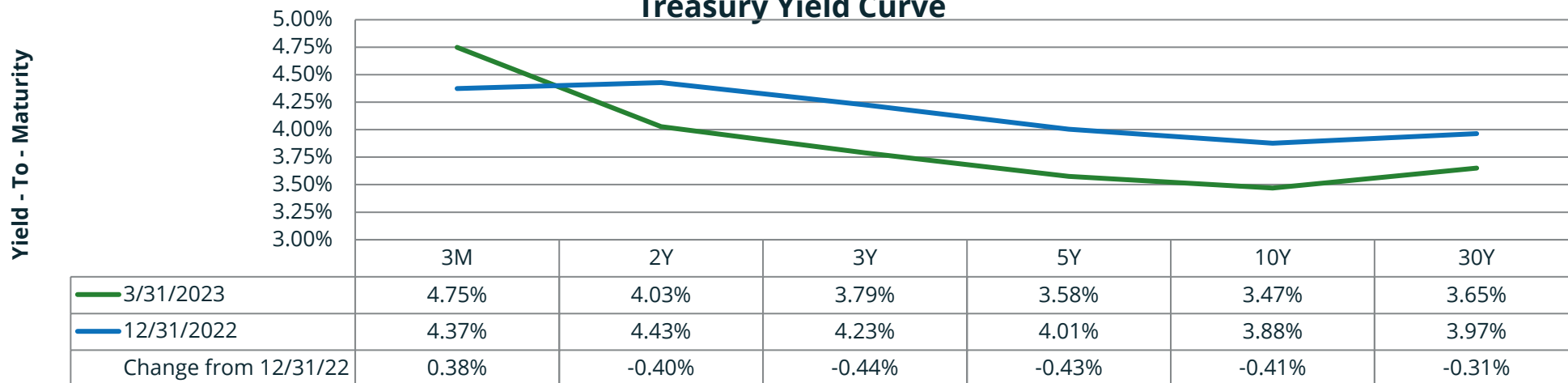
1. Overall portfolio is within policy ranges
2. Estimated yield as of 3/31/2023: Non-Reserve STP: 6.0%, Total Reserve Pool: 4.5% (Compared to 0.05-1.0% at 3/31/2022)
3. No portfolio adjustments are recommended at this time



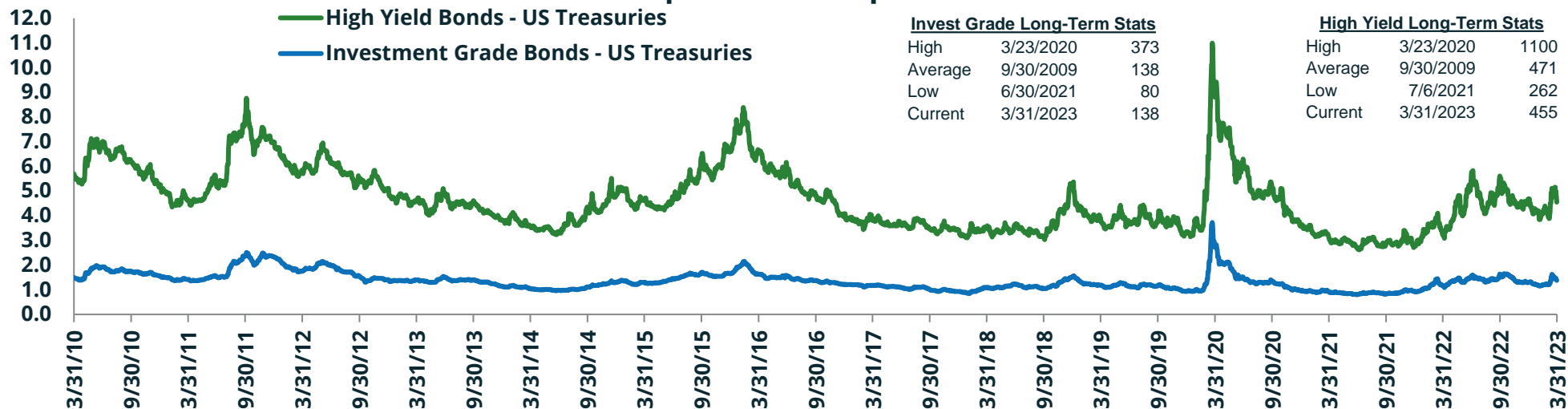
RESERVE POOL FIXED INCOME REVIEW

TREASURY YIELD CURVE & CORPORATE SPREADS

Treasury Yield Curve



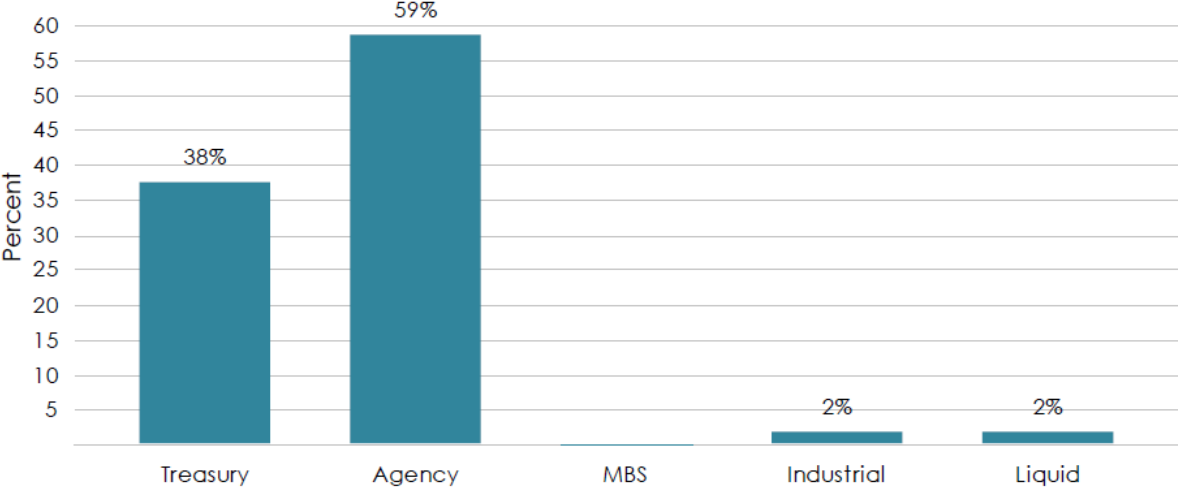
Corporate Yield Spreads



Source: Bloomberg.
 Data as of 3/31/2023.
 Past performance is no guarantee of future results.
 US Treasuries - BarCap US Gov't 10-Yr Treasury; Investment Grade Bonds - BarCap BAA Corp; High Yield Bonds - BarCap US High Yield.

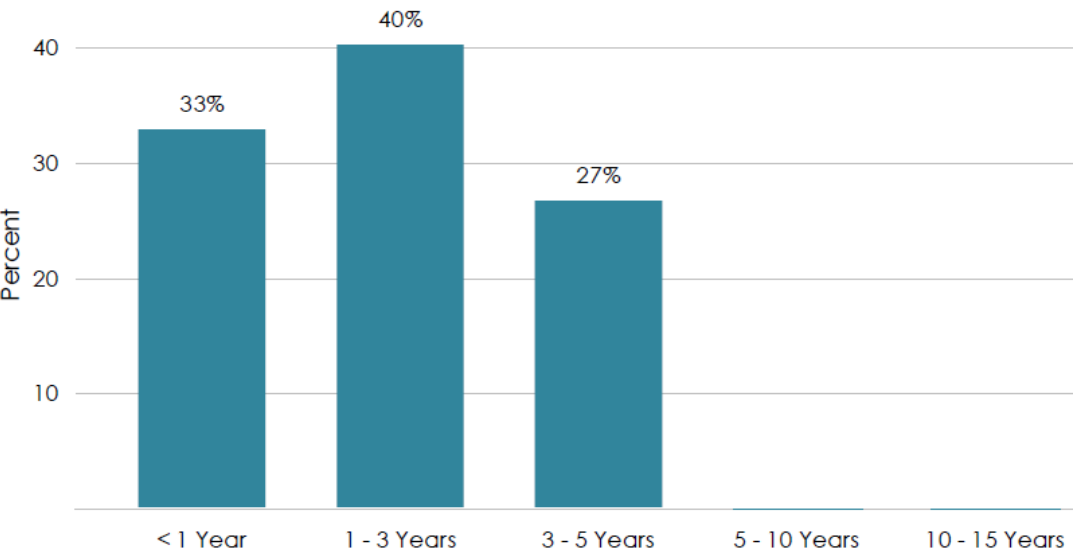
BOYD WATTERSON PORTFOLIO CHARACTERISTICS: 3/31/2023

SECTOR DISTRIBUTION



Characteristic	Portfolio
Average Duration	1.92 yrs.
Average Maturity	2.00 yrs.
Average Coupon	1.91 %
Average YTM/C	4.35 %
Average Quality	AAA

MATURITY DISTRIBUTION





FEE REVIEW

FEE REVIEW: 3/31/2023

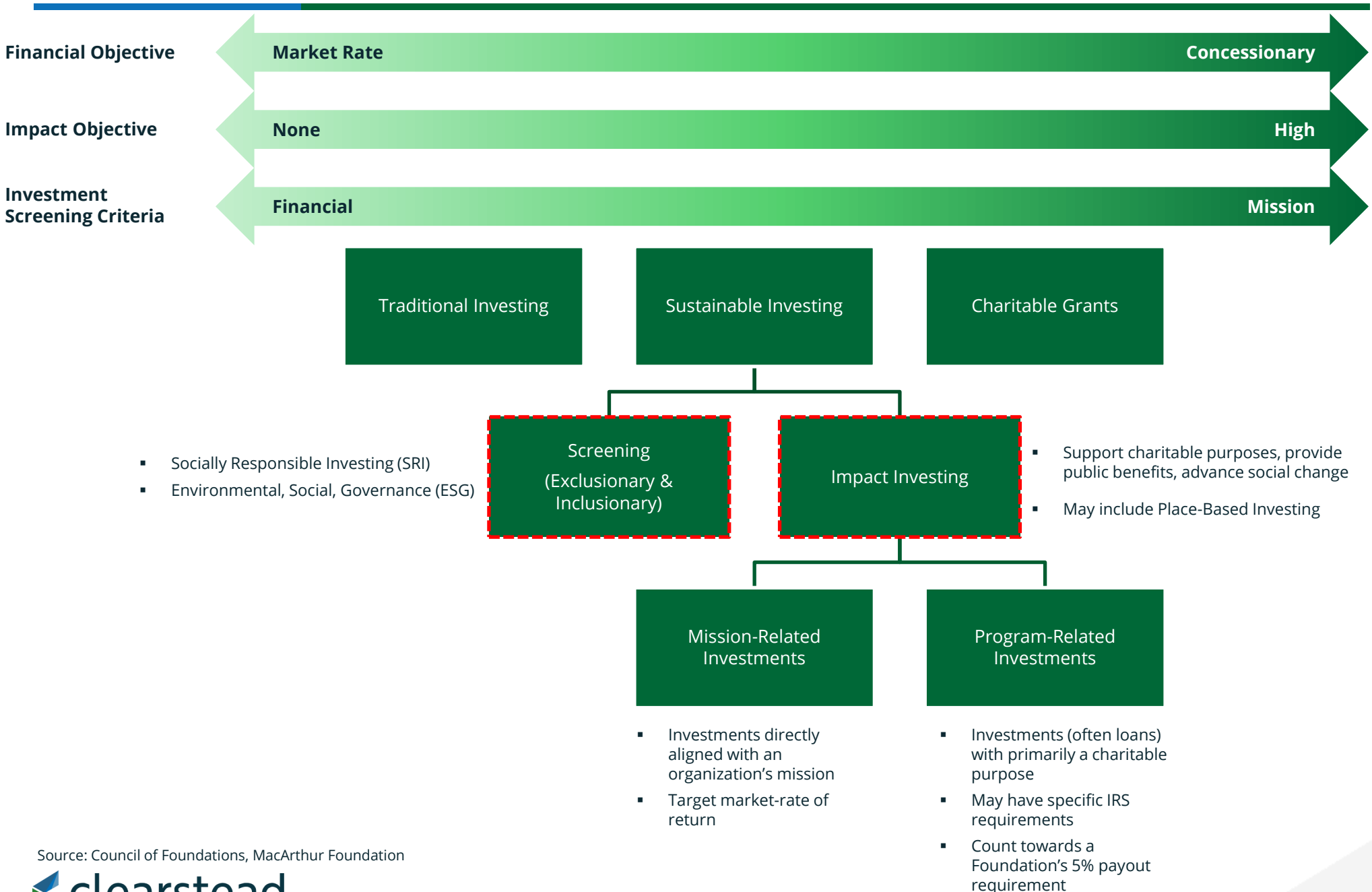
Fee Analysis as of 3/31/2023

Account	Market Value as of March 31, 2023	% of Portfolio	Estimated Annual Fee (\$)	Expense Ratio	Morningstar Inst'l Average Fee (%)
Total Non-Reserve Long-Term Pool	\$108,152,513	20.8%	\$348,909		
Total Domestic Equity	\$89,761,985	17.3%	\$194,450		
Harbor Capital Apprec. Instl	\$6,903,924	1.3%	\$44,876	0.65%	0.70%
Vanguard FTSE Social Index I	\$7,922,927	1.5%	\$9,508	0.12%	0.06%
AQR Large Cap Defensive Style Instl	\$7,253,012	1.4%	\$26,836	0.37%	0.70%
Vanguard Institutional Index	\$43,965,427	8.5%	\$15,388	0.04%	0.06%
DFA U.S. Lg Cap Value Instl	\$6,399,179	1.2%	\$14,078	0.22%	0.70%
Vanguard Mid Cap Index Adm	\$8,775,076	1.7%	\$4,388	0.05%	0.84%
Harbor Small Cap Growth Instl	\$4,327,328	0.8%	\$37,648	0.87%	0.94%
Boston Partners Sm Cap Value II I	\$4,215,111	0.8%	\$41,730	0.99%	0.94%
Total International Equity	\$18,126,251	3.5%	\$153,270		
Invesco Oppenheimer Int'l Growth R6	\$7,080,067	1.4%	\$49,560	0.70%	0.85%
Transamerica International Equity I	\$7,410,348	1.4%	\$62,988	0.85%	0.85%
Allspring Emerging Mkts Equity Instl	\$3,635,836	0.7%	\$40,721	1.12%	1.03%
Total Fixed Income & Cash	\$264,277	0.1%	\$1,189		
First American Govt Obligations Y	\$264,277	0.1%	\$1,189	0.45%	N/A
Total Non-Reserve Short-Term Pool	\$99,212,309	19.1%	\$206,531		
Vanguard Ultra-Short-Term Bond Adm	\$50,430,956	9.7%	\$50,431	0.10%	0.43%
Lord Abbett Short Duration Income F3	\$48,781,353	9.4%	\$156,100	0.32%	0.43%
Total Reserve Pool	\$311,641,661	60.0%	\$152,294		
Total Fixed Income	\$311,641,661	60.0%	\$152,294		
US Bank Investment Account (Boyd Watterson)	\$206,744,591	39.8%	\$112,023	0.05%	N/A
Fifth-Third Managed	\$40,271,060	7.8%	\$40,271	0.10%	N/A
Key Bank Money Market	\$23,678,101	4.6%	\$0	0.00%	N/A
PNC Money Market	\$40,947,911	7.9%	\$0	0.00%	N/A
Investment Management Fee	\$519,006,483	100.0%	\$707,735	0.14%	
Consulting Fees			\$134,000	0.03%	
Total Fees			\$841,735	0.16%	



**SUSTAINABLE INVESTING EXPOSURE
REVIEW**

SUSTAINABLE INVESTING SPECTRUM/FRAMWORK



Source: Council of Foundations, MacArthur Foundation

MORNINGSTAR SUSTAINABILITY RATINGS

Morningstar Sustainability:

The Sustainalytics' company-level ESG Risk Score measures the degree to which a company's economic value may be at risk driven by Environmental, Social and Governance factors.

Fund	MetroHealth Long-Term Pool	Morningstar Sustainability Rating	Sustainability Percent Rank in Category
US Equity			
Vanguard Institutional Index I	41.1%	Average	54
Vanguard FTSE Social Index I	7.2%	Above Average	17
AQR Large Cap Defensive Style I	6.8%	Below Average	73
Harbor Capital Appreciation Instl	6.3%	Average	44
DFA US Large Cap Value I	5.8%	Below Average	84
Vanguard Mid Cap Index Admiral	8.2%	Above Average	31
Harbor Small Cap Growth Instl	3.8%	Average	65
Boston Partners Small Cap Value II I	3.8%	Above Average	14
International Equity			
Invesco Oppenheimer International Gr R6	6.8%	Average	35
Transamerica International Equity I	6.8%	Average	57
Allspring Emerging Markets Equity Inst	3.4%	Average	38

Sustainability Rating ⓘ



87% of the Equity Investments in MetroHealth System's Long-Term Pool scored average or above.

Source: Morningstar Direct
 Transamerica International is rated Below Average when compared to Global Large Cap managers as per Morningstar. However, when compared to the International Large Cap Value universe (MSCI EAFE Value), it is Average.

CONTROVERSIAL PRODUCT INVOLVEMENT

Strategy as of 3/31/2023	Market Value	%	Alcohol		Tobacco		Firearms	
			% Strategy	% Portfolio	% Strategy	% Portfolio	% Strategy	% Portfolio
NON-RESERVE LONG-TERM POOL								
Domestic Equity								
Vanguard Institutional Index I	\$43,965,427	8.5%	0.2%	0.02%	0.7%	0.06%	3.3%	0.28%
Vanguard FTSE Social Index I	\$7,922,927	1.5%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
AQR Large Cap Defensive Style I	\$7,253,012	1.4%	0.3%	0.00%	1.4%	0.02%	1.5%	0.02%
Harbor Capital Appreciation Instl	\$6,903,924	1.3%	3.1%	0.04%	0.0%	0.00%	1.6%	0.02%
DFA US Large Cap Value I	\$6,399,179	1.2%	0.4%	0.00%	0.0%	0.00%	3.8%	0.05%
Vanguard Mid Cap Index Admiral	\$8,775,076	1.7%	0.1%	0.00%	0.0%	0.00%	1.7%	0.03%
Harbor Small Cap Growth Instl	\$4,327,328	0.8%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
Boston Partners Small Cap Value II I	\$4,215,111	0.8%	0.0%	0.00%	1.0%	0.01%	0.0%	0.00%
International Equity								
Invesco Oppenheimer Int'l Growth	\$7,080,067	1.4%	5.8%	0.08%	3.0%	0.04%	2.6%	0.03%
Transamerica International	\$7,410,348	1.4%	4.2%	0.06%	0.2%	0.00%	0.0%	0.00%
Allspring Emerging Markets	\$3,635,836	0.7%	3.5%	0.02%	2.4%	0.02%	0.0%	0.00%
Cash								
First American Govt Obligations Y	\$264,277	0.1%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
NON-RESERVE SHORT-TERM POOL								
Fixed Income & Cash								
Vanguard Ultra Short-Term Bond	\$50,430,956	9.7%	0.2%	0.02%	1.7%	0.16%	1.9%	0.18%
Lord Abbett Short Duration Income	\$48,781,353	9.4%	0.0%	0.00%	2.6%	0.24%	0.2%	0.02%
RESERVE POOL								
Fixed Income & Cash								
Boyd Watterson	\$206,744,591	39.8%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
Fifth Third	\$40,271,060	7.8%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
Key Bank Money Market	\$23,678,101	4.6%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
PNC Money Market	\$40,947,911	7.9%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
Totals	\$519,006,484	100.0%	0.3%		0.6%		0.6%	
Total of Exposures			1.4%					

- Total exposures to Alcohol, Tobacco, and Firearms is 1.4%.
- MSCI All Country World Index total exposure to Alcohol, Tobacco, and Firearms is 4.6%
- Investment Team will monitor this annually with the goal of keeping total exposures below the MSCI All Country World Index

Firearms includes Controversial Weapons and Small Arms categories.



APPENDIX

METROHEALTH: EXECUTIVE SUMMARY

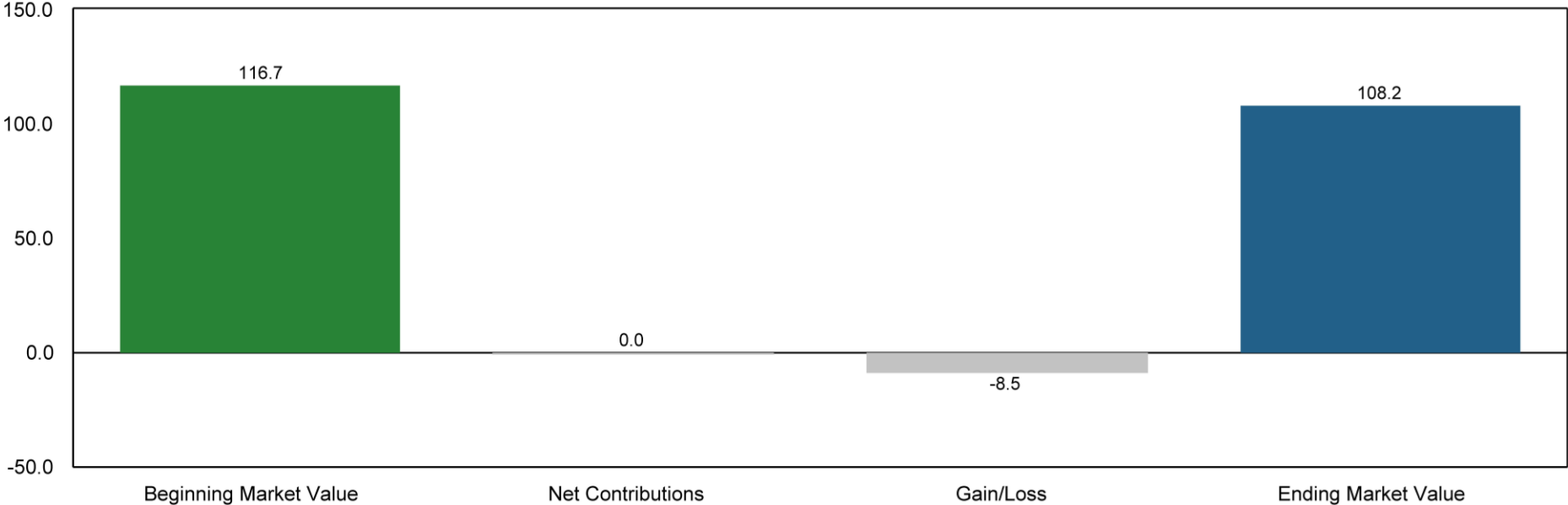
	Market Value 01/01/2023	Market Value 03/31/2023	% of Portfolio	1st Quarter 2023 (%)
Total Plan	\$525,835,955	\$519,006,483	100.0	2.5
Non-Reserve Long-Term Pool	\$101,034,784	\$108,152,513	20.8	7.0
<i>Non-Reserve LT Pool Benchmark¹</i>				<i>7.1</i>
Total Equity	\$100,772,969	\$107,888,236	20.8	7.1
Total Domestic Equity	\$84,031,834	\$89,761,985	17.3	6.8
<i>Russell 3000 Index</i>				<i>7.2</i>
Total International Equity	\$16,741,135	\$18,126,251	3.5	8.3
<i>MSCI AC World ex USA (Net)</i>				<i>6.9</i>
Total Fixed Income & Cash	\$261,815	\$264,277	0.1	0.9
Non-Reserve Short-Term Pool	\$97,797,931	\$99,212,309	19.1	1.4
<i>Blmbg. U.S. Treasury: 1-3 Year</i>				<i>1.6</i>
Reserve Pool	\$327,003,239	\$311,641,661	60.0	1.5
<i>Blmbg. U.S. Treasury: 1-3 Year</i>				<i>1.6</i>

¹Russell 3000 Index: 80.00%, MSCI AC World ex USA (Net): 20.00%

METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: NON-RESERVE LONG-TERM POOL

	Q2-2022	Q3-2022	Q4-2022	Q1-2023	One Year
Non-Reserve Long-Term Pool					
Beginning Market Value	\$116,691,239	\$98,179,501	\$92,834,052	\$101,034,784	\$116,691,239
Contributions	-	-	-	-	-
Distributions	-	-	-	-	-
Net Cash Flows	-	-	-	-	-
Net Investment Change	-\$18,511,738	-\$5,345,449	\$8,200,732	\$7,117,728	-\$8,538,727
Ending Market Value	\$98,179,501	\$92,834,052	\$101,034,784	\$108,152,513	\$108,152,513
Change \$	-\$18,511,738	-\$5,345,449	\$8,200,732	\$7,117,728	-\$8,538,727

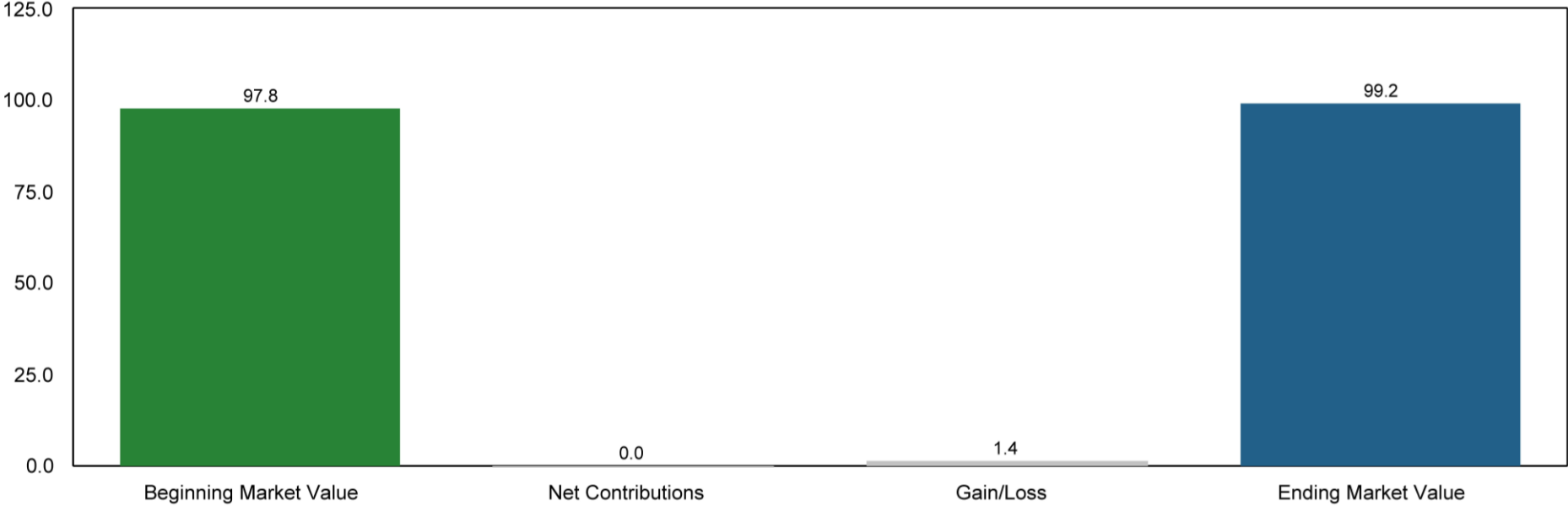
Change in Market Value - 1 Year



METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: NON-RESERVE POOL SHORT-TERM POOL

	Q2-2022	Q3-2022	Q4-2022	Q1-2023	One Year
Non-Reserve Short-Term Pool					
Beginning Market Value	\$98,490,294	\$97,452,421	\$96,826,645	\$97,797,931	\$98,490,294
Contributions	-	-	-	-	-
Distributions	-	-	-	-	-
Net Cash Flows	-	-	-	-	-
Net Investment Change	-\$1,037,873	-\$625,776	\$971,287	\$1,414,378	\$722,015
Ending Market Value	\$97,452,421	\$96,826,645	\$97,797,931	\$99,212,309	\$99,212,309
Change \$	-\$1,037,873	-\$625,776	\$971,287	\$1,414,378	\$722,015

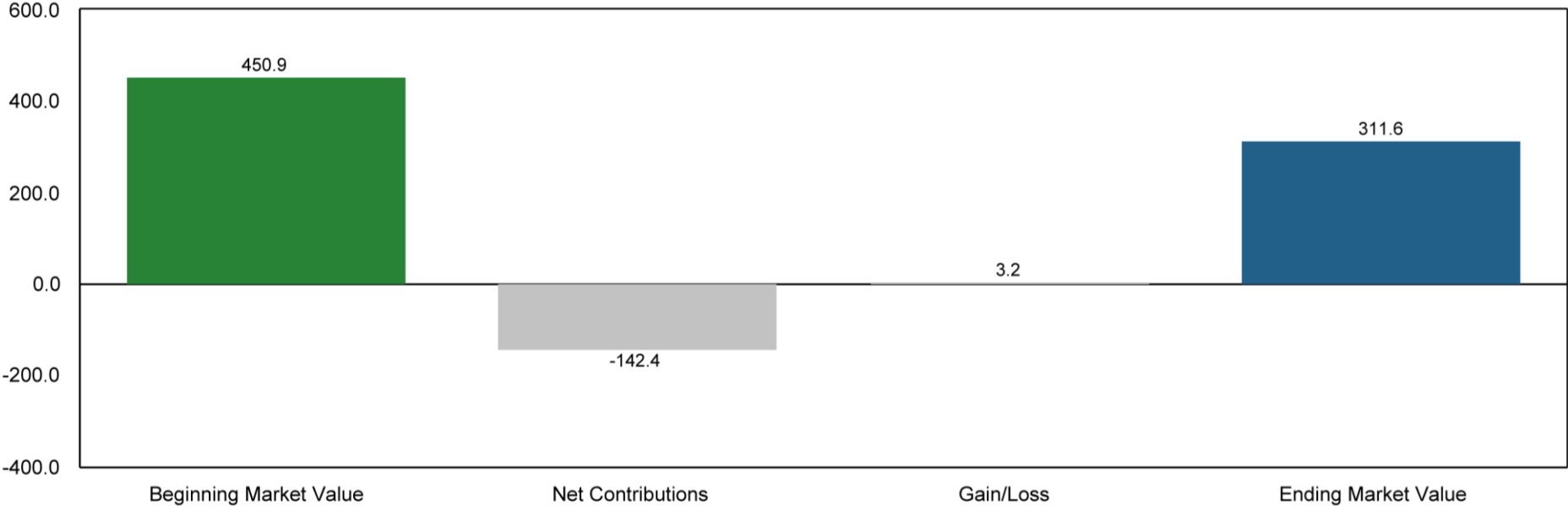
Change in Market Value - 1 Quarter



METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: RESERVE POOL

	Q2-2022	Q3-2022	Q4-2022	Q1-2023	One Year
Reserve Pool					
Beginning Market Value	\$450,855,297	\$414,457,566	\$374,515,684	\$327,003,239	\$450,855,297
Contributions	-	\$93,000,000	-	\$5,504	\$93,005,504
Distributions	-\$35,143,356	-\$130,046,583	-\$50,106,667	-\$20,153,532	-\$235,450,137
Net Cash Flows	-\$35,143,356	-\$37,046,583	-\$50,106,667	-\$20,148,028	-\$142,444,633
Net Investment Change	-\$1,254,375	-\$2,895,299	\$2,594,222	\$4,786,450	\$3,230,998
Ending Market Value	\$414,457,566	\$374,515,684	\$327,003,239	\$311,641,661	\$311,641,661
Change \$	-\$36,397,731	-\$39,941,882	-\$47,512,445	-\$15,361,578	-\$139,213,635

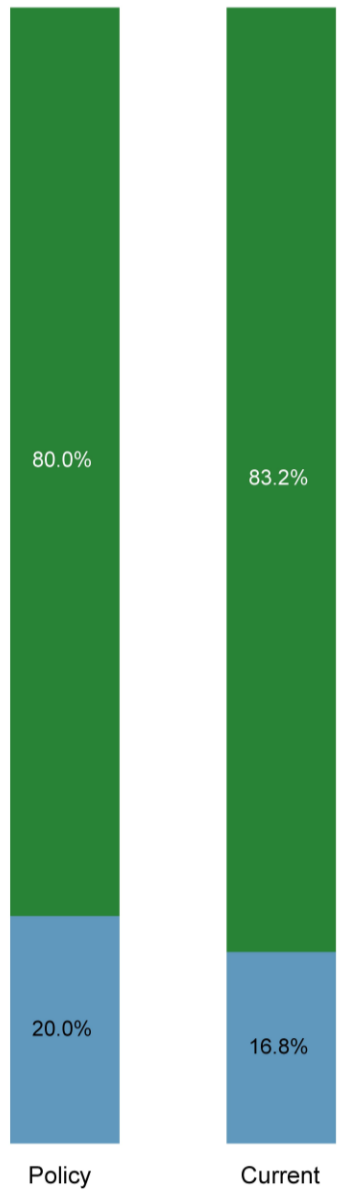
Change in Market Value - 1 Year



METROHEALTH: SCHEDULE OF ASSETS

	Ticker	Account Type	Market Value 03/31/2023	% of Portfolio
Total Plan			\$519,006,483	100.0
Non-Reserve Long-Term Pool			\$108,152,513	20.8
Total Equity			\$107,888,236	20.8
Total Domestic Equity			\$89,761,985	17.3
Vanguard Institutional Index	VINIX	US Stock Large Cap Core	\$43,965,427	8.5
Vanguard FTSE Social Index I	VFTNX	US Stock Large Cap Growth	\$7,922,927	1.5
AQR Large Cap Defensive Style Instl	AUEIX	US Stock Large Cap Core	\$7,253,012	1.4
Harbor Capital Apprec. Instl	HACAX	US Stock Large Cap Growth	\$6,903,924	1.3
DFA U.S. Lg Cap Value Instl	DFLVX	US Stock Large Cap Value	\$6,399,179	1.2
Vanguard Mid Cap Index Adm	VIMAX	US Stock Mid Cap Core	\$8,775,076	1.7
Harbor Small Cap Growth Instl	HASGX	US Stock Small Cap Growth	\$4,327,328	0.8
Boston Partners Sm Cap Value II I	BPSIX	US Stock Small Cap Value	\$4,215,111	0.8
Total International Equity			\$18,126,251	3.5
Invesco Oppenheimer Int'l Growth R6	OIGIX	Non-US Stock Developed	\$7,080,067	1.4
Transamerica International Equity I	TSWIX	Non-US Stock Developed	\$7,410,348	1.4
Allspring Emerging Mkts Equity Instl	EMGNX	Non-US Stock Emerging	\$3,635,836	0.7
Total Fixed Income & Cash			\$264,277	0.1
First American Govt Obligations Y	FGVXX	Cash	\$264,277	0.1
Non-Reserve Short-Term Pool			\$99,212,309	19.1
Vanguard Ultra-Short-Term Bond Adm	VUSFX	US Fixed Income Short Term	\$50,430,956	9.7
Lord Abbett Short Duration Income F3	LOLDX	US Fixed Income Short Term	\$48,781,353	9.4
Reserve Pool			\$311,641,661	60.0
Total Fixed Income			\$311,641,661	60.0
US Bank Investment Account		US Fixed Income	\$206,744,591	39.8
Fifth-Third Managed		US Fixed Income	\$40,271,060	7.8
Key Bank Money Market		Cash	\$23,678,101	4.6
PNC Money Market		US Fixed Income	\$40,947,911	7.9

METROHEALTH: ASSET ALLOCATION COMPLIANCE: NON-RESERVE POOL



	Current	Policy	Difference	Policy Range	Within Range
Total Domestic Equity	83.2	80.0	3.2	0.0 - 100.0	Yes
Total International Equity	16.8	20.0	-3.2	0.0 - 20.0	Yes
Total Equity	100.0	100.0	0.0		

METROHEALTH: PERFORMANCE REPORT CARD

	% of Portfolio	QTD (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	5 Yr (%)	7 Yr (%)	10 Yr (%)	2022 (%)	2021 (%)	2020 (%)	Inception (%)	Inception Date
Total Plan	100.0	2.5	-0.2	-0.2	2.6	-	-	-	-5.0	3.2	3.9	2.5	Aug-18
Non-Reserve Long-Term Pool	20.8	7.0	-7.3	-0.1	16.8	-	-	-	-19.2	21.9	18.0	7.6	Aug-18
<i>Non-Reserve LT Pool Benchmark</i>		7.1	-7.8	0.3	17.2	-	-	-	-18.5	21.9	18.8	8.2	
Total Equity	20.8	7.1	-7.3	-0.1	16.8	-	-	-	-19.2	21.9	18.0	7.6	Aug-18
Total Domestic Equity	17.3	6.8	-8.2	1.2	18.0	-	-	-	-19.0	25.7	18.8	9.0	Aug-18
<i>Russell 3000 Index</i>		7.2	-8.6	1.2	18.5	10.5	12.0	11.7	-19.2	25.7	20.9	9.6	
Vanguard Institutional Index	8.5	7.5	-7.8	3.3	18.6	11.2	12.4	12.2	-18.1	28.7	18.4	10.3	Aug-18
<i>S&P 500 Index</i>		7.5	-7.7	3.3	18.6	11.2	12.4	12.2	-18.1	28.7	18.4	10.4	
Vanguard FTSE Social Index I	1.5	9.8	-10.0	0.8	17.7	11.2	12.9	12.8	-24.2	27.8	22.7	-6.1	Aug-21
<i>S&P 500 Index</i>		7.5	-7.7	3.3	18.6	11.2	12.4	12.2	-18.1	28.7	18.4	-4.4	
AQR Large Cap Defensive Style Instl	1.4	1.8	-6.5	2.5	14.6	9.4	10.9	11.9	-13.8	23.5	13.1	8.7	Aug-18
<i>MSCI USA Minimum Volatility Index</i>		1.3	-4.4	4.3	12.4	9.1	9.7	10.6	-9.2	21.0	5.8	8.4	
Harbor Capital Apprec. Instl	1.3	18.3	-14.7	-6.1	14.3	10.7	13.9	13.9	-37.7	15.6	54.4	9.8	Aug-18
<i>Russell 1000 Growth Index</i>		14.4	-10.9	1.2	18.6	13.7	15.0	14.6	-29.1	27.6	38.5	12.6	
DFA U.S. Lg Cap Value Instl	1.2	0.5	-5.0	2.8	20.7	6.5	9.5	9.5	-5.8	28.1	-0.6	5.9	Aug-18
<i>Russell 1000 Value Index</i>		1.0	-5.9	2.5	17.9	7.5	9.0	9.1	-7.5	25.2	2.8	6.9	
Vanguard Mid Cap Index Adm	1.7	3.9	-9.9	-1.0	18.7	8.1	9.9	10.2	-18.7	24.5	18.2	7.6	Aug-18
<i>Vanguard Mid Cap Index Benchmark</i>		3.9	-9.8	-0.9	18.8	8.1	9.9	10.2	-18.7	24.5	18.2	7.6	
Harbor Small Cap Growth Instl	0.8	7.8	-8.7	-7.9	16.9	8.3	12.0	10.7	-25.5	9.8	38.4	7.4	Aug-18
<i>Russell 2000 Growth Index</i>		6.1	-10.6	-12.5	13.4	4.3	8.7	8.5	-26.4	2.8	34.6	2.6	
Boston Partners Sm Cap Value II I	0.8	2.3	-7.4	-1.8	23.8	4.8	7.7	7.6	-11.5	25.8	1.6	-3.9	Dec-21
<i>Russell 2000 Value Index</i>		-0.7	-13.0	-5.2	21.0	4.5	7.9	7.2	-14.5	28.3	4.6	-8.8	
Total International Equity	3.5	8.3	-2.9	-5.7	11.4	-	-	-	-20.5	6.1	14.4	1.8	Aug-18
<i>MSCI AC World ex USA (Net)</i>		6.9	-5.1	-3.3	11.8	2.5	5.9	4.2	-16.0	7.8	10.7	2.7	
Invesco Oppenheimer Int'l Growth R6	1.4	10.8	-2.6	-5.3	11.1	2.7	5.1	5.0	-27.0	11.0	22.4	3.2	Aug-18
<i>MSCI AC World ex USA (Net)</i>		6.9	-5.1	-3.3	11.8	2.5	5.9	4.2	-16.0	7.8	10.7	2.7	
Transamerica International Equity I	1.4	7.9	-0.7	-0.6	15.4	2.8	5.3	4.9	-14.1	13.2	6.8	2.9	Aug-18
<i>MSCI EAFE (Net)</i>		8.5	-1.4	-0.1	13.0	3.5	6.2	5.0	-14.5	11.3	7.8	3.5	
Allspring Emerging Mkts Equity Instl	0.7	4.5	-7.7	-14.7	5.7	-0.9	4.8	1.9	-19.5	-11.9	21.3	-5.1	Nov-20
<i>MSCI Emerging Markets (Net)</i>		4.0	-10.7	-11.0	7.8	-0.9	4.9	2.0	-20.1	-2.5	18.3	-2.1	
Total Fixed Income & Cash	0.1	0.9	1.9	1.0	0.6	-	-	-	1.0	0.0	0.3	1.0	Aug-18
First American Govt Obligations Y	0.1	1.0	2.3	1.1	0.8	1.1	0.9	0.6	1.3	0.0	0.3	1.1	Aug-18
<i>90 Day U.S. Treasury Bill</i>		1.1	2.5	1.3	0.9	1.4	1.2	0.9	1.5	0.0	0.7	1.4	

METROHEALTH: PERFORMANCE REPORT CARD

	% of Portfolio	QTD (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	5 Yr (%)	7 Yr (%)	10 Yr (%)	2022 (%)	2021 (%)	2020 (%)	Inception (%)	Inception Date
Non-Reserve Short-Term Pool	19.1	1.4	0.6	-	-	-	-	-	-2.6	-	-	-0.5	May-21
Blmbg. U.S. Treasury: 1-3 Year		1.6	0.2	-1.4	-0.8	1.1	0.8	0.8	-3.8	-0.6	3.2	-1.5	
Vanguard Ultra-Short-Term Bond Adm	9.7	1.3	1.9	0.5	1.2	1.7	1.5	-	-0.4	0.2	2.1	0.4	May-21
Blmbg. U.S. Treasury: 1-3 Year		1.6	0.2	-1.4	-0.8	1.1	0.8	0.8	-3.8	-0.6	3.2	-1.5	
Lord Abbett Short Duration Income F3	9.4	1.6	-0.4	-1.1	2.3	1.7	2.0	1.8	-4.5	1.2	3.2	-1.3	May-21
Blmbg. U.S. Treasury: 1-3 Year		1.6	0.2	-1.4	-0.8	1.1	0.8	0.8	-3.8	-0.6	3.2	-1.5	
Reserve Pool	60.0	1.5	1.2	-0.2	0.0	-	-	-	-1.6	-0.3	2.5	1.4	Aug-18
Blmbg. U.S. Treasury: 1-3 Year		1.6	0.2	-1.4	-0.8	1.1	0.8	0.8	-3.8	-0.6	3.2	1.1	
Total Fixed Income	60.0	1.5	1.2	-0.2	0.0	-	-	-	-1.6	-0.3	2.5	1.4	Aug-18
US Bank Investment Account	39.8	1.6	0.3	-1.2	-0.6	-	-	-	-3.5	-0.4	2.9	1.2	Aug-18
Blmbg. U.S. Treasury: 1-3 Year		1.6	0.2	-1.4	-0.8	1.1	0.8	0.8	-3.8	-0.6	3.2	1.1	
Fifth-Third Managed	7.8	1.8	-0.1	-1.8	-1.1	-	-	-	-4.8	-1.1	4.3	1.2	Aug-18
Blmbg. U.S. Treasury: 1-3 Year		1.6	0.2	-1.4	-0.8	1.1	0.8	0.8	-3.8	-0.6	3.2	1.1	
Key Bank Money Market	4.6	0.5	0.6	0.3	-	-	-	-	0.1	0.0	-	0.3	Oct-20
90 Day U.S. Treasury Bill		1.1	2.5	1.3	0.9	1.4	1.2	0.9	1.5	0.0	0.7	1.0	
PNC Money Market	7.9	1.1	2.6	1.3	0.9	-	-	-	1.5	0.0	0.4	1.2	Aug-18

METROHEALTH: TIME-WEIGHTED AND MONEY-WEIGHTED RETURNS

	Q1-2023 (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)	Since Inception (%)
Time Weighted	2.54	-0.25	2.57	-	-	2.45
Money Weighted	2.53	-0.76	2.11	-	-	2.13

SUSTAINABLE INVESTING PROGRESS

1. **Equity Portfolio:** Evaluate Sustainability and Controversial Product Involvement scores and look to improve
 - Initiated \$7 million position in Vanguard FTSE Social Index **(Complete)**
 - Scored existing funds sustainability ratings and making recommendations on one below average fund **(Complete)**
 - Scored existing fund controversial product involvement and will monitor over time **(Complete & Ongoing)**

2. **Bond Portfolio:** Instructed Boyd Watterson Asset Management to incorporate ESG screen into the portfolio they oversee (Reserve Pool short-term bond ORC investments; \$212 million, 32% of total investments) **(Complete)**

3. **Healthcare Anchor Network (HAN) & Place-Based Impact Investing**
 - Contacted two local and two national organizations **(Complete)**
 - Evaluate Compliance with Investment Policy **(Complete)**
 - Finance Team & Clearstead to evaluate HAN and Place-based Impact Investing **(Complete)**
 - Discussion with System legal counsel on compliance **(Complete)**
 - Due diligence meetings with place-based loan providers **(Complete)**
 - After further due diligence, Village Capital Partners does not need an investor at this time and Enterprise Community Partners is not able to guarantee Cleveland projects
 - Finance Team is exploring opportunities with Cleveland Development Advisors **(Complete)**
 - Specific Recommendations

4. **Sustainable Investing Guidelines Development** (TBD Once Place Based Strategy Determined)

5. **Achieve Healthcare Anchor Network Compliance** **(Ongoing)**

6. **Perform Annual Sustainable Investing Exposure and Implementation Review** **(Ongoing)**

HEALTHCARE ANCHOR NETWORK PARTNERSHIP REQUIREMENTS

Place-based Investing Commitment

1. Allocate at least 1% or \$50 million (whichever is less) of long-term reserves or unrestricted investment fund or pool for place-based impact investments (pensions and other restricted assets are to be excluded from consideration). This should be reflected in the institution's investment policy.
2. Within 5 years of creating that allocation, fully deploy that investment capital to address social determinants of health needs in the community, such as affordable housing, food security, or small/diverse business development.

Data Collection Requirements

Signatories are required to collect and submit annual data to the Healthcare Anchor Network in order to track collective progress and impact, and to ensure accountability.

The metrics highlighted below are already required as part of HAN membership and requires no additional work for signatories. The specific metrics that support this leadership commitment are:

- Presence of a place-based investment objective within the investment policy;
- The institution's total investable assets;
- Total dollar amount allocated to place-based investment strategy; and
- Dollar amount of place-based investment allocation that is deployed.

INSIGHTS & NEWS

PUBLICATIONS	PODCAST & VIDEOS	PR, AWARDS, INITIATIVES, & BLOGS
<p>CLEARPOINT 2023 Outlook Private Strategy Considerations in Dislocated Markets HSA: The Third Leg of the Stool</p> <p>RESEARCH CORNER Weekly Updates from our Investment Office</p> <p>MARKET UPDATES February: Debt Ceiling March: Recent Market Events – Banking Sector</p> <p>MARKET MINUTE Review of January 2023 Review of February 2023 Review of March 2023</p>	 <p>Podcast Episode 10: Private Credit & ESG Considerations</p> <p>VIDEOS 1Q23 Quarterly Insights About Clearstead Private Wealth Management Institutional Investment Consulting The Investment Office</p>	<p>PR Clearstead Advisors Acquires Santa Fe-Based Avalon Trust</p> <p>AWARD 2022 NAPA Top DC Advisor Teams*</p>  <p>INITIATIVE Sustainable Clearstead 2022 Impact Report</p> <p>BLOGS Annual Firm Update: Review of 2022 EmpowHER 2022 Woman of the Year: Karen Buckley</p>

**The National Association of Plan Advisors (NAPA) Top DC Advisor Teams list is an independent listing produced annually by NAPA. The data reported was as of 12/31/2022. The NAPA Top DC Advisor Teams list is based on self-reported data from RIA firms, regulatory disclosures and NAPA's research. The listing is based on RIAs that provide services to defined contribution plans in the following primary areas: assets under advisement for DC plans supported, total number of DC plans supported, % of total firm revenue from DC plan support. This award does not evaluate the quality of services provided to clients and is not indicative of the practice's future performance. While Clearstead is a member of NAPA, neither participating RIA firms nor their employees pay a fee to NAPA in exchange for inclusion in the NAPA Top DC Advisor Teams list.*

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HISTORICAL ASSET CLASS RETURNS

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q1 2023
Sm/Mid 36.8%	Large Cap 13.7%	Large Cap 1.4%	Sm/Mid 17.6%	Em Mkt 37.3%	Cash 1.9%	Large Cap 31.5%	Sm/Mid 20.0%	Large Cap 28.7%	Cash 1.5%	Dev Intl 8.5%
Large Cap 32.4%	Sm/Mid 7.1%	US Bonds 0.6%	Hi Yld 17.5%	Dev Intl 25.0%	US Bonds 0.0%	Sm/Mid 27.8%	Large Cap 18.4%	Sm/Mid 18.2%	Hdg Fnds -4.7%	Large Cap 7.5%
Dev Intl 22.8%	US Bonds 6.0%	Cash 0.1%	Large Cap 12.0%	Large Cap 21.8%	Glb Bond -0.9%	Dev Intl 22.0%	Em Mkt 18.3%	Dev Intl 11.3%	Hi Yld -11.2%	Em Mkt 4.0%
Hdg Fnds 9.0%	Hdg Fnds 3.4%	Hdg Fnds -0.3%	Em Mkt 11.2%	Sm/Mid 16.8%	Hi Yld -2.3%	Em Mkt 18.4%	Hdg Fnds 10.9%	Hdg Fnds 6.5%	US Bonds -13.0%	Hi Yld 3.7%
Hi Yld 7.4%	Hi Yld 2.5%	Dev Intl -0.8%	US Bonds 2.7%	Glb Bond 9.3%	Hdg Fnds -4.0%	Hi Yld 14.4%	Glb Bond 9.5%	Hi Yld 5.4%	Dev Intl -14.5%	Sm/Mid 3.4%
Cash 0.1%	Cash 0.0%	Sm/Mid -2.9%	Glb Bond 1.9%	Hdg Fnds 7.8%	Large Cap -4.4%	US Bonds 8.8%	Dev Intl 7.8%	Cash 0.1%	Large Cap -18.1%	Glb Bond 3.1%
US Bonds -2.0%	Em Mkt -2.2%	Hi Yld -4.6%	Dev Intl 1.0%	Hi Yld 7.5%	Sm/Mid -10.0%	Hdg Fnds 8.4%	US Bonds 7.5%	US Bonds -1.5%	Sm/Mid -18.4%	US Bonds 3.0%
Em Mkt -2.6%	Glb Bond -2.8%	Glb Bond -4.8%	Hdg Fnds 0.5%	US Bonds 3.5%	Dev Intl -13.8%	Glb Bond 5.0%	Hi Yld 6.2%	Em Mkt -2.5%	Glb Bond -19.6%	Hdg Fnds 1.6%
Glb Bond -4.9%	Dev Intl -4.5%	Em Mkt -14.9%	Cash 0.3%	Cash 0.9%	Em Mkt -14.6%	Cash 2.3%	Cash 0.5%	Glb Bond -8.2%	Em Mkt -20.1%	Cash 1.1%

Past performance is not an indicator of future results. Asset classes represented by: Large Cap – S&P 500 Index; Sm/Mid – Russell 2500 Index; Dev Intl – MSCI EAFE Index; Em Mkt – MSCI Emerging Markets Index; Hi Yld – Bank of America Merrill Lynch U.S. High Yield Master II; US Bonds – Barclays Capital U.S. Aggregate; Glb Bond – Barclays Capital Global Treasury ex US; Hdg Fnds – HFRI FOF: Diversified Index; Cash – Merrill Lynch 91-day Tbill . Data as of 3/31/2023. Source: Morningstar Direct.

DEFINITIONS AND DISCLOSURES

Information provided is general in nature, is provided for informational purposes only, and should not be construed as investment advice. Any views expressed are based upon the data available at the time the information was produced and are subject to change at any time based on market or other conditions. Clearstead disclaims any liability for any direct or incidental loss incurred by applying any of the information in this presentation. All investment decisions must be evaluated as to whether it is consistent with their investment objectives, risk tolerance, and financial situation.

Past performance is no guarantee of future results. Investing involves risk, including risk of loss. Diversification does not ensure a profit or guarantee against loss.

All indices are unmanaged and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted. An investment cannot be made in any index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments. Additionally, bonds and short-term investments entail greater inflation risk, or the risk that the return of an investment will not keep up with increases in the prices of goods and services, than stocks.

Lower-quality debt securities generally offer higher yields, but also involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

The municipal market is volatile and can be significantly affected by adverse tax, legislative, or political changes and by the financial condition of the issuers of municipal securities. Interest rate increases can cause the price of a debt security to decrease. A portion of the dividends you receive may be subject to federal, state, or local income tax or may be subject to the federal alternative minimum tax. Generally, tax-exempt municipal securities are not appropriate holdings for tax advantaged accounts such as IRAs and 401(k)s.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest-rate, currency-exchange-rate, economic, and political risks, all of which are magnified in emerging markets. The securities of smaller, less well-known companies can be more volatile than those of larger companies. Growth stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks. Value stocks can perform differently than other types of stocks and can continue to be undervalued by the market for long periods of time.

The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

Changes in real estate values or economic conditions can have a positive or negative effect on issuers in the real estate industry, which may affect your investment.

Index Definitions:

The **S&P 500 Index** is a broad-based market index, comprised of 500 large-cap companies, generally considered representative of the stock market as a whole. The **S&P 400 Index** is an unmanaged index considered representative of mid-sized U.S. companies. The **S&P 600 Index** is a market-value weighted index that consists of 600 small-cap U.S. stocks chosen for market size, liquidity and industry group representation.

The **Russell 1000 Value Index**, **Russell 1000 Index** and **Russell 1000 Growth Index** are indices that measure the performance of large-capitalization value stocks, large-capitalization stocks and large-capitalization growth stocks, respectively. The **Russell 2000 Value Index**, **Russell 2000 Index** and **Russell 2000 Growth Index** are indices that measure the performance of small-capitalization value stocks, small-capitalization stocks and small-capitalization growth stocks, respectively. The **Russell Midcap Value Index**, **Russell Midcap Index** and **Russell Midcap Growth Index** are indices that measure the performance of mid-capitalization value stocks, mid-capitalization stocks and mid-capitalization growth stocks, respectively. The **Russell 2500 Value Index**, **Russell 2500 Index** and **Russell 2500 Growth Index** measure the performance of small to mid-cap value stocks, small to mid-cap stocks and small to mid-cap growth stocks, respectively, commonly referred to as "smid" cap. The **Russell 3000 Value Index**, **Russell 3000 Index** and **Russell 3000 Growth Index** measure the performance of the 3,000 largest U.S. value stocks, 3,000 largest U.S. stocks and 3,000 largest U.S. growth stocks, respectively, based on total market capitalization.

The **Wilshire 5000 Index** represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data. The **Wilshire Micro Cap Index** is a market capitalization-weighted index comprised of all stocks in the Wilshire 5000 Index below the 2,501st rank.

The **MSCI EAFE (Europe, Australasia, Far East) Index** is designed to measure developed market equity performance, excluding the U.S. and Canada. The **MSCI Emerging Markets (EM) Index** is designed to measure global emerging market equity performance. The **MSCI World Index** is designed to measure global developed market equity performance. The **MSCI World Index Ex-U.S. Index** is designed to measure the equity market performance of developed markets and excludes the U.S. The **MSCI Europe Index** is an unmanaged index considered representative of developed European countries. The **MSCI Japan Index** is an unmanaged index considered representative of stocks of Japan. The **MSCI Pacific ex. Japan Index** is an unmanaged index considered representative of stocks of Asia Pacific countries excluding Japan.

The **U.S. 10-Year Treasury Yield** is generally considered to be a barometer for long-term interest rates.

Merrill Lynch 91-day T-bill index includes U.S. Treasury bills with a remaining maturity from 1 up to 3 months.

The **Barclays Capital® (BC) U.S. Treasury Index** is designed to cover public obligations of the U.S. Treasury with a remaining maturity of one year or more. The **BC Aggregate Bond Index** is an unmanaged, market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The **BC U.S. Credit Bond Index** is designed to cover publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements; bonds must be SEC-registered to qualify. The **BC U.S. Agency Index** is designed to cover publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. The **BC CMBS Index** is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch respectively, with maturity of at least one year. The **BC MBS Index** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The **BC U.S. Municipal Bond Index** covers the U.S. dollar-denominated, long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The **BC TIPS Index** is an unmanaged market index made up of U.S. Treasury Inflation Linked Index securities. The **BC U.S. Government Bond Index** is a market value-weighted index of U.S. Government fixed-rate debt issues with maturities of one year or more. The **BC ABS Index** is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing. The **BC Global Aggregate Index** is composed of three sub-indices; the U.S. Aggregate Index, Pan-European Aggregate Index, and the Asian-Pacific Aggregate Index. In aggregate the index is created to be a broad-based measure of the performance of investment grade fixed rate debt on a global scale. The **BC US Corporate Long Aa Index** is an unmanaged index representing public obligations of the U.S. corporate and specified foreign debentures and secured notes with a remaining maturity of 10 years or more. The **BC U.S. Corporate High-Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. The **BC Intermediate Corporate Index** includes dollar-denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers with a duration of 1-10 years. The **BC U.S. Treasury Long Index** is an unmanaged index representing public obligations of the U.S. Treasury with a remaining maturity of one year or more. The **BC U.S. Government 10 Year Treasury Index** measures the performance of U.S. Treasury securities that have a remaining maturity of less than 10 years. The **BC BAA Corporate Index** measures the performance of the taxable Baa rated fixed-rate U.S. dollar-denominated corporate bond market. The **BC Global Treasury ex US Index** includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade or higher. The **BC Emerging Market Bond Index** is an unmanaged index that total returns for external-currency-denominated debt instruments of the emerging markets. The **BC U.S. Securitized Bond Index** is a composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible) and fixed rate mortgage-backed securities. The **BC Quality Distribution AAA, B, and CC-D Indices** measure the respective credit qualities of U.S. corporate and specified foreign debentures and secured notes. The **BC Universal Index** represents the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. The **BC 1-3 Year Government Credit Index** is an unmanaged index considered representative of performance of short-term U.S. corporate bonds and U.S. government bonds with maturities from one to three years. The **BC Long-term Government Index** is an unmanaged index reflecting performance of the long-term government bond market. The **BC Intermediate Aggregate Index** measures the performance of intermediate-term investment grade bonds. The **BC Intermediate 1-3 Year Government/Credit Index** measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Bank of America ML U.S. High Yield Index** tracks the performance of below investment grade US Dollar Denominated corporate bonds publicly issued in the US market. Qualifying bonds have at least one year remaining term to maturity, are fixed coupon schedule and minimum outstanding of \$100 million.

DEFINITIONS AND DISCLOSURES

The **HFRI Funds of Funds Index (HFRI FOF)** is an equal weighted index designed to measure the performance of hedge fund of fund managers. The more than 800 multi-strategy constituents are required to have at least \$50 million in assets under management and a trading track record spanning at least 12 months. The index includes both on and offshore funds and all returns are reported in USD

The **NCREIF Property Index (NPI)** represents quarterly time series composite total rate of return measure of a very large pool of individual commercial real estate properties acquired in the private market. The index represents apartments, hotels, industrial properties, office buildings and retail properties which are at least 60% occupied and owned or controlled, at least in part by tax-exempt institutional investors or its designated agent. In addition these properties that are included must be investment grade, non-agricultural and income producing and all development projects are excluded. Constituents included in the NPI be valued at least quarterly, either internally or externally, using standard commercial real estate appraisal methodology. Each property must be independently appraised a minimum of once every three years.

The **FTSE NAREIT All REITs Index** is a market capitalization-weighted index that is designed to measure the performance of all tax-qualified Real Estate Investment Trusts (REITs) that are listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ National Market List.

The **Dow Jones U.S. Select Real Estate Securities Index** is a float-adjusted market capitalization-weighted index of publicly traded real estate securities such as real estate investment trusts (REITs) and real estate operating companies (REOCs).

The **Cambridge PE Index** is a representation of returns for over 70% of the total dollars raised by U.S. leveraged buyout, subordinated debt and special situation managers from 1986 to December 2007. Returns are calculated based on the pooled time weighted return and are net of all fees. These pooled means represent the end to end rate of return calculated on the aggregate of all cash flows and market values reported by the general partners of the underlying constituents in the quarterly and annual reports.

The **University of Michigan Consumer Sentiment Index** is a consumer confidence index published monthly by the University of Michigan and Thomson Reuters. The index is normalized to have a value of 100 in December 1964.

VIX - The CBOE Volatility Index (VIX) is based on the prices of eight S&P 500 index put and call options.

Gold - represented by the dollar spot price of one troy ounce

WTI Crude - West Texas Intermediate is a grade of crude oil used as a benchmark in oil pricing.

The **Affordability Index** measures of a population's ability to afford to purchase a particular item, such as a house, indexed to the population's income

The **Homeownership %** is computed by dividing the number of owner-occupied housing units by the number of occupied housing units or households.

HFRI Emerging Markets: Asia ex-Japan, Global Index, Latin America Index, Russia/Eastern Europe Index: The constituents of the HFRI Emerging Markets Indices are selected according to their Regional Investment Focus only. There is no Investment Strategy criteria for inclusion in these indices. Funds classified as Emerging Markets have a regional investment focus in one of the following geographic areas: Asia ex-Japan, Russia/Eastern Europe, Latin America, Africa or the Middle East. **HFRI EH: Energy/Basic Materials** strategies which employ investment processes designed to identify opportunities in securities in specific niche areas of the market in which the Manager maintains a level of expertise which exceeds that of a market generalist. **HFRI EH: Equity Market Neutral** strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. **HFRI EH: Quantitative Directional** strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. **HFRI EH: Short-Biased** strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying overvalued companies. **HFRI EH: Technology/Healthcare** strategies employ investment processes designed to identify opportunities in securities in specific niche areas of the market in which the Manager maintain a level of expertise which exceeds that of a market generalist in identifying opportunities in companies engaged in all development, production and application of technology, biotechnology and as related to production of pharmaceuticals and healthcare industry. **HFRI ED: Distressed Restructuring** strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. **HFRI ED: Merger Arbitrage** strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction. **HFRI ED: Private Issue/Regulation D** strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are primarily private and illiquid in nature. **HFRI Macro: Systematic Diversified** strategies have investment processes typically as function of mathematical, algorithmic and technical models, with little or no influence of individuals over the portfolio positioning. **HFRI RV: Fixed Income - Asset Backed** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a fixed income instrument backed physical collateral or other financial obligations (loans, credit cards) other than those of a specific corporation. **HFRI RV: Fixed Income - Convertible Arbitrage** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument. **HFRI RV: Fixed Income - Corporate** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a corporate fixed income instrument. **HFRI RV: Multi-Strategies** employ an investment thesis is predicated on realization of a spread between related yield instruments in which one or multiple components of the spread contains a fixed income, derivative, equity, real estate, MLP or combination of these or other instruments. **HFRI RV: Yield Alternatives Index** strategies employ an investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread contains a derivative, equity, real estate, MLP or combination of these or other instruments. Strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager.

The **Consumer Price Index (CPI)** is an inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation. The CPI is published monthly. Unless otherwise noted, the CPI figure is as of the date this report is created.

The **Credit Suisse Leveraged Loan Index** is a market value-weighted index designed to represent the investable universe of the U.S. dollar-denominated leveraged loan market.

The **Dow Jones-UBS Commodity Index** measures the performance of the commodities market. It consists of exchange-traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.

The MetroHealth System Board of Trustees

FINANCE COMMITTEE

DATE: Wednesday, April 26, 2023

TIME: 3:30-5:00 pm

PLACE: MetroHealth System Board Room
K107 / Via Zoom
<https://us02web.zoom.us/j/82877117816>

AGENDA

- I. **Approval of Minutes**
Committee Meeting Minutes of January 25, 2023
- II. **Information Items**
 - A. First Quarter 2023 Financial Results – Geoff Himes
 - B. Capital Projects Review – Brad Schwartz
 - i. 2023 Spending Summary & Committee Structure
 - C. Semi-Annual Schedule of Charges Update – Jacqueline Woolnough
- III. **Recommendation/Resolution Approvals**
 - A. No items at this time
- IV. **Executive Session**

The MetroHealth System Board of Trustees

FINANCE COMMITTEE

January 25, 2023

3:30-5:00 pm

The Glick Center Room AC2-311A or Zoom <https://us02web.zoom.us/j/82877117816>

Meeting Minutes

Committee Mr. John Moss-I¹, Dr. JB Silvers-I

Members Present:

Other Trustees Present: Ms. Inajo Davis Chappell-R, Mr. John Corlett-I, Ms. Maureen Dee-I, Dr. E. Harry Walker-R², Ms. Vanessa Whiting-I

Staff Present: Dr. Airica Steed-I, Dr. Jennifer Bailit-R, Mr. Nicholas Bernard-I, Dr. Nabil Chehade-I, Dr. Olusegun Ishmael-I, Ms. Julie Jacono-I, Dr. William Lewis-R, Dr. Benjamin Li-R, Dr. Brian Mercer-I, Ms. Christina Morales-I, Ms. Sonja Rajki-I, Mr. Craig Richmond-I, Mr. Nicholas Sukalac-R

Guest(s) Present: Ms. Suzanne Aral-Boutros-R

Mr. Moss called the meeting to order at 3:46 pm, in accordance with Section 339.02(K) of the Ohio Revised Code.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.)

I. Approval of Minutes

The minutes of the November 8, 2022 Committee meeting were approved as submitted.

II. Information Items

A. Preliminary & Unaudited 2022 Financial and Operational Results – Craig Richmond

¹ I – In-person

² R – Remote

The MetroHealth System Board of Trustees

Mr. Richmond introduced two additional members of the team that have been very instrumental in collecting information: Nick Bernard, Associate Treasurer and Christina Morales, Executive Director Corporate Controller.

Mr. Richmond began by providing an overview of the Unaudited Financial and Operational Results for the period ended December 31, 2022, compared to December 2021, highlighting significant items which represented a change or variance from the prior year.

Mr. Richmond reported during 2020, MetroHealth received \$92.3 million of accelerated and advanced payments from Centers for Medicare and Medicaid Services (CMS), Commercial payors, and Cuyahoga County. These advanced payments were for the purpose of increasing cash flow to healthcare providers impacted by the COVID-19 pandemic and are classified as Advance payments on the Statement of Net Position. Full repayment was completed in October 2022.

Mr. Richmond reported operating income before construction interest for the twelve months ended December 31, 2022, was \$56.8 million, a \$69.9 million decrease over the same period in 2021. The operating income was \$14.4 million for the twelve months ended December 31, 2022, compared with operating income of \$84.5 million in the same period of 2021, a decrease of \$70.1 million.

Mr. Richmond shared the total operating revenues for the twelve months ended December 31, 2022, was \$1.61 billion compared to \$1.57 billion in the same period of 2021, an increase of \$47.5 million or 3.0%. The net patient service revenue decreased \$37.7 million or 3.1%, due to: a decrease in the cost coverage add-on and direct payments associated with the Hospital Franchise Fee program; the System's participation in the Centers for Medicare & Medicaid Services (CMS) Direct Contracting Entity (DCE) program. Under this value-based care model, the System is paid on a capitated basis and therefore revenue previously recognized as net patient revenue is now recognized as capitation income within Other Revenue.

Mr. Richmond explained a decline in volumes in various clinical services; however, improvements in the payor mix and service mix have minimized the impact on net patient service revenue. The decrease in net patient service revenue was partially offset by qualifying for the Care Innovation and Community Improvement Program (CICIP) Quality Incentive Payments (QIP) and other improvements in estimated amounts relating to third-party liabilities. Other revenue increased \$90.7 million or



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25.0%, mainly due to the System's participation in the CMS DCE program and the associated capitated payments, the continued growth in retail pharmacy operations, and shared savings related to total cost of care programs. For the twelve months ended December 31, 2022, the System experienced some improvement in payor mix as compared to the same period in 2021, which he reviewed.

Inpatient case mix index (CMI), a value used to measure patient acuity and the related resource consumption, for the twelve months ended December 31, 2022, was 1.73, consistent with the same period in 2021. Medicare CMI was 1.92 and consistent with prior year while Medicaid CMI was 1.62, an increase of 1.3% compared to the same period in 2021.

Mr. Richmond stated the EBIDA for the twelve months ended December 31, 2022, was \$133.7 million, a decrease of \$54.0 million or 28.8% over the same period in 2021, which had an EBIDA of \$187.7 million. The EBIDA decrease was primarily due to: Hospital Franchise Fee program due to a decrease in the cost coverage add-on and direct payments; Salaries, wages and benefits due to overtime, premium pay programs, contract labor and wage increases; and one-time costs associated with the Glick Center activation including transition and relocation services, supplies, and operational training.

Mr. Richmond indicated the net investment loss for the twelve months ended December 31, 2022, was \$44.2 million, compared with net investment income of \$36.6 million in the same period of 2021, a decrease of \$80.8 million due largely to market decline stemming from rising inflation and interest rates. While the net loss for the twelve months ended December 31, 2022, was \$23.5 million, compared with net income of \$122.0 million in the same period of 2021, a decrease of \$145.5 million due to the net investment loss, rising labor costs, elevated inflation, and one-time costs associated with the Glick Center activation.

The System recorded total operating expenses before interest, depreciation, and amortization of \$1.48 billion for the twelve months ended December 31, 2022, as compared to \$1.38 billion for the same period in 2021, an increase of \$101.5 million or 7.4%. The increase in operating expenses was primarily driven by: Salaries, wages, and benefits due to overtime, premium pay programs, contract labor and wage increases including the associated benefits and employee health plan costs; Pharmaceutical costs related to the continued growth in retail pharmacy



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operations; Purchased services due to Glick Center transition and relocation services, data center backup/recovery solutions, expanded life flight operations, and various professional services; Medical and non-medical supplies related to implants and prosthetics, supplies for new hospitals (Glick Center and Behavioral Health Hospital), and food services; Other expenses primarily due to the Hospital Franchise Fee assessment related to the Hospital Upper Payment Limit program reforms, Glick Center operational training, the System's share of newly-created joint ventures' operations, and the reclass of retail pharmacy administrative fees. The increase in operating expenses was partially offset by a decrease in plant operations driven by reduced lease/rent expense resulting from the implementation of GASB Statement No. 87 Leases.

Mr. Richmond stated as of December 31, 2022, total assets were \$2.6 billion, an increase of \$95.3 million from the prior year-end. The change in assets was driven mainly by the following: Unrestricted cash and cash equivalents decreased \$120.8 million from prior year-end balances primarily due to capital purchases and the repayment of advance payments; Investments decreased \$38.0 million from prior year-end balances driven by unrealized losses due to market conditions; Restricted assets under bond indenture agreements decreased \$179.6 million from prior year-end balances due to bond fund draws and interest payments made during the period; Net capital assets increased \$261.2 million from prior year-end balances due to the ongoing campus transformation, with the opening of The Glick Center and the Behavioral Health Hospital in Cleveland Heights in 2022 as well as ongoing construction of the new outpatient building at main campus; Implementation of GASB Statement No. 87 Leases, which resulted in net additional assets of \$88.5 million as compared to prior year-end.

As of December 31, 2022, total liabilities were \$1.8 billion, a decrease of \$144.8 million from the prior year-end balance. The current liabilities were \$320.1 million which represents an increase of \$4.6 million from prior year-end balances. The increase is largely attributable to the timing of payments related to long-term debt obligations and suppliers, offset by the repayment of advance payments. Long-term liabilities were \$1.5 billion which represents a decrease of \$149.4 million from prior year-end balances. The decrease is primarily related to the OPERS actuarial pension adjustment as well as long-term debt obligations, partially offset by the implementation of GASB Statement No. 87 Lease.



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Ms. Morales reported on the 2022 Governmental Accounting Standards Board (GASB) Update which included OPERS-Pension Obligations, OPERS-Summary Data Employers, OPERS-Pension Fund Status, OPERS-Contribution Data, Net Pension & OPEB Summary, Sensitivity of Net Pension Liability, Sensitivity of Net OPEB Liability.

Ms. Morales spoke about the GASB Statement No. 87 Leases, has been implemented starting in 2022. Most leases are now classified as financing leases resulting in the recognition of a lease liability and corresponding right-of-use asset on the Statement of Net Position. Additionally, expense associated with leases are now recognized as amortization and interest expense as compared to the prior year in which lease/rent expense was recognized within the Plant Operations line of the Statement of Revenues, Expenses, and Changes in Net Position.

GASB Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period was implemented in 2021, resulting in increased interest expense as compared to prior years. As a result, management has presented construction-related interest separately in the Statement of Revenues, Expenses, and Changes in Net Position to define the impact of the implementation of this standard.

Mr. Richmond ended with thanking Ms. Morales and the team for an outstanding presentation.

III. Recommendation/Resolutions Approvals

A. No items at this time

Mr. Moss stated there was no further business to bring before the Committee, the meeting was adjourned at approximately 4:59 pm.

John Moss,
Chair of Finance Committee





MetroHealth

**Unaudited Financial and Operational Results
For the Period Ended March 31, 2023**

**Finance Committee
April 26, 2023**

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Management's Discussion and Analysis
Unaudited Financial and Operational Results
For the Period Ended March 31, 2023

GASB PRONOUNCEMENTS

- GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* has been implemented starting in 2023. The right to use another party's IT software now results in the recognition of a subscription-based information technology arrangement (SBITA) liability and corresponding right-of-use asset on the Statement of Net Position. Additionally, expense associated with SBITAs are now recognized as amortization and interest expense as compared to the prior year in which SBITA expense was recognized within the Purchased Services line of the Statement of Revenues, Expenses, and Changes in Net Position.

EARNINGS BEFORE INTEREST, DEPRECIATION & AMORTIZATION (EBIDA) & OPERATING LOSS

- EBIDA for the three months ended March 31, 2023, was \$15.4 million, a decrease of \$25.8 million or 62.6% over the same period in 2022, which had an EBIDA of \$41.2 million.
- EBIDA decrease was primarily due to an increase in Salaries, wages and benefits due to overtime, premium pay programs, contract labor and wage increases.
- Operating loss was \$23.1 million for the three months ended March 31, 2023, compared with operating income of \$13.7 million in the same period of 2022, a decrease of \$36.8 million.

NON-OPERATING REVENUES/EXPENSES & NET LOSS

- Net investment income for the three months ended March 31, 2023, was \$17.5 million, compared with net investment loss of \$22.5 million in the same period of 2022, an increase of \$40.0 million due largely to market improvement
- Net loss for the three months ended March 31, 2023, was \$5.9 million, compared with net loss of \$9.4 million in the same period of 2022, a decrease of \$3.5 million due to improved investment gains.

REVENUE

- Total operating revenues for the three months ended March 31, 2023, was \$423.9 million, compared to \$396.2 million in the same period of 2022, an increase of \$27.7 million or 7.0%.
- Net patient service revenue increased \$19.9 million or 7.2%, due to:
 - An increase in various volumes including discharges, outpatient visits, emergency visits and outpatient surgeries.
 - The increase in net patient service revenue is also attributed to a shift back to in-person visits versus virtual compared to prior year.
- Other revenue increased \$7.8 million or 6.4%, mainly due to the continued growth in retail pharmacy operations.
- For the three months ended March 31, 2023, the System experienced a moderate improvement in payor mix as compared to the same period in 2022:
 - Medicare percentage decreased 0.7%
 - Commercial percentage increased 0.8%
 - Medicaid percentage increased 0.1%
 - Self-pay percentage decreased 0.2%
- Inpatient case mix index (CMI), a value used to measure patient acuity and the related resource consumption, for the three months ended March 31, 2023, was 1.74, a decrease over the same period in 2022. Medicare CMI was 1.95, a decrease of 1.9% compared to the same period in 2022, while Medicaid CMI was 1.61, a decrease of 1.4% compared to the same period in 2022.

EXPENSES

- The System recorded total operating expenses before interest, depreciation, and amortization of \$408.5 million for the three months ended March 31, 2023, as compared to \$355.0 million for the same period in 2022, an increase of \$53.5 million or 15.1%.
- The increase in operating expenses was primarily driven by:
 - Salaries, wages, and benefits due to overtime, premium pay programs, contract labor and wage increases including the associated benefits and employee health plan costs – \$28.5 million.
 - Pharmaceutical costs related to the continued growth in retail pharmacy operations – \$16.3 million.

EXPENSES (Continued)

- Medical and non-medical supplies related increased surgical volumes, implants and prosthetics, and supplies for new hospitals (Glick Center and Behavioral Health Hospital) - \$4.3 million.
- Purchased services due to data center backup/recovery solutions, and support provided to affiliates - \$2.1 million
- Plant operations due to expanded life flight operations and increased utility costs – \$1.6 million.

NET POSITION

- As of March 31, 2023, total assets were \$2.6 billion, a decrease of \$34.7 million from the prior year-end. The change in assets was driven mainly by the following:
 - Unrestricted cash and cash equivalents decreased \$52.3 million from prior year-end balances primarily due to capital purchases and timing of payroll payments.
 - Investments increased \$15.6 million from prior year-end balances driven by improved market conditions.
 - Restricted assets under bond indenture agreements decreased \$38.9 million from prior year-end balances due to bond fund draws and interest payments made during the period.
 - Net capital assets increased \$26.7 million from prior year-end balances due to the ongoing campus transformation, with the opening of The Glick Center and the Behavioral Health Hospital in Cleveland Heights in 2022 as well as ongoing construction of the new outpatient building at main campus.
 - Implementation of GASB Statement No. 96 *SBITA*, which resulted in net additional assets of \$12.9 million as compared to prior year-end.
- As of March 31, 2023, total liabilities were \$1.8 billion, a decrease of \$28.6 million from the prior year-end balance.
 - Current liabilities were \$292.8 million which represents a decrease of \$26.9 million from prior year-end balances. The decrease is largely attributable to the timing of payroll-related liabilities and franchise fees.
 - Long-term liabilities were \$1.5 billion which represents a decrease of \$1.7 million from prior year-end balances. The decrease is primarily related to the payment of long-term debt obligations, partially offset by an increase in paid vacation amounts owed as well as the implementation of GASB Statement No. 96 *SBITA*.

OPERS ACTUARIAL ADJUSTMENT FOR PENSION (GASB Statement No. 68) AND OTHER POSTEMPLOYMENT BENEFITS (GASB Statement No. 75)

- The GASB Statement No. 68 and GASB Statement No. 75 adjustments are recorded on an annual basis using the results from the OPERS actuary reports.
- In Ohio, employer contributions to the State’s cost-sharing multi-employer retirement systems are established by statute. These contributions are payable to the retirement systems one month in arrears and constitute the full legal claim on the System for pension and other postemployment benefits (OPEB) funding.
- Although the liabilities recognized under GASB Statement No. 68 and GASB Statement No. 75 meet the GASB definition of a liability in its conceptual framework for accounting standards, in Ohio there is no legal means to enforce the underfunded liability of the pension system as against the public employer. Additionally, there are no cash flows associated with the recognition of net pension and net OPEB liabilities, deferrals, and expenses beyond the requirement to make statutory contributions.
- To gain a clearer understanding of the System’s actual financial condition, Net Position, adjusted for the impact of GASB Statement No. 68 (Pensions) and No. 75 (OPEB), by adding the net pension and net OPEB liabilities and deferred inflows related to pensions and OPEB and subtracting the net pension asset and deferred outflows related to pensions and OPEB, is presented in Table 1 below.

Table 1 – Net Position

	<u>3/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Net position (deficit):			
Net position (deficit), as reported in the Statement of Net Position	\$ 414,869	\$ 420,778	\$ 231,266
Plus:			
Net pension liability	304,075	304,075	496,483
Deferred inflows related to pensions	377,142	377,142	219,912
Deferred inflows related to OPEB	130,430	130,430	208,263
Less:			
Net pension asset	(23,316)	(23,316)	(16,855)
Net OPEB asset	(124,584)	(124,584)	(68,093)
Deferred outflows related to pensions	(157,086)	(157,086)	(84,496)
Deferred outflows related to OPEB	(6,536)	(6,536)	(40,941)
Total net position, excluding pension and OPEB related amounts	<u>\$ 914,994</u>	<u>\$ 920,903</u>	<u>\$ 945,539</u>



STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDED MARCH 31, 2023
(Dollars in Thousands)
Internal Format

	Unaudited			
	THREE MONTHS ENDED MARCH 31			
	2023	2022	\$ Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 295,479	\$ 275,535	\$ 19,944	7.2%
Other revenue ¹	128,418	120,662	7,756	6.4%
Total operating revenues	423,897	396,197	27,700	7.0%
Operating Expenses				
Salaries and wages	212,236	186,434	25,802	13.8%
OPERS contributions	25,469	23,632	1,837	7.8%
Other employee benefits	23,539	22,657	882	3.9%
Purchased services	29,710	27,558	2,152	7.8%
Medical supplies	27,674	24,257	3,417	14.1%
Pharmaceuticals	56,243	39,945	16,298	40.8%
Plant operations	10,011	8,433	1,578	18.7%
Non-medical supplies	4,093	3,196	897	28.1%
Other expenses	19,527	18,884	643	3.4%
Total operating expenses before interest, depreciation and amortization	408,502	354,996	53,506	15.1%
Operating income before interest, depreciation and amortization	15,395	41,201	(25,806)	(62.6%)
Depreciation and amortization	24,334	13,714	10,620	77.4%
Interest expense ¹	14,120	13,808	312	2.3%
Operating (loss) income	(23,059)	13,679	(36,738)	(268.6%)
Non-Operating Revenues (Expenses)				
Net investment income (loss)	17,515	(22,542)	40,057	177.7%
Other non-operating expense	(365)	(519)	154	29.7%
Noncapital grants and donations	1,041	710	331	46.6%
Grant expenses and support	(1,041)	(710)	(331)	(46.6%)
Total non-operating revenues (expenses)	17,150	(23,061)	40,211	174.4%
Loss before OPERS actuarial adjustments	(5,909)	(9,382)	3,473	37.0%
OPERS actuarial adjustments ²	-	-	-	0.0%
Change in net position	(5,909)	(9,382)	3,473	37.0%
Total net position - beginning of period	420,778	231,266	189,512	81.9%
Total net position - end of period	\$ 414,869	\$ 221,884	192,985	87.0%

1 - County Funding, Interest Expense, Research Indirect Revenue, Build America Bond Revenue, Capital Grants and Gifts, and Contribution Revenue are classified as operating activity internally, and non-operating in the audited financial statements.

2 - The GASB Statement No. 68 & GASB Statement No. 75 actuarial pension and OPEB adjustments are recorded on an annual basis using the results from the OPERS actuary reports. This requirement creates an accounting liability rather than a legal liability. In Ohio, there are no legal means to enforce the unfunded liability of the pension and OPEB system against the public employer.



STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDED MARCH 31, 2023
(Dollars in Thousands)
Internal Format

	Unaudited			
	THREE MONTHS ENDED MARCH 31			
	Actual	Target	\$ Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 295,479	\$ 296,387	\$ (908)	(0.3%)
Other revenue ¹	128,418	106,167	22,251	21.0%
Total operating revenues	423,897	402,554	21,343	5.3%
Operating Expenses				
Salaries and wages	212,236	198,181	14,055	7.1%
OPERS contributions	25,469	24,754	715	2.9%
Other employee benefits	23,539	22,798	741	3.3%
Purchased services	29,710	28,019	1,691	6.0%
Medical supplies	27,674	24,605	3,069	12.5%
Pharmaceuticals	56,243	45,587	10,656	23.4%
Plant operations	10,011	9,458	553	5.8%
Non-medical supplies	4,093	3,297	796	24.1%
Other expenses	19,527	18,162	1,365	7.5%
Total operating expenses before interest, depreciation and amortization	408,502	374,861	33,641	9.0%
Operating income before interest, depreciation and amortization	15,395	27,693	(12,298)	(44.4%)
Depreciation and amortization	24,334	22,765	1,569	6.9%
Interest expense ¹	14,120	13,972	148	1.1%
Operating loss	(23,059)	(9,044)	(14,015)	(155.0%)
Non-Operating Revenues (Expenses)				
Net investment income (loss)	17,515	5,197	12,318	237.0%
Other non-operating expense	(365)	-	(365)	(100.0%)
Noncapital grants and donations	1,041	710	331	46.6%
Grant expenses and support	(1,041)	(888)	(153)	(17.2%)
Total non-operating revenues (expenses)	17,150	5,019	12,131	241.7%
Loss before OPERS actuarial adjustments	(5,909)	(4,025)	(1,884)	(46.8%)
OPERS actuarial adjustments ²	-	-	-	0.0%
Change in net position	(5,909)	(4,025)	(1,884)	(46.8%)
Total net position - beginning of period	420,778	420,778	-	0.0%
Total net position - end of period	\$ 414,869	\$ 416,753	(1,884)	(0.5%)

1 - County Funding, Interest Expense, Research Indirect Revenue, Build America Bond Revenue, Capital Grants and Gifts, and Contribution Revenue are classified as operating activity internally, and non-operating in the audited financial statements.

2 - The GASB Statement No. 68 & GASB Statement No. 75 actuarial pension and OPEB adjustments are recorded on an annual basis using the results from the OPERS actuary reports. This requirement creates an accounting liability rather than a legal liability. In Ohio, there are no legal means to enforce the unfunded liability of the pension and OPEB system against the public employer.

STATEMENTS OF NET POSITION
FOR THE PERIOD ENDED MARCH 31, 2023
(Dollars in Thousands)

Assets	Unaudited 3/31/23	Audited 12/31/22	Liabilities	Unaudited 3/31/23	Audited 12/31/22
Current Assets:			Current Liabilities:		
Cash and cash equivalents	\$ 124,024	\$ 176,315	Accounts payable	\$ 150,814	\$ 140,102
Accounts receivable	171,542	164,423	Accrued payroll and related liabilities	57,960	74,617
Allowance for uncollectible accounts	(26,666)	(25,078)	Contribution payable to the Public Employees Retirement System	8,141	15,924
Net accounts receivable	144,876	139,345	Accrued interest payable	7,245	21,062
Other receivables	94,063	120,832	General and professional liabilities	12,890	12,890
Supplies	29,658	28,807	Estimated amounts due to third-party payors	1,115	1,115
Prepaid expenses	33,703	10,604	Accrued vacation and sick leave	9,122	9,116
Total current assets	426,324	475,903	Line of credit	890	892
Noncurrent Assets:			Lease liability	6,923	6,919
Investments	550,891	535,266	Subscription liability	6,102	-
Restricted Assets:			Current installments of long-term debt	11,618	11,051
Cash and cash equivalents	5,422	5,377	Other current liabilities	19,947	26,030
Special purpose investments	2,010	2,022	Total current liabilities	292,767	319,718
Under bond indenture agreements	56,167	95,089	Long-Term Liabilities, less current installments:		
	63,599	102,488	General and professional liabilities	32,001	31,753
Capital Assets:			Estimated amounts due to third-party payors	3,434	3,273
Land and construction in progress	357,025	318,195	Accrued vacation and sick leave	56,937	51,242
Land improvements	13,989	13,989	Other long-term liabilities	708	810
Buildings and fixed equipment	1,365,207	1,362,724	Net pension liability ¹	304,075	304,075
Equipment	296,597	291,103	Lease liability	70,076	70,111
	2,032,818	1,986,011	Subscription liability	4,243	-
Accumulated depreciation	(800,050)	(779,981)	Long-term debt	1,026,369	1,038,251
	1,232,768	1,206,030	Total long-term liabilities	1,497,843	1,499,515
Right-of-use assets:			Total liabilities	1,790,610	1,819,233
Lease assets, net	87,867	88,527	Deferred Inflows of Resources		
Subscription assets, net	12,878	-	Deferred inflows related to pensions ¹	377,142	377,142
	100,745	88,527	Deferred inflows related to OPEB ¹	130,430	130,430
Other Assets:			Deferred inflows related to leases	7,974	8,217
Net pension asset ¹	23,316	23,316	Total deferred inflows of resources	515,546	515,789
Net OPEB asset ¹	124,584	124,584	Net Position (Deficit)		
Equity interest in joint ventures	8,682	9,469	Net investment in capital assets	235,403	214,491
Other assets	25,140	25,181	Restricted, debt service payments	13,121	38,083
	181,722	182,550	Restricted, capital asset use	2,250	2,250
Total assets	2,556,049	2,590,764	Restricted, program activities	5,724	5,692
Deferred Outflows of Resources			Restricted, nonspendable	1,550	1,550
Deferred outflows related to pensions ¹	157,086	157,086	Unrestricted	156,821	158,712
Deferred outflows related to OPEB ¹	6,536	6,536	Total net position	\$ 414,869	\$ 420,778
Deferred amounts on debt refundings	1,354	1,414			
Total deferred outflows of resources	164,976	165,036			

1 - See Management's Discussion and Analysis.



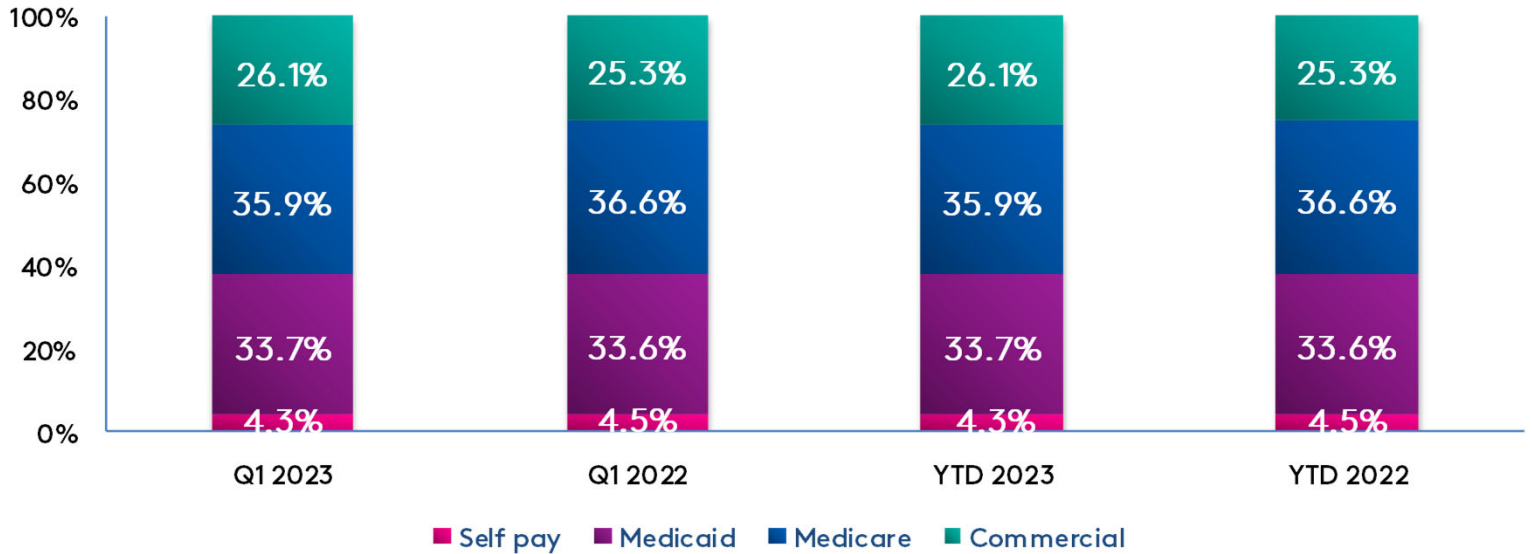
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2023
(Dollars in Thousands)

	Unaudited	
	THREE MONTHS ENDED MARCH 31	
	2023	2022
Cash Flows From Operating Activities		
Patient service revenue	\$ 310,792	\$ 277,449
Advance payments	-	(13,078)
Other operating cash receipts	121,652	93,694
Payments to suppliers	(161,974)	(124,803)
Payments for compensation and benefits	(279,847)	(265,059)
Net cash flows used in operating activities	(9,377)	(31,797)
Cash Flows From Noncapital Financing Activities		
County funding	8,100	10,800
Restricted grants, donations and other	1,700	1,677
Specific purpose funds expenses	(1,041)	(711)
Payments for joint venture equity interests	(896)	(548)
Principal payments on long-term debt	(1,779)	-
Interest payments on long-term debt	(4,022)	(4,022)
Interest payments on revolving line of credit	(18)	(11)
Net cash flows provided by noncapital financing activities	2,044	7,185
Cash Flows From Capital and Related Financing Activities		
Capital grants and gifts	368	81
Acquisitions and construction	(53,013)	(46,705)
Proceeds from sale of assets	-	2
Principal payments on long-term debt	(9,117)	(48)
Principal payments on leases and subscriptions	(2,411)	(1,656)
Interest payments on long-term debt	(23,583)	(23,586)
Interest payments on leases and subscriptions	(625)	(216)
Build America Bond receipts	2,045	1,018
Net cash flows used in capital and related financing activities	(86,336)	(71,110)
Cash Flows From Investing Activities		
Payments for investment purchases and reinvestments	(87,920)	(28,136)
Proceeds from investment sales and maturities	124,670	66,752
Interest received	4,673	5,688
Net cash flows provided by investing activities	41,423	44,304
Net decrease in cash and cash equivalents	(52,246)	(51,418)
Cash and cash equivalents		
Beginning	181,692	301,256
Ending	<u>\$ 129,446</u>	<u>\$ 249,838</u>
Reconciliation of Operating (Loss) Income to Net Cash Flows		
Used in Operating Activities		
Operating (loss) income	\$ (18,262)	\$ 17,855
Adjustments to reconcile operating (loss) income to net cash flows used in operating activities		
Depreciation and amortization	24,334	13,714
Provision for bad debts	17,910	17,197
Changes in assets, deferred outflows, liabilities and deferred inflows		
Patient accounts receivable	(23,441)	(13,737)
Other assets	(3,073)	(20,070)
Self-insurance liabilities	248	645
Advance payments	-	(13,078)
Accounts payable and other liabilities	(12,972)	(32,172)
Net cash flows used in operating activities	\$ (9,377)	\$ (31,797)

Payor Mix

(based on gross patient revenue)

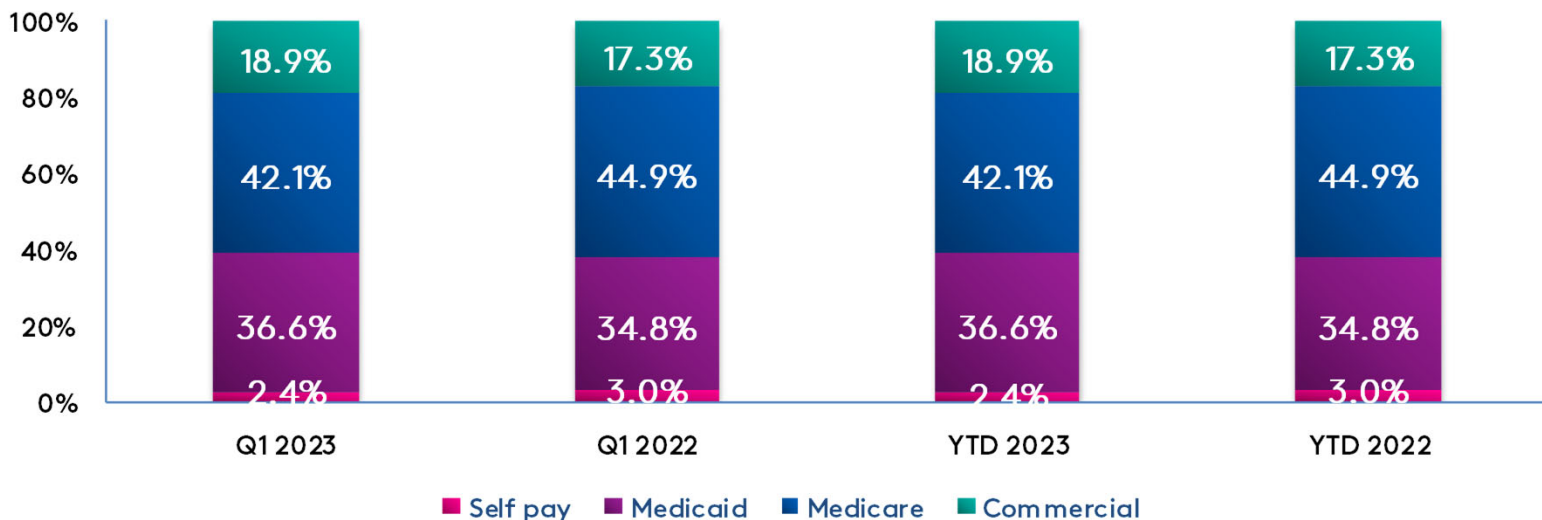
Total Payor Mix



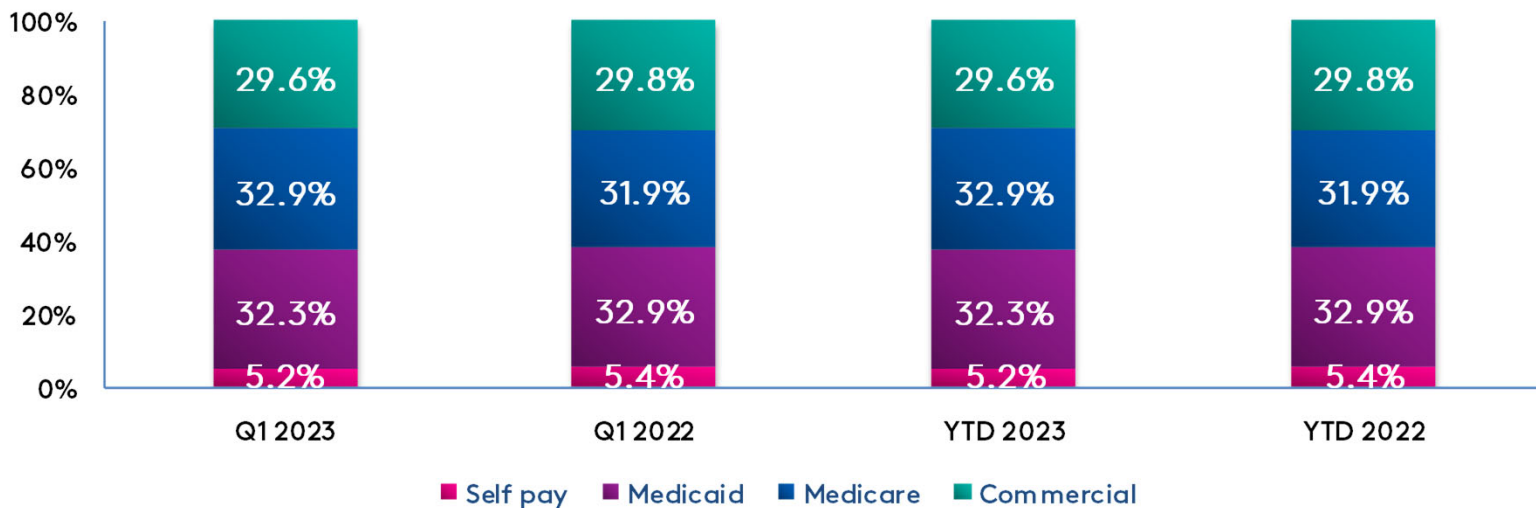
Payor Mix

(based on gross patient revenue)

Inpatient Payor Mix

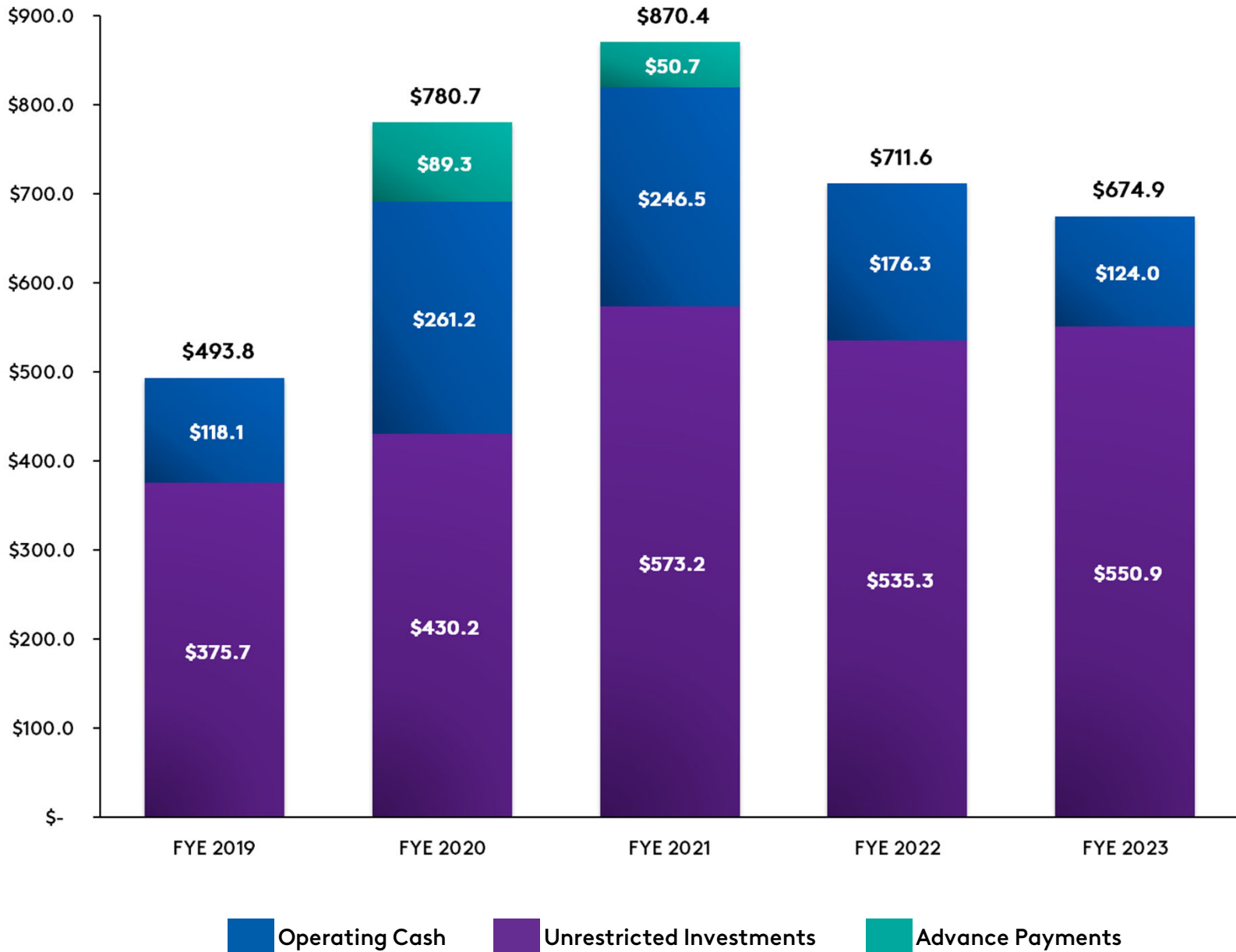


Outpatient Payor Mix



Unrestricted Cash & Investments

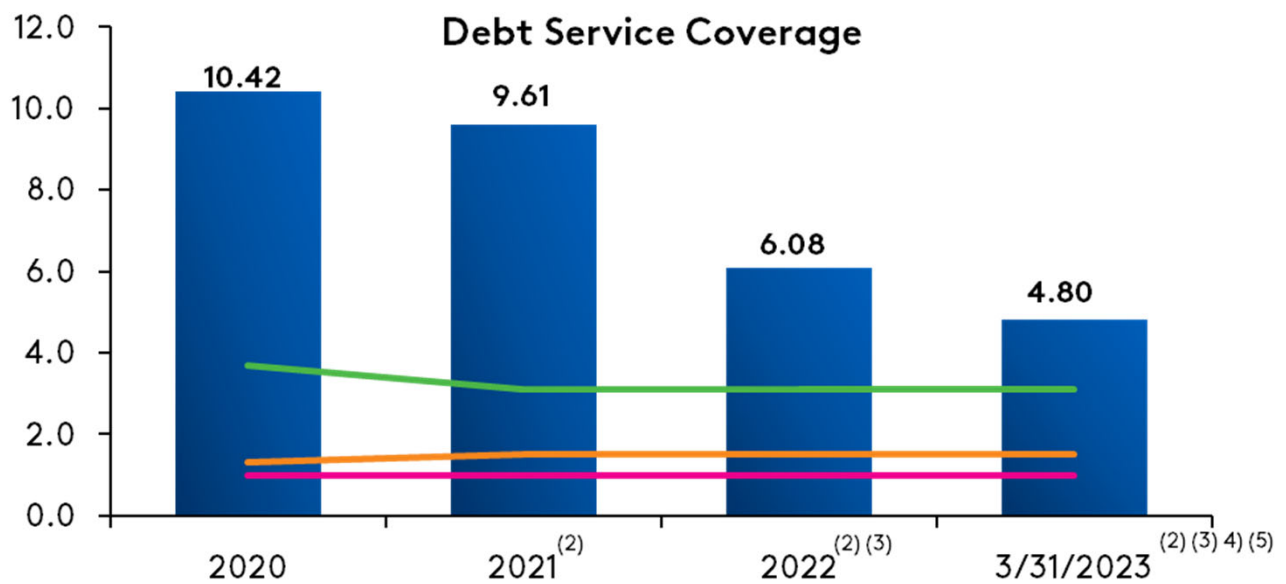
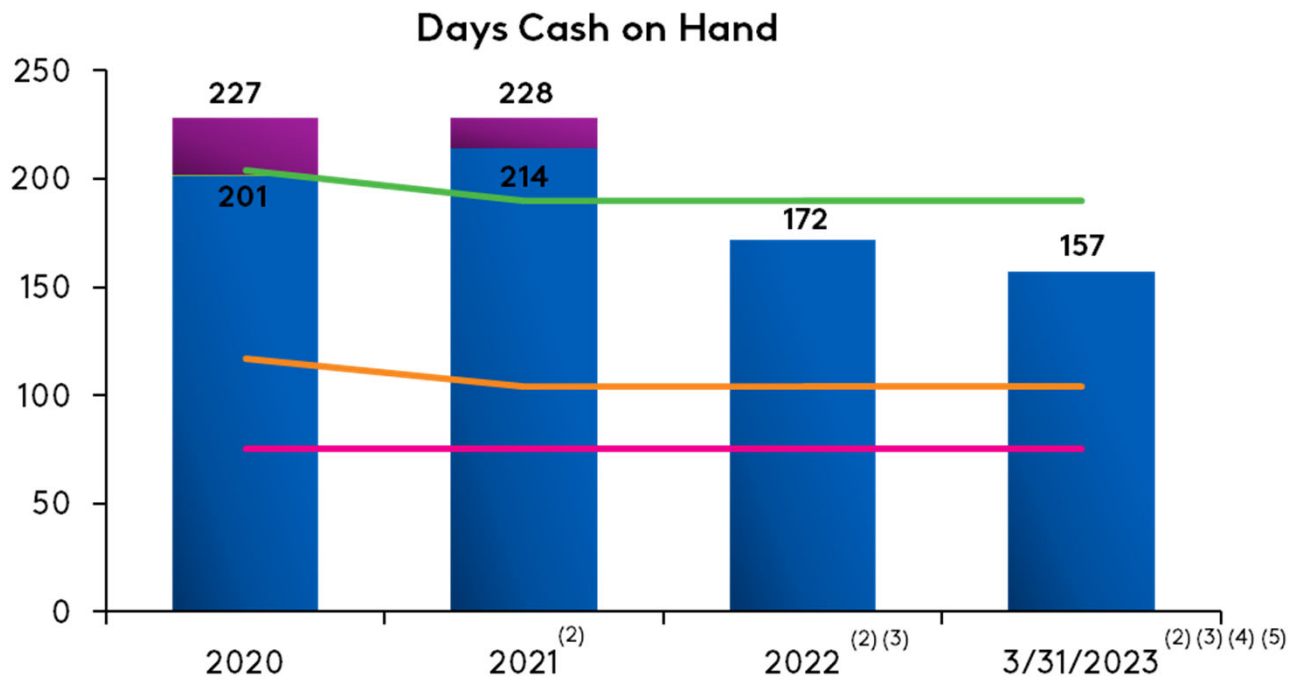
Text Box



Notes:

- The 12/31/2020 & 12/31/2021 balances include \$89.3M and \$50.7M, respectively, in advanced payments from CMS and commercial payors. These advanced payments were repaid as of 12/31/2022.

Covenant Compliance



(1) 'BBB/Baa2' Healthcare System Medians
 (2) Calculations exclude the impact of GASB Statement No. 89
 (3) Calculations exclude the impact of GASB Statement No. 87
 (4) Calculations exclude the impact of GASB Statement No. 96
 (5) Trailing Twelve Months

Credit Rating Strength Diagnostic Tool

Trailing Twelve Months Ended March 2023

March 2023 MetroHealth Metrics vs. Rating Agency Medians (BBB Rating)					
	MetroHealth Value	Moody's		S&P	
		Benchmark Medians	Variance	Benchmark Medians	Variance
(1) Operating Margins	-1.34%	-0.30%	-346.64%	-1.40%	4.29%
(1) Excess Margins	-1.22%	1.80%	-168.00%	-0.40%	-206.01%
(1) Operating EBITDA Margins	5.48%	6.00%	-8.64%	3.60%	52.27%
(1) Cash Flow as % of Total Liabilities	3.02%	N/A	N/A	3.00%	0.58%
(1) Return on Assets	-0.78%	1.30%	-160.34%	N/A	N/A
Maximum Annual Debt Service Coverage	1.63	3.20	-49.05%	1.50	8.70%
Cash on Hand (Days)	156.64	189.80	-17.47%	104.30	50.18%
Cushion ratio	10.61	20.70	-48.75%	13.80	-23.13%
Cash-to-Debt	65.05%	175.50%	-62.93%	89.60%	-27.40%
Account Receivable (days)	44.79	47.90	-6.49%	48.70	-8.03%
(1) EBITDA Debt Service Coverage	4.80	3.10	54.79%	N/A	N/A
Capital Spending Ratio (x)	3.54	0.80	342.81%	N/A	N/A
Capital Expenditures as % of Depreciation Expense	354.25%	N/A	N/A	164.40%	115.48%
Debt-to-capitalization	50.50%	33.10%	52.57%	53.20%	-5.07%
(1) Debt-to-Cash Flow (x)	11.61	4.10	183.24%	N/A	N/A
Average Age of Plant (Years)	10.80	13.50	-20.00%	11.50	-6.08%

(1) The GASB Statement No. 68 & GASB Statement No. 75 adjustments, recorded on an annual basis using the results from the OPERS actuary reports, is excluded as there are no cash flows associated with the recognition of net pension and net OPEB liabilities, deferrals and expenses.

Capital Budget Summary

(\$ in Thousands)

Through March 31, 2023						
	Approved	Spent	Committed	Allocated	Balance \$	Balance %
2022	40,000	13,952	14,879	10,787	382	0.9%
2023	30,000	83	3,941	3,981	21,995	73.3%
Total	\$ 70,000	\$ 14,035	\$ 18,820	\$ 14,768	\$ 22,377	31.9%
		20.1%	26.9%	21.1%	32.0%	

	Approved	Spent	Committed	Allocated	Balance \$	Balance %
Routine/Strategic	27,000	83	3,850	3,926	19,141	70.8%
Contingency	2,000	-	-	-	2,000	100.0%
Minor	1,000	-	91	55	854	85.4%
2023	\$ 30,000	\$ 83	\$ 3,941	\$ 3,981	\$ 21,995	73.3%

Definitions:

- Spent - Expense already incurred
- Committed - Purchase Order issued or Requisition submitted but expense not incurred
- Allocated - Project approved/pending but no Purchase Orders issued yet, and no expense incurred.

Market Volumes

Volume % Change: February 2023 YTD compared to February 2022 YTD

System	Total Disch (Less New)	Newborns	ED Admits	ED Visits	Obs	Inpatient Surg	Outpatient Surg	Phys Rehab	Psych-Chem
<i>Market (Cuyahoga Hosps)</i>	5.2%	11.1%	3.4%	11.8%	15.2%	10.3%	20.3%	2.8%	-19.9%
MetroHealth	2.6%	31.3%	0.8%	13.9%	17.9%	7.2%	13.9%	23.0%	117.5%
CCHS	11.9%	8.5%	12.4%	19.6%	17.0%	16.1%	25.3%	-50.0%	14.6%
UHHS	0.5%	7.7%	-2.9%	9.1%	18.3%	6.3%	24.9%	-13.4%	-61.3%
St. Vincent Charity	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		-100.0%
Hospital	Total Disch (Less New)	Newborns	ED Admits	ED Visits	Obs	Inpatient Surg	Outpatient Surg	Phys Rehab	Psych-Chem
MetroHealth*	2.6%	31.3%	0.8%	13.9%	17.9%	7.2%	13.9%	23.0%	117.5%
CCHS Cleveland Clinic*	13.8%		13.0%	16.8%	19.3%	17.7%	14.2%	-50.0%	
CCHS Euclid	5.9%		12.5%	30.8%	8.7%	-6.7%	35.0%		-30.0%
CCHS Fairview	4.8%	5.6%	8.9%	10.9%	4.0%	20.2%	36.6%		11.0%
CCHS Hillcrest	11.1%	12.1%	9.6%	14.8%	25.9%	8.2%	40.4%		
CCHS Lutheran	37.9%		27.3%	26.8%	23.1%	48.9%	56.7%		34.4%
CCHS Marymount	6.5%		11.5%	28.6%	18.5%	8.1%	37.6%		4.6%
CCHS South Pointe	18.4%		19.5%	27.3%	58.0%	14.8%	51.4%		
UH Ahuja	11.6%		12.8%	34.4%	85.6%	11.8%	55.0%		
UH (LHS) Beachwood	107.5%		166.7%	118.3%	275.0%	113.0%	8.2%		
UH Bedford - closed August	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		
UH Cleveland*	0.0%	6.8%	-8.2%	24.1%	-5.6%	1.5%	38.0%		-100.0%
UH Parma	-1.4%		-0.5%	15.9%	55.9%	6.5%	46.3%	-15.4%	-100.0%
UH Richmond Hts - closed August	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		
UH Southwest General	5.3%	12.8%	5.3%	21.0%	22.4%	17.3%	9.1%	-10.0%	-16.3%
UH St. John Medical Center	2.8%		6.8%	23.2%	23.3%	11.3%	35.0%		
St. Vincent Charity - closed in Nov. 2022	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		-100.0%

Data Source: Center for Health Affairs (CHA)

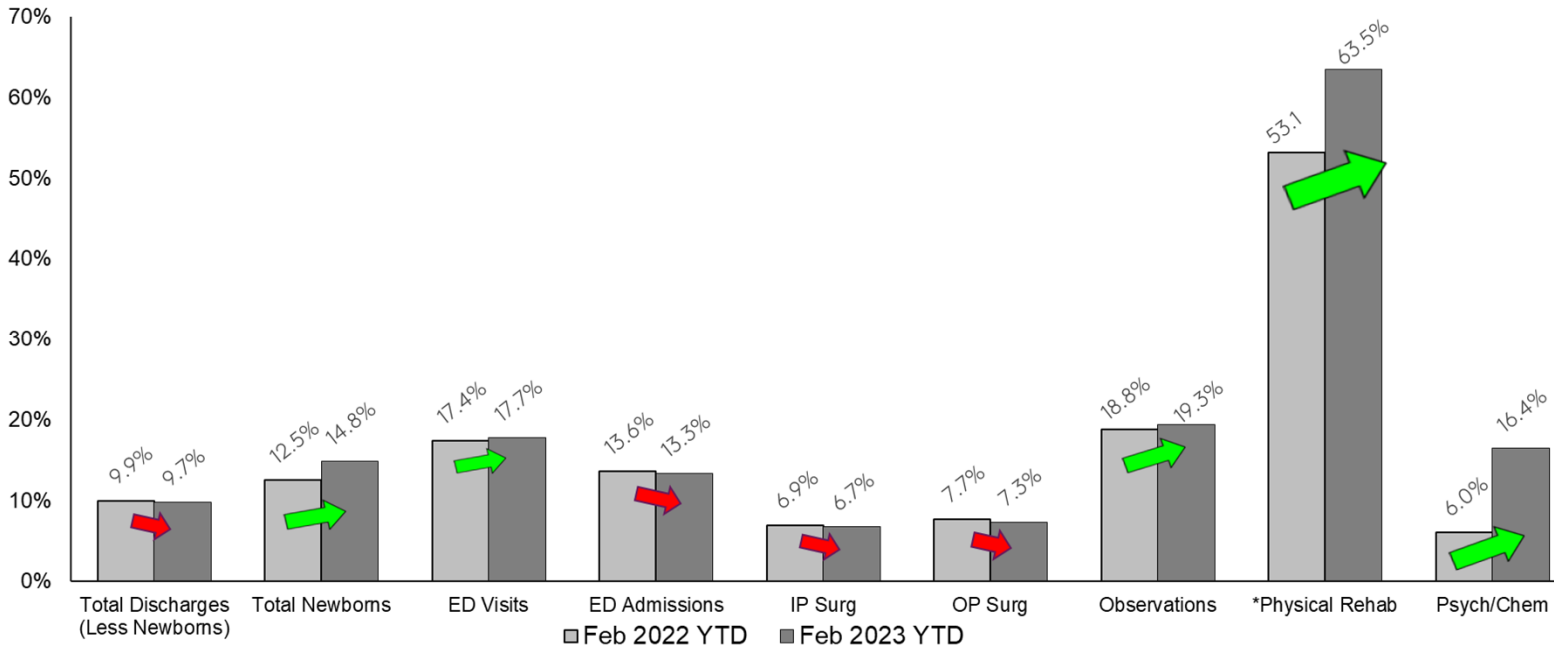
Key	Increasing and outperforming the market
	Decreasing but outperforming the market
	Increasing but underperforming the market
	Decreasing worse than the market

Notes:

- The Rehab column does not capture the full market. Some Rehab hospitals do not report to CHA due to their joint venture status. CC Cleveland Clinic Rehab is CC Children's Rehab.
- CCHS Lakewood FSED is reported here under CC Main Campus, UH Broadview Hts FSED volumes are reported under UH Main.
- MetroHealth ED Visits, ED Admits & Observations include volume from Brecksville, Cleveland Hts & Parma. Total Discharges includes Main Campus, Cleveland Hts & Parma volumes
- UH Parma Psych unit closed in 2022, and UH Main is not reporting Psych volumes at this time.
- Volume % change numbers often fluctuate wildly in the early portion of the year as there are only 2 months of data displayed at this time.

MetroHealth Market Share

MetroHealth's current YTD market share compared to the market share of the same period in the previous year



1. MetroHealth total Discharges, ED Visits, ED Admits, and Observations include volume from Brecksville, Cleveland Hts, and Parma where applicable.
2. Not all rehab facilities report to CHA, which may increase MetroHealth's share.
3. Physical Rehab and Pysch/Chem based on relatively low volumes.

A decorative graphic in the top right corner of the page, consisting of numerous circles of various sizes and colors. The colors include shades of orange, red, pink, purple, blue, teal, and green. The circles are arranged in a pattern that suggests movement or a trail, with some larger circles and many smaller ones.

Appendix

Quarterly Operating Performance - Volumes

	Three Months Ended March 31, 2023				
	Actual	Target	Var %	Prior Yr	Var %
<u>Medical Center Discharges</u>					
Acute	4,930	5,392	(8.6%)	4,821	2.3%
Newborn	587	656	(10.6%)	499	17.6%
Behavioral Health Center	317	506	(37.4%)	159	0.0%
Post Acute/Rehab	162	178	(8.8%)	182	(11.0%)
Hospital in the Home	6	0	0.0%	1	500.0%
Medical Center	6,001	6,731	(10.8%)	5,662	6.0%
Total Observations	2,830	2,602	8.8%	2,457	15.2%
Inpatient & Observations	8,831	9,333	(5.4%)	8,119	8.8%
<u>Average Daily Census</u>					
Acute	326	378	(13.8%)	336	(3.0%)
Newborn	14	12	12.6%	13	11.1%
Behavioral Health Center	33	44	(24.7%)	16	0.0%
Post Acute/Rehab	37	38	(3.2%)	40	(9.0%)
Hospital in the Home	0	0	0.0%	0	225.0%
Total Average Daily Census	410	473	(13.3%)	405	1.2%
<u>Average Length of Stay</u>					
Acute	5.95	6.31	5.8%	6.28	5.2%
Newborn	2.13	1.69	(25.9%)	2.25	5.5%
Behavioral Health Center	9.49	7.89	(20.2%)	8.91	0.0%
Post Acute/Rehab	20.38	19.21	(6.1%)	19.95	(2.2%)
Hospital in the Home	2.17	0.00	0.0%	4.00	45.8%
<u>Case Mix Index</u>					
Medicare	1.95	1.75	11.0%	1.98	(1.9%)
Medicaid	1.61	1.53	5.1%	1.63	(1.4%)
Other	1.67	1.59	5.0%	1.70	(1.5%)
Total	1.74	1.62	7.3%	1.78	(2.2%)

Quarterly Operating Performance - Volumes

	Three Months Ended March 31, 2023				
	Actual	Target	Var %	Prior Yr	Var %
<u>Other Key Volumes</u>					
Deliveries	665	725	(8.2%)	597	11.4%
Prescriptions Filled	399,468	0	0.0%	284,798	40.3%
Life Flight - Helicopter	264	330	(19.9%)	125	111.2%
Life Flight - Ground	272	355	(23.5%)	251	8.4%
Life Flight - Internal MHS Transfers	541	476	13.7%	510	6.1%
<u>OP Visit Volumes</u>					
Main Campus	71,525	71,990	(0.6%)	71,696	(0.2%)
Other MH Sites	207,860	190,832	8.9%	164,085	26.7%
Telehealth	55,804	64,883	(14.0%)	73,724	(24.3%)
Total Visits	335,189	327,705	2.3%	309,505	8.3%
<u>Emergency Visits</u>					
Main Campus	17,277	17,557	(1.6%)	15,914	8.6%
Other MH Sites	16,244	15,318	6.0%	13,806	17.7%
Total Emergency Visits	33,521	32,875	2.0%	29,720	12.8%
<u>Surgical Volumes</u>					
Main Campus Inpatient	1,257	1,273	(1.3%)	1,233	1.9%
Parma Health Inpatient	17	19	(10.5%)	24	(29.2%)
Main Campus Outpatient	1,559	1,492	4.5%	1,444	8.0%
Other MH Sites OP Surgery	2,565	2,300	11.5%	2,169	18.3%
Total Cases	5,398	5,084	6.2%	4,870	10.8%
<u>Medical Center FTE's</u>					
Regular FTEs	7,318	7,553	3.1%	6,848	(6.9%)
Overtime FTEs	240	201	(19.6%)	251	4.5%
Recovery Resource FTE's	107	123	13.5%	99	(8.2%)
Total Medical Center FTE's	7,665	7,877	2.7%	7,198	(6.5%)



MetroHealth

2023 Capital Update

The MetroHealth System

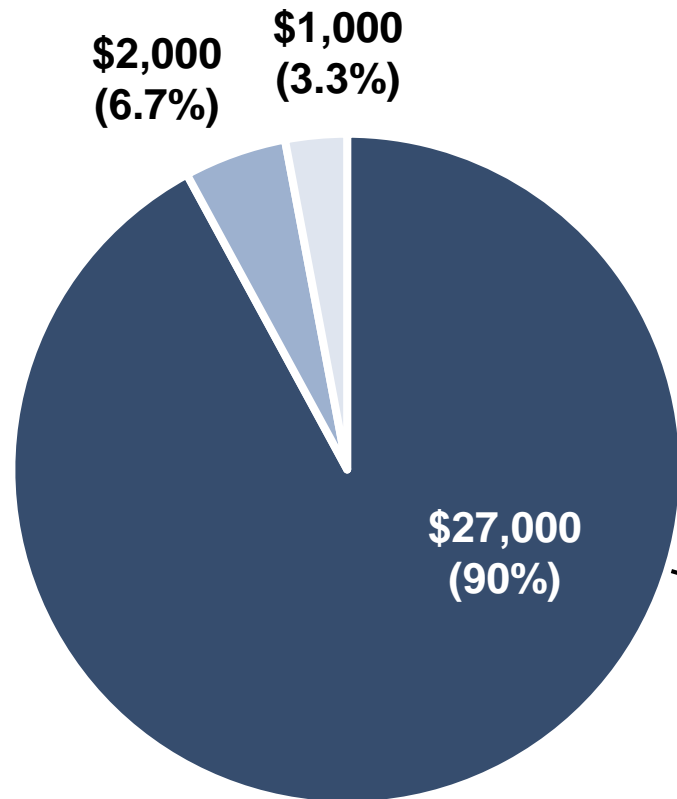
Finance Committee

April 26, 2023



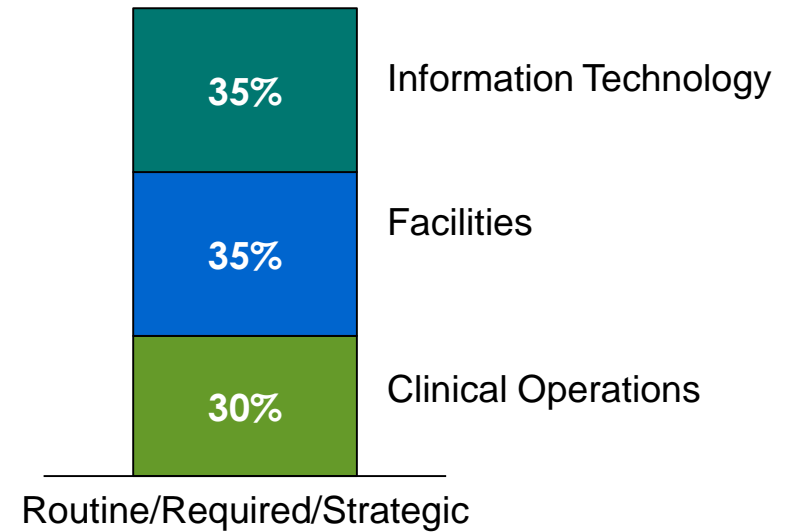
2023 Capital Budget

(in \$000s)



Routine/Required/Strategic	\$ 27,000
Contingency	2,000
Minor	<u>1,000</u>
Total	\$ 30,000

Estimated
Funding
Allocation



Note: 2023 Capital is funded from operating cash flow and/or cash reserves for the ongoing operations of MetroHealth. The Campus Transformation project is funded from the Series 2017 Bond issuance and other designated funds. Other approved MetroHealth strategic projects will be from operating cash flow and/or cash reserves. The allocation amounts among Routine/Required/Strategic, Contingency, and Minor categories presented above are estimates and may vary.

“Core” Capital Process Highlights

- Capital expenditures are focused on new assets and other strategic projects, as well as replacement or major maintenance of existing assets
- Routine/required capital projects are reviewed on a rolling basis to better coordinate resources for timely execution and to ensure appropriate allocation of resources
- Minimum capital threshold is maintained at \$5,000 per item and a useful life of three years or more
- Executive leadership must review (eg. scope, business case, etc.) and approve each capital expenditure request
- Capital Working Group also reviews the project for System impact and organizational readiness. Capital Working Group includes project stakeholders: Nursing, IS, Facilities/Construction, Supply Chain, Finance, Clinical Engineering, and Compliance
- Supply Chain reviews all capital projects and negotiates final pricing to ensure maximum discounts and savings are achieved

“Core” Capital Categories

- Facilities and Construction – buildings, fixtures and building improvements
- Information Services – hardware, software, licensing, and implementation costs
- Clinical Operations – fixed or moveable medical equipment/devices used for patient care delivery
- Support Services – pharmacy, parking, food services, and other administrative departments
- Strategic – projects impactful / complex enough to warrant additional review before entering the normal capital process including new business ventures, and campus expansions

Proposed Capital Process Enhancements

Final process will be digitized

- Request created (new form and system)
 - Scope and resource determinations take place at this point in the process
- Department leadership approves
- Capital Committee advises on prioritization
 - Comprised of clinical, information services, facilities & construction, strategy, and finance professionals
 - Design and utilize a quantitative, standardized evaluation structure
 - Review and evaluate capital requests using the evaluation structure
- Pricing finalized by Supply Chain
- CEO, CFO, COO of Hospital Division, COO of Ambulatory Division, and Chief Clinical & Academic Officer collaborate on approval
- A three year projection of capital needs is being developed
- Anticipated capital needs will be captured during the annual budget process

2023 Capital Issued and Major Projects (dollars in thousands)

Year	Approved	Issued	Balance
2023	30,000	8,005	21,995
		26.7%	73.3%

Facilities/ Construction		Information Services		Clinical		Support Services	
Total	\$ 2,644	Total	\$ 3,320	Total	\$ -	Total	\$ -
Beford and Broadway Therapy Expansion	1,500	2023 Annual Endpoint Device Refresh	934				
Apex - Behavioral Health, Sleep Lab, Theragnostics (Cancer Treatment)	644	USC/VMWare Refresh Phase 2	693				
Cleveland Heights Emergency Department Behavior Health Renovations	500						

Note: In addition to the items shown above there are approximately 35 smaller capital projects.



MetroHealth

2022 / Q1 2023 Charge Description Master Changes and Additions

Finance Committee

April 26, 2023



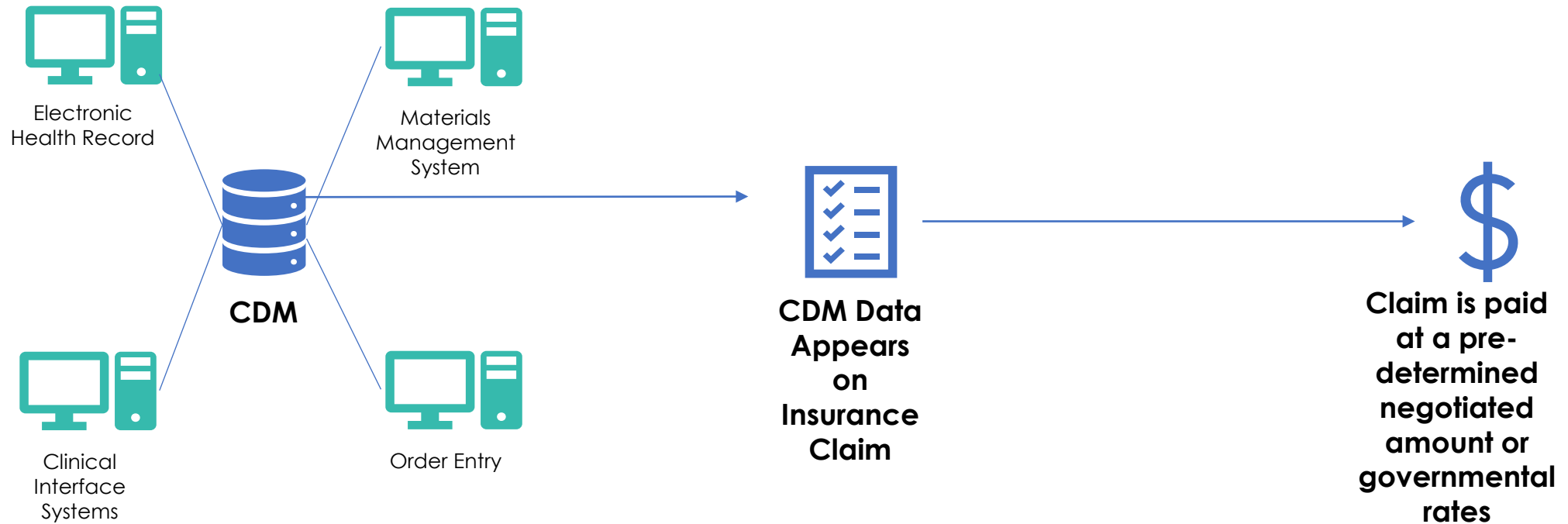
Table of Contents

I. Charge Description Master Overview

II. YTD Updates: Changes and Additions to the CDM

Charge Description Master Overview

The CDM is a database that contains a comprehensive list of items that could produce a charge. Every clinical department that provides a service to a patient will have representation in the CDM. This data is then used to charge accurately for those services or products in accordance with regulations and payor requirements. The opposite is also true – any item not in the CDM cannot be charged for.



Strategic Pricing Method



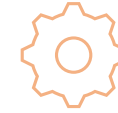
Type of Charge

- Professional
- Hospital (Technical)
- Global
- Institutional (Jail, Foster Care, etc.)
- SNF



Reimbursement Method

- Fee Schedule
- Percent of Charge
- Outpatient Grouper (EAPG, APC, etc.)
- Inpatient Grouper (DRG)
- Per Diem



Other Considerations

- Government Regulation
- Payor Contract Language
- Market Position
- Consumer Impact
- Cost of Services

Strategic Pricing means there is not a “one size fits all” approach. Each new charge undergoes a thorough consideration before a final price is set.

Example of CDM Addition

Service	Description	CPT Code	Charge Type	Price
Cognitive Behavior Therapy Monitoring	Cognitive behavioral therapy interpretation and review of results over 30 days.	98978	Professional	\$68.00
	Delivery of equipment, patient education and resource on how to use equipment. Recording of results every 30 days.	98978	Technical/Facility	\$128.00

CPT codes represent an overarching service; however, the type of charge represents what component of that overarching service we are providing.

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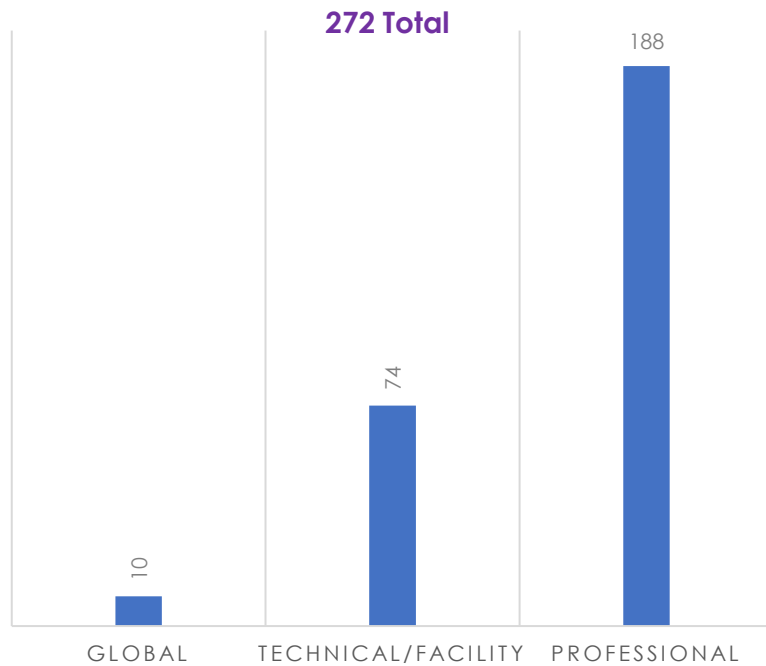
I. Charge Description Master Overview

II. 2022 YTD Updates: Changes and Additions to the CDM

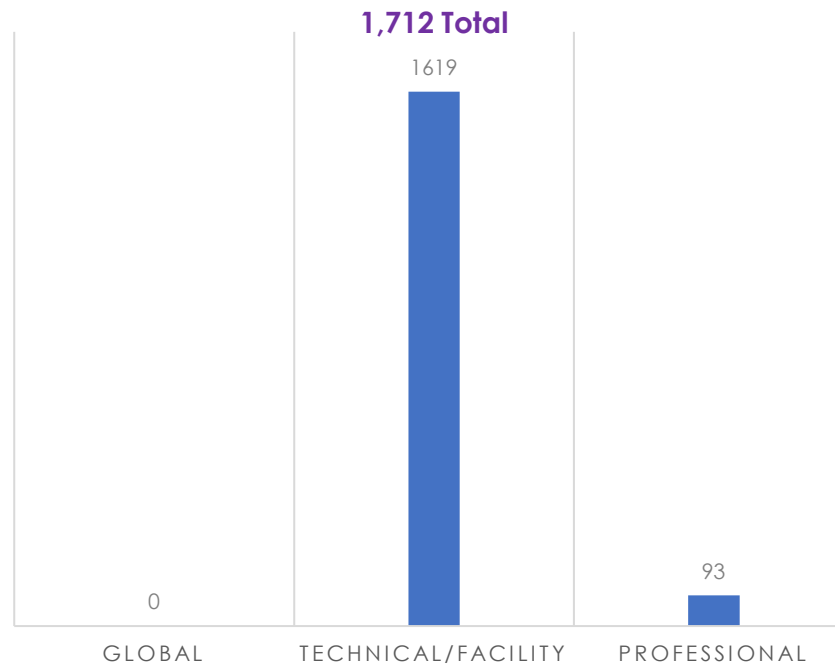
2022 - 2023 CDM Changes and Additions by Type of Charge

In 2022 1,984 items were added or changed in the CDM
 YTD 2023, 29 items have been added or changed in the CDM

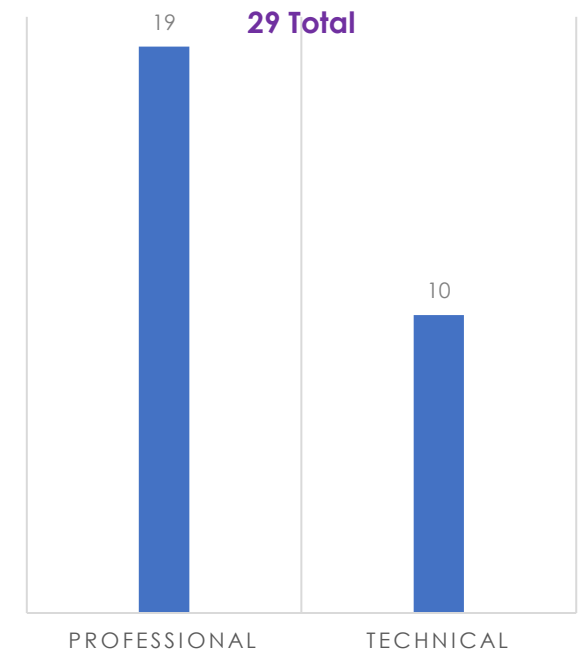
JANUARY - JUNE 2022



JULY - DECEMBER 2022



YTD 2023



For Inpatient, Observation and Hospital Outpatient Departments (HOPD), reimbursement is based on 2 claims with reimbursement for both professional (pro) and technical (tech) services. For services performed in a designated global setting, the reimbursement is based on 1 claim.

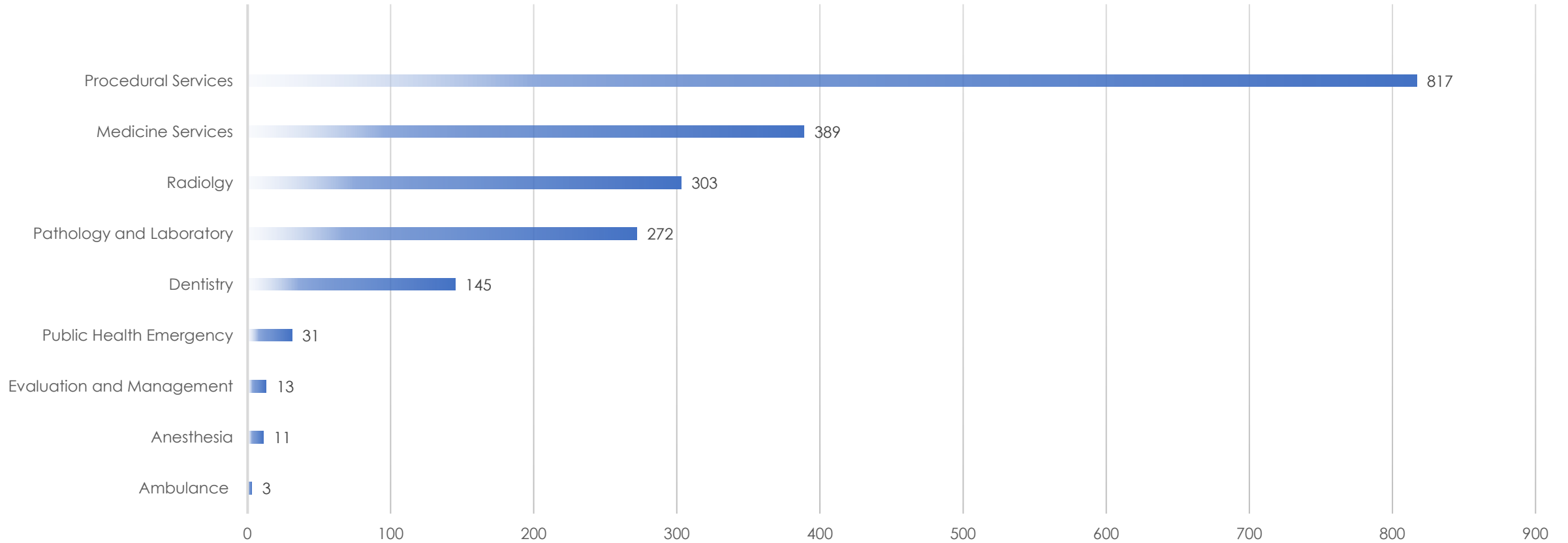
PROFESSIONAL: Billable provider(s) of the service

TECHNICAL/FACILITY: Where was the service was performed and all associated staff and equipment.

GLOBAL: Ex. State Road – both services of the provider and the facility are represented on one claim.

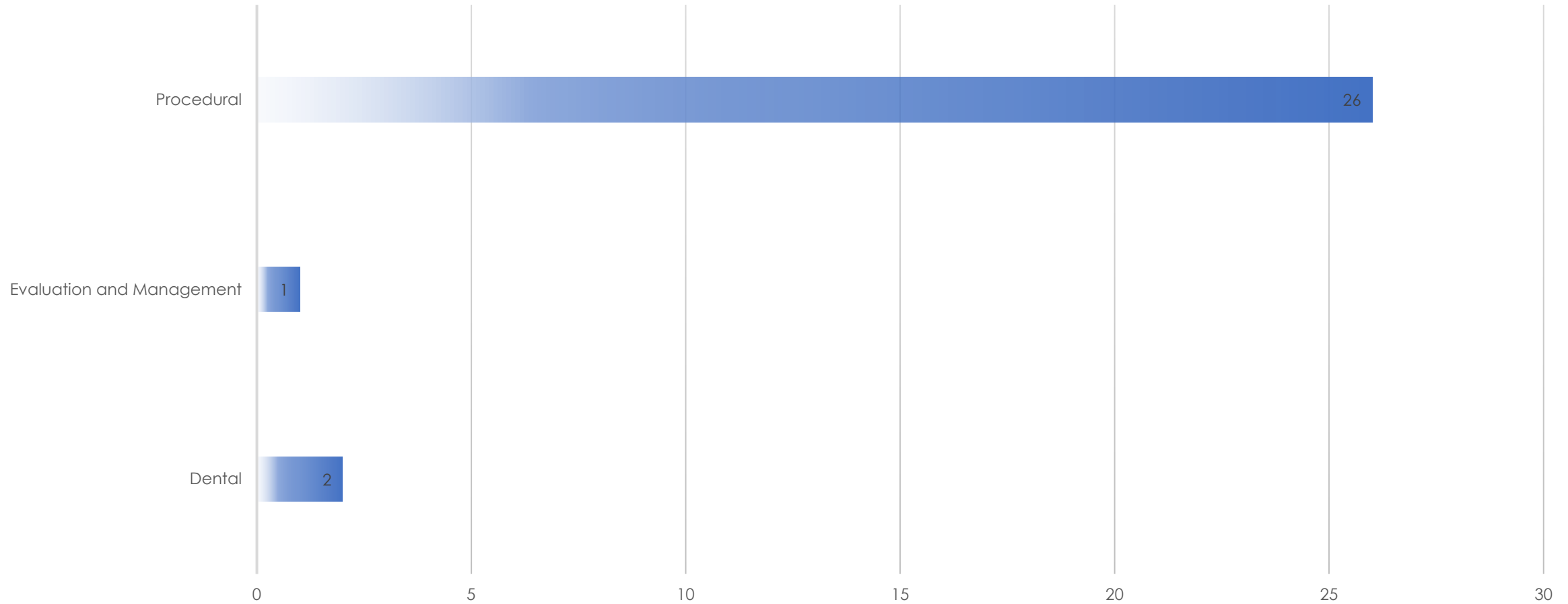
CDM Additions and Changes by Service Type - 2022

2022 CDM ADDITIONS AND CHANGES BY SERVICE TYPE



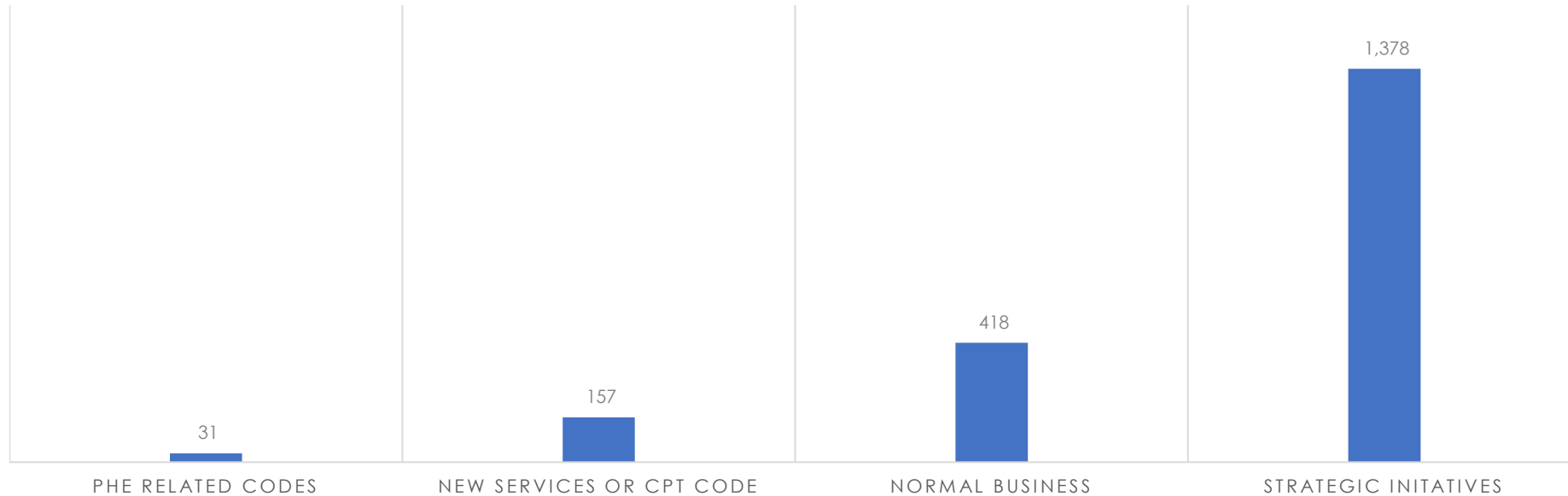
CDM Additions and Changes by Service Type – YTD 2023

2023 CDM CHANGES AND ADDITIONS BY SERVICE TYPE



What Drove the Changes and Additions – 2022

REASONS FOR CHANGE/ADDITION TO THE CDM



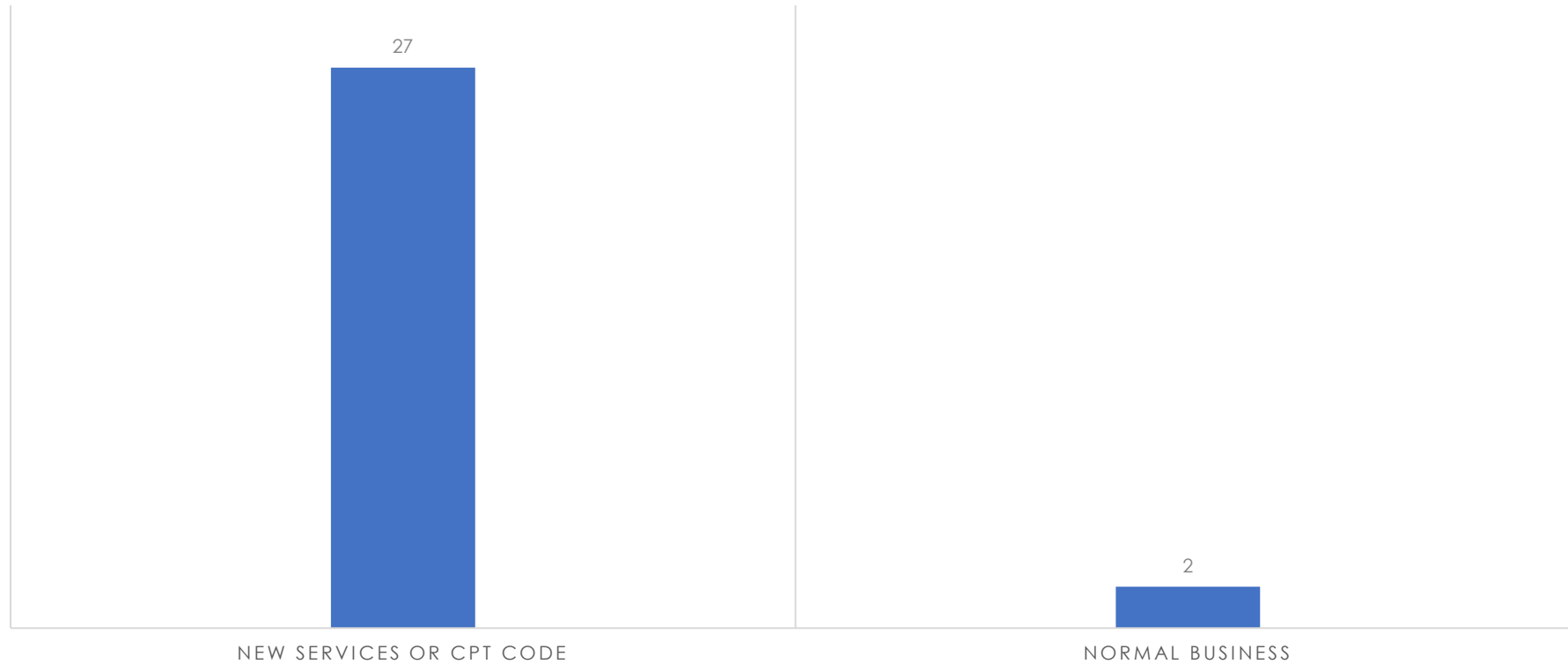
The 1,948 changes and additions that were made to the CDM this year represent 9% of all charges in our CDM*.

- PHE Related Codes – Codes added or modified directly linked to treatment or prevention of a current Public Health Emergency (COVID 19, Monkeypox)
- New Services – Services newly performed at Metro Health, or services that were assigned their own CPT code.
- Normal Business – During regular review of pricing, items may require change and addition due to any of the factors listed on slide 4.
- Strategic Initiatives – Special areas of focus or review. Example, several behavioral health services were added to account for program expansion.

* Based on a count of all charges within the global, professional, and technical/facility CDM files.

What Drove the Changes and Additions – YTD 2023

REASONS FOR CHANGE ADDITION TO THE CDM



PHE Related Codes – Codes added or modified directly linked to treatment or prevention of a current Public Health Emergency (COVID 19, Monkeypox)

New Services – Services newly performed at Metro Health, or services that were assigned their own CPT code.

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* Based on a count of all charges within the global, professional, and technical/facility CDM files.



MetroHealth

