

**THE METROHEALTH SYSTEM
FINANCE COMMITTEE
BOARD OF TRUSTEES
REGULAR MEETING MINUTES**

DATE: Tuesday, July 21, 2015

TIME: 12:00 to 2:00 pm

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald

ADDITIONAL TRUSTEES: Ms. Dee, Dr. Macon Sr., Mr. Monnelly, Mr. Moss, and Mr. Spain

STAFF: M. Bechtle, K. Botros, A. Boutros, M.D., FACHE, A. Connors, M.D, G. Himes, W. Jones, D. Kaelber, M.D., J. Kerkay, D. Lewis, S. Rajki, D. Reichert, C. Richmond, T. Rose

Mr. McDonald called the regular meeting of the Finance Committee to order at 12:14 p.m. Please note the minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

I. The minutes of the regular meeting held on June 18, 2015 were approved as presented.

II. INFORMATION ITEMS

Craig Richmond, Chief Financial Officer began the meeting stating the process to engage a financial advisor to advise and assist MetroHealth with the campus transformation financial planning is being finalized. The organization selected will have an understanding and expertise in arranging complex and diverse sources of financing for large strategic capital projects. It was also mentioned that the annual review meetings have been scheduled over the next two months with the three credit rating agencies.

Mr. Richmond reviewed the Statement of Operations and Volume Metrics stating the June operating income was \$3.1 million which was (\$0.6) million unfavorable to budget. Year-to-date operating income was \$11.5 million and \$7.9 million favorable to budget.

Net patient revenue was \$69.4 million and \$1.4 million favorable to budget for the month of June. Case mix index, deliveries and outpatient visits were above budget by 3.0%, 12.9% and 0.6% respectively. Year-to-date net patient revenue was \$399.0 million and \$4.3 million favorable to budget.

Mr. Richmond stated other operating revenue was \$9.6 million and (\$0.3) million unfavorable to budget for the month. Year-to-date other operating revenue was \$60.5 million and \$2.7 million favorable to budget.

Mr. Richmond mentioned total operating revenue for the month of June was \$79.1 million which was \$1.1 million favorable to budget. Year-to-date total operating revenue was \$459.5 million and \$7.0 million favorable to budget.

Total operating expenses are \$76.0 million and (\$1.7) million unfavorable to budget for the month. Year-to-date operating expenses were \$448.0 million and \$0.9 million favorable to budget. For the month, salaries and benefits are \$50.3 million and (\$1.0) million unfavorable to budget. Department expenses are \$20.1 million and (\$0.6) million unfavorable to budget, primarily related to higher pharmaceuticals, medical and non-medical supplies costs.

Jeff Kerkay, Treasurer and Mr. Richmond, presented an overview of the June Statement of Net Position highlighting the changes from 2014 year-end within patient accounts receivable, other receivables, current and long-term liabilities. Restricted / Unrestricted Cash and Investment balances were briefly reviewed, and an analysis was provided in the report regarding MetroHealth's position in terms of bank covenants and rating agency median ratios.

Mr. Richmond commented on the status of the 2016 Budget Calendar which is currently underway. He noted the approach and timeline to complete the entire process.

Don Reichert, Vice President and Associate Chief Information Officer provided a brief update on the Information Systems 2015 initiatives. He discussed the System's unified communications platform strategy which will provide an enterprise communications architecture and foundation. This integrated solution will enhance MetroHealth's ability to communicate through multiple means, using different devices.

III. NON-CONSENT/ACTION ITEMS

A. There are no items to report at this time.

IV. CONSENT ITEMS

A. A recommendation for the purchase of capital equipment and related improvements as listed in Exhibit A.

The Committee unanimously approved the recommendation for full Board action.

B. A recommendation for the establishment of an investment subcommittee of the Finance Committee

The Committee unanimously approved the recommendation for full Board action.

C. A recommendation to approve certain capital improvements and related projects and purchases

The Committee unanimously approved the recommendation for full Board action.

D. A recommendation for the establishment of an unsecured line of credit with Fifth Third Bank

The Committee unanimously approved the recommendation for full Board action.

E. A recommendation for the retention of a strategic advisor

The Committee unanimously approved the recommendation for full Board action

At this point in the meeting a motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 1:44 p.m.

F. A recommendation for changes to the Hospital and Professional Charge Description Master (CDM) file.

The Committee unanimously approved the recommendation for full Board action.

G. A recommendation for the approval for establishing a clinical care location in Cuyahoga County, Ohio


The Committee unanimously approved the recommendation for full Board action.

H. A recommendation for the approval for establishing a clinical care location in Cuyahoga County, Ohio

The Committee unanimously approved the recommendation for full Board action.

There being no further business to bring before the Committee, the meeting was adjourned at 2:01 p.m.

Respectfully submitted,



Craig Richmond
Chief Financial Officer