

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

DATE: Tuesday, September 27, 2016

TIME: 12:00 – 2:00 pm

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. Monnolly and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

STAFF: B. Boulanger, M.D., A. Boutros, M.D., FACHE, G. Himes, J. Kerkay, D. Lewis, M. Phillips, C. Richmond and M. Stern

Dr. Silvers called the regular meeting of the Finance Committee to order at 2:00 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 July 26, 2016 were approved as presented.

II. INFORMATION ITEMS

Craig Richmond, SVP, Chief Financial Officer began the meeting stating that new operating targets were recently developed for the reporting periods August through December 2016 and that the current report compares operating results to the August 2016 target. This reporting change was also stated in the Management Discussion and Analysis.

Mr. Richmond proceeded with providing an overview of the Statement of Operations and Volume Metrics stating the August operating income was \$3.4 million, which was (\$3.5) million unfavorable to target. Year-to-date operating loss was (\$5.6) million and (\$3.5) million unfavorable to target.

Net patient revenue was \$80.9 million and (\$3.4) million unfavorable to target for the month of August. Discharges, emergency room visits and surgical cases were below target by (1.5%), (1.3%) and (7.9%). Outpatient visits were above target by 0.8%. Year-to-date net patient revenue was \$586.5 million and (\$3.4) million unfavorable to target.

Mr. Richmond stated other operating revenue was \$11.9 million and \$0.4 million favorable to target for the month primarily due to higher retail/contracted pharmacy revenue. Year-to-date other operating revenue was \$91.5 million and \$0.4 million favorable to target.

Mr. Richmond mentioned the total operating revenue for the month of August was \$92.8 million and (\$3.1) million unfavorable to target. Year-to-date total operating revenue was \$678.0 million and (\$3.1) million unfavorable to target.

Total operating expenses were \$89.3 and (\$0.4) million unfavorable to target for the month. Year-to-date operating expenses were \$683.5 million and (\$0.4) million unfavorable to target.

Mr. Richmond and Mr. Kerkay also reviewed the August Statement of Net Position highlighting the changes from 2015 year-end within several categories. Restricted / Unrestricted Cash and Investment balances were discussed and it was noted that the balance as of 8/31/16 had decreased from 2015 year-end mainly due to increased capital spending related to the Critical Care Pavilion project.

Mr. Richmond and Jeff Kerkay, Treasurer discussed the Advisory Board Credit Rating Strength Diagnostic Tool which measures the system's financial metrics against benchmarks derived from hospital medians of the major credit rating agencies. Mr. Spain asked about the System's bank covenants and Mr. Kerkay made mention that the System's bank covenants are well in compliance.

Mr. Richmond provided an overview of the 2017 Operating and Capital budget process. The overview consisted of the budget strategic themes, the capital and operating budget constructs, and budget calendar. The 2017 budget will be presented at the October Finance Committee meeting.

Geoff Himes, Vice President of Finance discussed the Infor/Lawson Update. Infor/Lawson which is our business enterprise software has been upgraded to Version 10 and is used by Human Resources, Supply Chain and the Finance departments. Mr. Himes then provided a project overview and discussed the planning, design, testing and training phases which included moving to a cloud computing environment. This new version will allow us to take advantage of product enhancements which will increase efficiency and provide tighter integration between modules.

III. NON-CONSENT/ACTION ITEMS

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

IV. CONSENT ITEMS

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

The Committee unanimously approved the recommendation for full Board action.

- B. A recommendation to retain Preferred Medical Marketing Corporation for Pricing Strategy Advisory Services

The Committee unanimously approved the recommendation for full Board action.

- C. A recommendation for the Continued On-Going Assistance of Kaufman Hall as the System's Financial Advisor for the Transformation

The Committee unanimously approved the recommendation for full Board action.

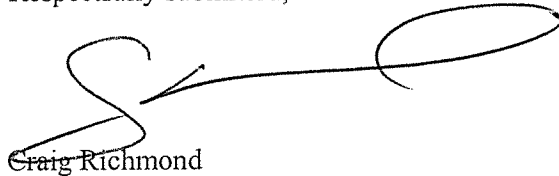
- D. A recommendation for Certain Core Terms of a Collective Bargaining Agreement with Ohio Patrolmen's Benevolent Association

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 2:55 p.m.

There being no further business to bring before the Committee, the meeting was adjourned at 2:56 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Craig Richmond', with a large, stylized flourish extending to the right.

Craig Richmond
Senior Vice President and
Chief Financial Officer