

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

DATE: Tuesday, October 25, 2016

TIME: 12:00 – 2:00 pm

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald and Mr. Monnolly

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

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

Mr. McDonald called the regular meeting of the Finance Committee to order at 12:10 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 September 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 September 2016, third quarter and year-to-date target. This reporting change was also discussed at the September Finance Committee meeting and stated in the Management Discussion and Analysis.

Mr. Richmond proceeded with providing an overview of the Statement of Operations and Volume Metrics for the September and third quarter financials stating the operating income for both the month and three months ended was \$3.8 million, which was (\$1.2) and (\$4.7) million unfavorable to target, respectively. Year-to-date operating loss was (\$1.8) million and (\$4.7) million unfavorable to target.

Net patient revenue was \$77.8 million and (\$1.8) million unfavorable to target for the month of September. Discharges and surgical cases were below target by (1.7%) and (8.5%). Outpatient visits, emergency room visits and deliveries were above target by 1.8%, 12.1% and 5.4%. Year-to-date net patient revenue was \$664.3 million and (\$5.2) million unfavorable to target.

Mr. Richmond stated other operating revenue was \$11.0 million and (\$0.5) million unfavorable to target for the month primarily due to lower research indirect revenue and miscellaneous income. Year-to-date other operating revenue was \$102.5 million and (\$0.2) million unfavorable to target.

Mr. Richmond mentioned the total operating revenue for the month of September was \$88.8 million and (\$2.3) million unfavorable to target. Year-to-date total operating revenue was \$766.7 million and (\$5.4) million unfavorable to target.

Total operating expenses were \$85.0 and \$1.1 million favorable to target for the month. Year-to-date operating expenses were \$768.5 million and \$0.7 million favorable to target.

Mr. Richmond and Jeff Kerkay, Treasurer reviewed the September 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 9/30/16 had decreased from 2015 year-end mainly due to increased capital spending related to the Critical Care Pavilion project.

Mr. Kerkay also 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. Lastly, Mr. Kerkay discussed the analysis that was provided in the report through the third quarter regarding MetroHealth's position in terms of bank covenants and rating agency median ratios. Mr. Kerkay mentioned that the System's bank covenants are well in compliance.

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 for the Continued Procurement of Certain Strategic Value Acceleration Technology, Tools and Services from the Advisory Board Company

The Committee unanimously approved the recommendation for full Board action.

- C. A Recommendation for Certain Annual Purchasing Policies and Procedures

The Committee unanimously approved the recommendation for full Board action.

- D. A Recommendation for the Approval and Ratification of Leases of Real Estate in Cuyahoga County

The Committee unanimously approved the recommendation for full Board action.

- E. A Recommendation for the Continued On-Going Services of FTI Consulting, Inc.

The Committee unanimously approved the recommendation for full Board action.

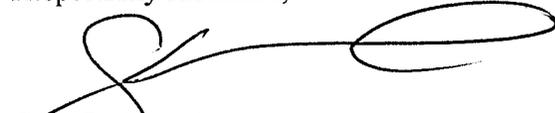
At this point in the meeting a motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 1:55 p.m.

- A. A recommendation for a proposed budget for the 2017 fiscal year and to authorize the submission of the same to the government of Cuyahoga County, Ohio ("County").

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 1:56 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line that ends in a loop.

Craig Richmond
Senior Vice President and
Chief Financial Officer