

**BOARD OF TRUSTEES
The MetroHealth System**

- Date:** March 22, 2017
- Time:** 4 p.m.
- Place:** The MetroHealth System Board Room
- Present:** Ms. Dee, Mr. McDonald, Rev. Minor, Mr. Monnolly, Mr. Moss (via telephone), Mr. Schneider, Dr. Silvers, Mr. Spain, Ms. Whiting
- Staff:** Dr. Boutros, Ms. Allen, Ms. Arundel, Mr. Botros, Dr. Boulanger, Ms. Brown, Dr. Chehade, Dr. Connors, Mr. Jones, Dr. Kasprzak, Mr. Kerkay, Ms. Kline, Mr. Lewis, Mr. Phillips, Ms. Platten, Mr. Richmond, Mr. Stern, Dr. Thomas
- Guests:** Bank of America Merrill Lynch, Co-Senior Underwriter
Rob Junqua, Managing Director
Dixon, Hughes, Goodman, LLP
Courtney Young
Amanda Lyda
J.P. Morgan Securities, Co-Senior Underwriter
Meghan O'Keefe, Executive Director
Kaufman Hall & Associates, Financial Advisor
Glenn Wagner, Senior Vice President
Matt Robbins, Senior Vice President

MINUTES OF MEETING

The meeting was called to order by Mr. McDonald at 4:00 p.m.

(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.)

1. Minutes

The Board approved the Minutes of the Regular Meeting of January 25, 2017, and the Minutes of the Special Meeting of February 22, 2017. RESOLUTION 19075.

2. Consent Agenda

A. Audit Committee

1. The Board unanimously approved the continued engagement of KPMG as the System's Internal Audit consultant, for the purpose of providing management, assistance, advice and guidance with performing enterprise risk assessments, prioritizing risks and associated audits, providing oversight of Information Technology (IT) audits and reporting to management and the Audit Committee of the Board of Trustees, for the year 2017, with cost not to exceed \$660,000 and associated expenses not to exceed \$25,000 to be paid out of general operating funds. RESOLUTION 19076.

B. Community Engagement Committee - None

C. Diversity and Inclusion Committee – No Meeting

D. Facilities and Space Committee

1. The Board unanimously approved necessary capital improvements to the System’s leased Brooklyn Heights Administrative Buildings, for aggregate costs not to exceed \$2,400,000, to be paid out of available capital funds. RESOLUTION 19077.
2. The Board unanimously approved a certain lease for real estate in Cuyahoga County, Ohio, as more fully described in Attachment A. RESOLUTION 19078.
3. The Board unanimously approved certain Pre-Authorized Professionals consistent with System Policy I-88, for services to be provided during the period April 1, 2017, through March 31, 2018, with aggregate costs not to exceed \$50,000 per assigned project per Professional. The fees for the Pre-authorized Professionals will be paid out of available and authorized operating and capital funds as needed. The list of Pre-authorized Professionals is shown in the attached Exhibit A. RESOLUTION 19079.

E. Finance Committee

1. The Board unanimously approved certain capital improvements and purchases, for the items, purposes, and aggregate costs as detailed in Attachment A, to be paid out of available capital funds, and subsequently reimbursed through fund sources indicated in Attachment A. RESOLUTION 19080.
2. The Board unanimously approved changes to the hospital and professional Charge Description Master (CDM) file, for the items shown in Attachment A. RESOLUTION 19081.
3. The Board unanimously accepts and acknowledges the System’s 2016 performance results as compared to the 2016 Plan Measures and Goals previously adopted by the Board, pending verification of the final 2016 Net Operating Income, as adjusted by the Achievements Resolution, through the finalization of the System’s unaudited financial statements. RESOLUTION 19082.
4. The Board unanimously approved the 2017 Plan Measures and Goals as described in the attachment, to be utilized in connection with the overall compensation methodology. These metrics embody a balanced approach including financial, strategic, quality, community, diversity, operational and patient satisfaction goals. No awards will be paid unless the System achieves the Adjusted EBIDA “trigger”, which will be calculated net of the Performance Based Variable Compensation awards. RESOLUTION 19083.
5. The Board unanimously approved the engagement of the law firms of (i) Tucker Ellis LLP to serve as bond counsel, which will subcontract with Forbes, Fields & Associates to serve as co-bond counsel, and (ii) Calfee, Halter & Griswold LLP to serve as hospital counsel, for The MetroHealth System’s issuance and sale of Hospital Revenue Bonds, Series 2017. Counsel’s fees will be paid out of bond proceeds. RESOLUTION 19084.

F. Legal and Government Relations Committee – None

G. Patient Experience Committee – None

H. Executive Committee – None

I. Quality and Safety Committee – No Meeting

3. President and CEO’s Report

Dr. Boutros stated that in the interest of brevity and matters to be discussed with the Board and he noted that the President’s Report was in the Board Book.

4. Nursing/Magnet Report – Melissa Kline, Chief Nursing Officer

Ms. Kline stated her report is in the Board Book and reported that four nurses received grant money to assist women and their babies that are high risk. These nurses travel to the homes of pregnant women and continue to do so through the entire first year of the babies’ lives and ensure they have the resources and education needed. This is an evidence-based program that has been in existence for quite a while and this is the first time that MetroHealth is participating in the program. Ms. Kline will report the status of this program in approximately six months’ time.

5. Medical Staff

A. Report of Medical Staff President – Dr. Timothy Kasprzak

Dr. Kasprzak began his report with a couple acknowledgments: (1) Dr. John Chae, Chair of Physical Medicine and Rehabilitation (PM&R) and a member of the Institute of Medicine of the National Academy of Sciences, has been named President of the Association of Academic Physiatrists for a two-year term and (2) Dr. Holly Perzy, Chief Executive Director of MHSelect and VP of Care Delivery was honored for her work in assisting women advance in the workplace. He stated that a brief presentation was delivered to the Legal and Government Relations Committee concerning an update to the Medical Staff Bylaws. Lastly, Dr. Kasprzak reported that MetroHealth pulled 97 medical student residencies for physicians through the match, indicating 24 were from Northeast Ohio and included in the 24 were 10 from Case Western Reserve University School of Medicine and 5 from Northeast Ohio Medical University. Other new residency matches received by MetroHealth were drawn from the University of Maryland, The George Washington University, and Boston University. Dr. Kasprzak then recommended approval by the Board of the Medical Staff and Allied Health Providers appointments, actions, and reappointments for February and March 2017.

B. Approval of Medical Staff/Allied Health Providers Appointments/Actions/Reappointments – January 2017

1. The Board unanimously approved the Medical Staff Appointments/Actions for February/March 2017. RESOLUTION 19085.
2. The Board unanimously approved the Allied Health Appointments/Actions for February/March 2017. RESOLUTION 19086.
3. The Board unanimously approved the Reappointments for March 2017. RESOLUTION 19087.

C. Medical Staff Committee Minutes – January 13, 2017 & February 17, 2017

D. Report of Case Western Reserve School of Medicine – Dr. Patricia Thomas

Dr. Thomas began her report by stating that the medical students received a successful 100% match, noting that this has been the highest match rate that CWRU has had in the past five years and that the Society Dean reported what made it successful was the support received from the clinical departments and mentors from those departments that counsel the students and advise them on completing their residency selection. CWRU also completed their accreditation site visit in March and reported that 233 people met with the visitors over the course of three days, including Dr. Boulanger, MetroHealth faculty, and Chairs, junior faculty, and clerkship directors from CWRU. Dr. Thomas stated that CWRU is very grateful of the outcome and reported that the Dean said one of the strengths seen was not only the clinical ability but the collaborative nature of having the affiliates online in Cleveland concerning educational issues.

6. Audit Committee

A. Report of Committee Chairperson

Dr. Silvers reported receiving a clean opinion on the System’s financial statements and that a fair amount of time was spent reviewing it with the Audit Committee. He stated that MetroHealth is on schedule with the audit plan outlined earlier and participated in a telephone conference with John Croy, the RMS auditor, to review completed and present construction projects. Lastly, Mary Legerski led a confidential discussion on updates of Compliance and HIPAA and security issues.

Mr. Richmond elaborated on Dr. Silvers’ report, noting that the audit was final, no internal control or compliance deficiencies were found, and the last step needed is to file the Audit Plan with the Auditor of State. He also stated that a different division of RSM, involving their risk advisory services, was hired to perform construction cost reviews and that MetroHealth has gained value in doing so, noting that a closeout of the Critical Care Pavilion is pending and will continue to work with Walter Jones, Senior Vice President, Campus Transformation to improve policies and procedures as MetroHealth moves forward in other Transformation projects.

B. Non-Consent Agenda

1. Action Items – None
2. Information Items
 - a. Fiscal Year 2016 Audit Report – Lori Kalic, RSM
 - b. 2017 Internal Audit Update – Jim Mylen, KPMG
 - c. Construction Cost Review Services Update – John Croy, RSM
 - d. Compliance Update – Mary Legerski
 - e. HIPAA Privacy and Security Update – Mary Legerski

7. Community Engagement Committee

A. Report of Committee Chairperson

Rev. Minor was happy to report the Community Engagement Committee met for the first time and acknowledged and appreciated the staff and Ms. Allen for a good job over the last months that went into the planning of the meeting and gathering Committee members. The Committee reviewed the Community Engagement Committee Charter outlining the purposes and core functions and role and discussed a few changes to be made. Rev. Minor reported that 2017 goals were discussed, a few being to work with staff to ensure that a community needs assessment is occurring, developing a Request For Proposal to choose a vendor to assist with the assessment, to ensure that activities

of MetroHealth are in alignment with the needs of the community, and the ability to track and monitor those needs and make future recommendations. This Committee intends to include partners from the community through a thoughtful process to ensure participants are diverse and represent all aspects of the community, including business, academic, health and grass roots.

B. Non-Consent Agenda

1. Action Items
 - a. Other
2. Information Items
 - a. Committee Charter
 - b. 2017 Proposed Goals

8. Diversity and Inclusion Committee – No Meeting

9. Facilities and Space Committee

A. Report of Committee Chairperson

Mr. Monnolly reported the Facilities and Space Committee met, the consent items were reviewed, and then the Committee moved to meet in Executive Session to discuss real estate and trade secrets.

B. Non-Consent Agenda

1. Action Items – None
2. Information Items
 - a. Discuss Trade Secrets (Executive Session)

10. Finance Committee

A. Report of Committee Chairperson

Dr. Silvers began his report by stating that the Finance Committee is reviewing the financials on a quarterly basis. The Committee reviewed the operating statistics and discussed in further detail what they meant and whether the reports were capturing where MetroHealth is at this point in time. He then stated that the majority of the meeting was time spent in Executive Session discussing financing matters.

Mr. Richmond elaborated on the operating performance statistics and ratios introduced and stated that these statistics and ratios cross nine core areas such as utilization, access, patient experience, quality, productivity, capital structure, liquidity, working capital, and expenses and revenues. Daniel Lewis, Executive Vice President, Chief Operating Officer, and Dr. Bernard Boulanger, Executive Vice President, Chief Clinical Officer, reviewed the majority of the metrics as they are operational in nature, adding that these metrics will continue to evolve over time and that management is looking into feedback as it relates to the correct group of metrics for the month and year-to-date and the result of the financial impact it has on MetroHealth. Mr. Richmond will be including a Management and Discussion Analysis in the near future explaining the metrics.

B. Non-Consent Agenda

1. Action Items – None
2. Information Items
 - a. February 2017 Operating Performance Statistics and Ratios, and Volume Metrics – Craig Richmond

11. Legal and Government Relations Committee

A. Report of Committee Chairperson

Mr. Spain reported that the Legal and Government Relations Committee received an update on and discussed the Health Care Bill being voted on Thursday, March 23, 2017, which included concerns such as Medicaid in general, Medicaid expansion, and decisions involving MetroHealth's revenue streams and the options being put in place to address matters and minimize the impact on MetroHealth. He indicated that the Medical Staff Bylaws are in the process of being reviewed and, once finalized, will be brought for a vote before the Board at the June Board of Trustees meeting. Lastly, Marlene Franklin presented a report on Risk Management and the results of the creation of the Captive insurance company to handle claims being settled in the past and in the future.

B. Non-Consent Agenda

1. Action Items – None
2. Information Items
 - a. Government Relations Update
 - b. Risk Management Report
 - c. Medical Staff Bylaws Update

12. Patient Experience Committee

A. Report of Committee Chairperson

Ms. Dee began her report with an update of the Pastoral Care Department by Pastor Daniel Rossbach, the Director of Pastor Care, who has been involved with MetroHealth for twenty years, has five staff Chaplains, organizes an annual conference which brings in major speakers around major themes that impact the community, and assists with food drives, bereavement and support. Ms. Dee was impressed with a presentation by Johanna Hamm, a patient advisor, who experienced being a new patient at MetroHealth and took it upon herself to research information on how food service for an inpatient affects patient experience and the patient's view of their medical experience, noting options for food service for the inpatient setting need improvement. The Patient Experience Survey and quarterly statistics were discussed as they relate to the comparison with the Essential Hospital scores, and advising that MetroHealth has transitioned to a national research corporation to assist in collecting surveys and showing market improvement in several areas having to do with communication with the nurses and doctors, cleanliness of the Hospital, and information the patients receive at the time of discharge. Ms. Dee indicated that the scores of Metrohealth seem to be impacted by patterns and trends such as the transaction with HealthSpan, trauma season, and the new Critical Care Pavilion. Lastly, Dr. Laskey discussed an initiative whereby the branding of MetroHealth could be linked with customer service, and indicating that we are a "caring people caring for people" and building that into every aspect of our services. The impact would assist MetroHealth in standardizing how to approach situations, improve customer interactions, streamline service-related processes, and engage and inspire professional teams working at MetroHealth.

B. Non-Consent Agenda

1. Action Items – None
2. Information Items
 - a. Pastoral Care Programs – Daniel Roszbach, Director Pastoral Care
 - b. Survey Transition to National Research Corporation & 2016 Summary – Katrina Dubovikova, Data Analyst
 - c. One Metro Experience – Sara Laskey, MD

13. Executive Committee – No Report

14. Quality and Safety Committee – No Meeting

15. External Affairs Report – Elizabeth Allen, Senior Vice President, External Affairs

Ms. Allen reported that four community health advocates attended a conference in Denver and made a presentation to approximately 700 people at the Association of Community Health Improvement which is a Personal Membership Group of the American Hospital Association. She indicated that MetroHealth held the first graduation of VIDA! consisting of 11 women in the Hispanic faith community learning how to cook healthier who will return to their congregations to teach other women. Lastly, MetroHealth formed a partnership with Cuyahoga County to carry out a public service campaign concerning opioid use that will launch on April 5, 2017. This campaign is supported by Cuyahoga County, the City of Cleveland, and MetroHealth, and we have obtained free advertising, a free advertising agency, free air time, free print time, and several donations because people are recognizing the great need and future concerns regarding opioid use.

16. Foundation and System Philanthropy Report – Kate Brown, Chief Development Officer and President, The MetroHealth Foundation

Ms. Brown stated that her report is also in the Board Book and reminded attendees that Thursday, March 23, 2017, from 5-7 p.m. will be the dedication of the Zubizarreta House. She stated that approximately 75 community leaders and a number of families will be attending the event. MetroHealth featured the dedication on the cover of *MetroHealth Giving*, and Ms. Brown requested that if you have not had a chance to RSVP to please do so before leaving.

17. Other Board Items – None

18. Executive Session

A motion was unanimously passed by roll call vote to go into Executive Session to discuss matters involving real estate matters and trade secrets.

Following the Executive Session, the meeting reconvened in open session at approximately 6:00 p.m.

After a review of the detailed resolution and discussion regarding the proposed financing, the Board unanimously approved the authorization of the issuance and sale of not to exceed \$1.3 billion aggregate principal amount of Hospital Revenue Bonds, Series 2017 (The MetroHealth System) for the purposes of (a) paying or reimbursing costs of certain hospital facilities for The MetroHealth System, including paying or reimbursing qualifying tax-exempt routine capital expenditures and paying or reimbursing costs related to the Transformation Project, and including payment of interest during the construction period for such Transformation Project, (b) refunding all of the outstanding (i) County of Cuyahoga, Ohio Hospital Refunding Revenue Bonds, Series 2011 (The MetroHealth System Project) (Taxable Bonds), (ii) County of Cuyahoga, Ohio Hospital Refunding Revenue Bonds, Series 2012 (The MetroHealth System Project), and (iii) County of Cuyahoga, Ohio Hospital Refunding Revenue Bonds, Series 2015 (The MetroHealth System), (c) payment of certain capital lease obligations relating to hospital facilities leased from certain

affiliates of The MetroHealth System, (d) refinancing short-term indebtedness incurred to refund the County of Cuyahoga, Ohio Hospital Improvement and Refunding Revenue Bonds, Series 1997 (The MetroHealth System Project), (e) making a deposit to a Bond Reserve Fund, if required, and (f) paying certain costs of issuance; authorization of the execution and delivery of the Twelfth Supplemental Trust Indenture, a Bond Purchase Agreement, a Continuing Disclosure Agreement, an Escrow Agreement and a Tax Regulatory Agreement; and authorization and approval of related matters. RESOLUTION 19088. Mr. Moss, who participated by telephone, also noted his support of this Resolution.

The meeting adjourned at approximately 6:30 p.m.

NEXT MEETING: April 26, 2017 (WEDNESDAY) – 4 p.m.

The MetroHealth System

Respectfully submitted,

Thomas McDonald, Chairperson

Akram Boutros, M.D., FACHE
President and Chief Executive Officer