

The MetroHealth System Board of Trustees

FINANCE COMMITTEE

February 26, 2025

1:00 pm - 3:00 pm

K107 Board Room / via Zoom

Meeting Minutes

Committee	John Moss-R, E. Harry Walker, M.D.-I, Sharon Dumas-I,
Members Present:	Ronald Dziedzicki-I, Artis Arnold, III-R
Other Trustees	John Corlett-I, Nancy Mendez-I, Michael Summers-I
Present:	
Staff Present:	Christine Alexander, M.D.-I, Robin Barre-I, Peter Benkowski-I, Nicholas Bernard-R, James Bicak-I, Victoria Bowser-I, Chris Briddell-I, Phillip Brooks-R, Kate Brown-I, Nabil Chehade, M.D.-I, William Dube-I, Joseph Golob, M.D.-I, Derrick Hollings-I, Ryan Johnson-R, Kinsey Jolliff-I, William Lewis, M.D.-I, Christina Morales-I, Allison Poullos-I, Tamiyka Rose-I, Brad Schwartz-I, Deborah Southerington-I, James Wellons-I, Ryan Mezinger-I, Ronald Walker-I
Invited Guests:	Adam Blake-I, Michael Cronin-R, Ododo Enabulele-R, Claire Xu-I
Other Guests:	Guests not invited by the Board of Trustees are not listed as they are considered members of the audience and some were not appropriately identified.

Mr. Moss called the meeting to order at 1:07pm, 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 October 23, 2024, Finance Committee and Investment subcommittee meeting were approved as submitted.



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II. Information Items

A. Investment Committee Report – A. Blake, C. Xu - Clearstead

Adam Blake and Claire Xu with Clearstead (the System's investment advisor) provided updates on the oversight dashboard and reviewed investment performance through the end of fourth quarter 2024.

Economic and market update:

The economy showed continued growth in late 2024 as inflation slowed and U.S. stocks outperformed international stocks significantly. Market breadth improved as more companies contributed beyond big tech leaders. The Federal Reserve adjusted its 2025 rate cut expectations downward, leading to modest yield increases, benefiting MetroHealth's bond holdings through higher yields. With a positive outlook for consumer strength and employment in 2025, corporate earnings in the S&P 500 are expected to grow 15% in 2025, higher than in 2024.

Mr. Blake introduced Claire Xu, who provided an update on the System's investment performance. The portfolio complies fully with Ohio Revised Code and investment policy guidelines. Investments are monitored via a watch list incorporating qualitative and quantitative factors, with no concerns arising recently. Ms. Xu provided a snapshot of the total System's assets. The System's assets at year-end of 2024 were \$546.8 million and the captive portfolio at year-end was \$120.8 million, so the combined assets for the System totaled \$667.6 million.

The performance for the calendar year was very strong for investments, with the reserve pool increasing by \$9.1 million and the non-reserve pool increasing by \$30.2 million, resulting in a combined investment growth of \$39.3 million. The non-reserve long-term pool in fourth quarter 2024 was up 0.8% across the year, and the total equity portfolio was up near 20% across the year. The performance of fourth quarter of 2024 saw mixed returns: domestic equities rose to 22.3% in fourth quarter of 2024, and international equities fell 6.4% in the quarter but still outperformed benchmarks, and short-duration bonds performed well relative to broader bonds. As of fourth quarter of 2024, the reserve pool, comprised of fixed income, was down slightly by 0.2% in the quarter, although up by 4.1% across the year. Additionally, the captive portfolio returned 10.3% across 2024 resulting in \$10.2 million in investment growth and overall, \$50 million dollars in investment gains between the System and captive total assets.



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B. Fiscal Year 2024 Unaudited Financial Statements - *D. Hollings*

Derrick Hollings presented the unaudited fiscal year 2024 financial results to the committee. While the audit is ongoing, preliminary figures indicate strong KPI performance relative to prior years, despite a projected loss consistent with budget expectations. EBIDA for 2024 was \$104 million—\$37 million below budget and \$33 million lower than the previous year. Net patient revenue increased by \$119 million year-over-year but fell short of budget by \$28 million, primarily due to lower surgical discharges and volumes at Cleveland Heights Behavioral Health Hospital. Emergency department visits exceeded budget by 8% and prior year levels by 6%. Overtime and contract labor costs remained within budget and declined 22% compared to the previous year. Full-time equivalents and related compensation expenses were 2% under budget. Retail pharmacy prescription volume grew 13% year-over-year, though drug costs exceeded budget by 20%. Both days cash on hand (125/75) and the debt service coverage ratio (1.55/1.10) remain in compliance with the Series 2017 hospital revenue bond covenants.

C. January 2025 Interim Financial Report

Mr. Hollings presented the January 2025 interim financial report providing a comprehensive overview of operational and financial performance across the System. Total discharges and observations reached 3,218, exceeding both the prior year and budget. Emergency department visits rose to 13,137, with admissions accounting for 79.1% of discharges, surpassing the budgeted 78.2%. Outpatient visits totaled 123,841, slightly under budget but up from the previous year. Surgical cases fell short of expectations at 1,857 versus a budget of 2,008. Prescriptions filled increased significantly to 187,974, outperforming both budget and prior year figures. Financially, total operating revenue was \$170,999 million, slightly below the \$174,031 million budget but up from \$158,565 million in January 2024. Operating expenses totaled \$178,140 million, under budget but higher than the previous year. EBIDA stood at \$6,151 million, below the \$8,618 million target. The balance sheet reflected \$94.86 million in cash and cash equivalents and total assets amounting to over \$2.82 billion. The System maintains compliance with financial covenants, including Days Cash on Hand (DCOH) of 129 and Debt Service Coverage (DSC) ratio of 1.60, which are above required thresholds.



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III. Executive Session

Mr. Moss asked for a motion to move into an executive session to discuss hospital trade secrets as defined by ORC 1333.61 and to consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee, or the investigation of charges or complaints against a public official, and to conference with the public body's attorney to discuss disputes involving the public body that are the subject of pending or imminent court action as defined by ORC 121.22(G). Dr. Walker made a motion and Mr. Dziedzicki seconded. Upon unanimous roll call vote, the Committee went into executive session to discuss such matters stated by Mr. Moss. Members of the public were excused, and the Committee went into executive session to discuss the identified matters at 2:04 pm

Following the executive session, the meeting reconvened in open session at approximately 3:01 pm and welcomed back the public via Zoom and those members of the public who remained in person.

Return to Open Meeting

With no further business to bring before the Committee, the meeting was adjourned at approximately 3:01 pm.

Respectfully submitted,

Derrick Hollings,
EVP, Chief Financial Officer

