The MetroHealth System Board of Trustees

FINANCE COMMITTEE
August 27, 2025
1:00 pm - 3:00 pm
K107 Board Room / via Zoom

Meeting Minutes

Committee Members Present:	Artis Arnold, III-R, John Moss-I, E. Harry Walker, M.D.-I, Sharon Dumas-I, Ronald Dziedzicki-I
Other Trustees Present:	John Corlett-R, Nancy Mendez-I (late), Michael Summers-I
Staff Present:	Christine Alexander-Rager, M.D.-I, Rita Andolsen-I, Robin Barre-I, Peter Benkowski-I, Nicholas Bernard-I, James Bicak-I, Victoria Bowser-I, Kate Brown-I, Robert (Doug) Bruce, M.D.-R, Nabil Chehade, M.D.-I, Jennifer (Nikki) Davis-I, Robert Glick-I, Joseph Golob, M.D.-I, Geoff Himes-I, Ryan Johnson-I, Kinsey Jolliff-I, Brian Kovach-I, Thomas Lowenkamp-I, Dr. Candy Mori-I, Kate Nagel-I, Holly Perzy, M.D.-R, Allison Poulios-I, Amanda Roe-I, Tamiyka Rose-I, Brendan Sorg-I, Deborah Southerington-I, David Stepnick, M.D.-I, James Wellons-I, Darlene White-I, Patrick Woods-I
Invited Guests:	Adam Blake-I, David Strickland-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 1:06pm, 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 May 28, 2025, Finance Committee and Investment subcommittee meeting were approved as submitted. Committee Chair, Mr. Moss, introduced Dr. Walker, Board Chair, who read the statement below, introducing Mr. Bob Glick to the Committee as an advisory member:

"I would like to take a moment to welcome Bob Glick, who is joining the Finance committee as an advisory member. Bob, we are grateful for your support and expertise and look forward to working with you. As you all know, Bob and his wife, JoAnn, joined our MetroHealth family in 2020 – when they made the largest gift in the hospital system's nearly 200-year history. Our state-of-the art hospital is named in recognition of their transformational $42 million gift. But over time we have seen that it's not their name on the building that matters to Bob and JoAnn, it's the opportunity to engage with MetroHealth staff—walking through the halls, shaking hands, attending Employee Appreciation Day and watching our talent show. JoAnn also serves on The MetroHealth Foundation Board of Directors. Bob has long desired to contribute his business expertise to the hospital in addition to his financial giving. After conferring with our Chief Legal Officer, we have determined that Mr. Glick can serve as a non-voting advisory member of the Finance Committee. We are grateful for his willingness to offer his expertise to this Committee in an advisory capacity. Thank you, Bob, for your support, for believing so strongly in our mission and for joining us in the vital work that lies ahead."

II. Information Items

A. Investment Committee Report – *A. Blake, D. Strickland - Clearstead*

Mr. Moss introduced Adam Blake and David Strickland, with Clearstead (the System's investment advisor), who provided updates on the investment report for the second quarter of 2025.

Economic and market update:
Mr. Blake began the capital markets review, highlighting the market volatility at the beginning of 2025, largely driven by policy uncertainty around tariffs. U.S. equities saw a 10% decline led by growth stocks. In contrast, international equities outperformed due to a weaker dollar and stronger performance from value stocks. Fixed income markets showed positive returns, demonstrating the benefits of a diversified portfolio. Mr. Blake presented data on the S&P 500's performance, noting a significant drawdown of nearly 19% earlier in the year, followed by a rebound after a temporary pause on reciprocal tariffs. Despite the volatility, U.S. equity markets were slightly positive year-to-date. Mr. Blake explained the Federal Reserve's "wait and see" approach, indicating a potential rate cut in the second half of the year if economic growth slows or labor market weakness emerges. Concerns were raised about Moody's recent downgrade of U.S. credit ratings, which Mr. Blake attributed to rising deficits and fiscal uncertainty. Next, Mr. Strickland provided a detailed update on the System's investment performance. The System is in full compliance with the investment policy and the Ohio Revised Code, with all active managers performing well and no concerns to report. Mr. Strickland addressed a temporary dip in the reserve pool below the $300 million requirement, explaining it was due to timing of cash flows and had been corrected through routine rebalancing. The Committee was assured that such occurrences were not

uncommon and were managed proactively. A watch list of investment managers was reviewed, showing strong performance across the board with no qualitative concerns. As of June 30, 2025, MetroHealth System's total assets were reported at $648 million. Mr. Strickland highlighted the reserve pool totaling $337 million which is now above the threshold. Quarterly performance was strong at 4.6%, and year-to-date at 4.7%, driven by a strong rebound, particularly in equity markets, with international equity showing a 20% year-to-date performance.
The Captive portfolio also saw strong performance, with a net investment change of $6.8 million in the quarter. The Select Assurance Captive has $115.3 million in investments and $12.9 million in operating cash. Its market value has steadily grown since 2020, driven by contributions and investment gains. Next, Mr. Blake presented a third quarter snapshot as of August 18, 2025, and presented an action item. In an effort to rebalance the portfolio at the onset of the investment program and after consulting with Mr. Moss and Mr. Himes, Clearstead recommends taking $30 million out of the non-reserve pool and replenish the Non Reserve Short-Term Pool, thereby reducing the equity allocation back to about 20%. A voice vote was conducted and the motion passed to approve the action item.

B. June 2025 Interim Financial Report – *G. Himes*
Geoff Himes, Interim Chief Financial Officer, presented the financial report for June 2025 to the Committee, noting strong performance across several metrics. The update began with discharges and observations, highlighting significant growth in inpatient discharges. Despite being slightly behind budget overall, inpatient volumes had increased by nearly 1,000 cases since 2023. Mr. Himes explained that inpatient operations accounted for roughly one-third of gross charges, with high revenue per unit. The Emergency Department continued to perform well, meeting expectations for visit volumes and contributing approximately 81% of inpatient admissions. Surgical cases showed overall growth but a shift from inpatient to outpatient procedures. Mr. Himes acknowledged that this shift was unexpected, and efforts were underway to understand and address it. Trustee Summers inquired about surgical capacity utilization. Clinical leaders responded that while 17 of 20 operating rooms were in use, staffing constraints limited full utilization. Efficiency initiatives were in progress to optimize scheduling and block utilization. Mr. Himes proceeded with a review of outpatient visits and downstream revenues, which now accounted for approximately 70% of gross charges, noting that this represented a significant shift from historical trends, where inpatient services dominated. Outpatient visits, including in-person and telehealth, showed substantial growth as compared to the prior year and budget, but slightly dropped in June. Retail pharmacy revenue sustained an increase in prescriptions filled and a continuously

climbing capture rate. Total payor mix on gross charges showed Medicaid decreasing, but a notable increase in the self-pay category, which jumped from a low of 4.9% to 6.8% for 2025. This increase directly correlates with a substantial rise in gross charity care write-offs, which are projected to reach approximately $375 million in 2025, an increase of $100 million from the previous year. Financially, for the six months ending June 30th, total net patient revenue was $45 million behind budget at $707 million, although ahead of the prior year. Total operating revenue reached $1.027 billion, $13 million behind budget but $90 million ahead of the prior year, helped significantly by $37 million in pharmacy revenue. Total expenses were $985 million, with salaries and wages under budget due to unfilled FTEs, while medical supplies and pharmaceuticals were over budget due to increased volumes. The EBIDA for the six months was $42.6 million, significantly short of the $67 million target. The operating loss was $38 million, but a net investment income of $29.3 million brought the total change in net position to an $11 million loss. Bond covenants are in compliance, with 117 days cash on hand, with a requirement of 75 and our debt service coverage ratio is 1.61, with a requirement of 1.1. The July financial results were much stronger, with $486 million in gross revenue, nearly $47.5 million better than the prior year, and net patient revenue of $126 million, which is nearly meeting the target budget of $128 million.

III. Recommendation / Resolution Approvals

A. Recommendation To Use Remaining Series 2017 Bond Proceeds For Previously Approved Capital Expenditures For System's Apex Project

Mr. Moss called for a motion for the approval of the Recommendation To Use Remaining Series 2017 Bond Proceeds For Previously Approved Capital Expenditures For System's Apex Project, which was given, seconded and the recommendation was passed to be presented to the Board of Trustees for approval.

IV. Executive Session

Mr. Moss asked for a motion to move into executive session to discuss hospital trade secrets as defined by ORC 1333.61. Dr. Walker made a motion and Mr. Summers 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 1:55 pm.

Return to Open Meeting

Following the executive session, the meeting reconvened in open session at approximately 2:59 pm and welcomed back the public via Zoom and those members of the public who remained in person.

With no further business to bring before the Committee, the meeting was adjourned at approximately 3:00 pm.

Respectfully submitted,

Geoff Himes,
Interim Chief Financial Officer