The MetroHealth System Board of Trustees

FINANCE COMMITTEE
November 5, 2025
1:00 pm - 3:00 pm
K107 Board Room / Virtual

Meeting Minutes

Committee Members Present:	Artis Arnold, III-I, John Moss-I, E. Harry Walker, M.D.-I, Sharon Dumas-I, Ronald Dziedzicki-I
Other Trustees Present:	John Corlett-I, Nancy Mendez-R (late), Michael Summers-I
Staff Present:	Christine Alexander-Rager, M.D.-I, Rita Andolsen-I, Peter Benkowski-I, Nicholas Bernard-I, James Bicak-I, Victoria Bowser-I, Kate Brown-I, Robert (Doug) Bruce, M.D.-R, Jennifer Esposito-I, Joseph Frolik-I, Robert Glick-I, Joseph Golob, M.D.-I, Kinsey Jolliff-I, Brian Kovach-I, Thomas Lowenkamp-I, Dr. Candy Mori-R, Holly Perzy, M.D.-R, Allison Poulios-I, Jeff Rooney-I, Tamiyka Rose-I, Erin Smith-I, Deborah Southerington-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 1:00pm, 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 August 27, 2025, Finance Committee and Investment subcommittee meeting were approved as submitted.

II. Information Items

A. Review of Proposed Amendments to Committee Charter – J. Rooney, V. Bowser

Mr. Moss introduced Mr. Rooney and Ms. Bowser to present proposed amendments to the Finance Committee charter. Ms. Bowser explained that several edits made to the charter were administrative, but one substantive edit clarified that while all

Trustees may attend Finance and Investment Subcommittee meetings, only appointed board members of the committee may vote. Ms. Bowser noted the intent to forward the proposed amendments to the Governance Committee for further consideration. A motion to advance the recommendation was given, seconded, and approved unanimously.

B. Investment Committee Report – A. Blake, D. Strickland (Clearstead)
Mr. Moss introduced Adam Blake and David Strickland with Clearstead to provide the quarterly investment update. Mr. Blake began by reviewing the 2025 Oversight Dashboard, emphasizing that all key strategic items had been addressed throughout the year, including investment policy review, asset allocation strategy, long-term growth expectations, and a fee analysis. Mr. Blake reminded the Committee that an action item to move $30 million in gains from equity investments and rebalancing that amount into short-term fixed income was approved at the previous meeting. Turning to an economic update, Mr. Blake noted that economic activity had improved after the first quarter of 2025, reducing earlier concerns regarding a potential recession. Corporate fundamentals were described as strong, and earnings growth expectations for 2025 and 2026 had risen after months of downward revisions earlier in the year. All investment categories, including equities and fixed income, posted positive results in the quarter. At the same time, the labor market appeared more fragile due to downward revisions in job creation totaling nearly one million fewer jobs than previously estimated. This trend had influenced the Federal Reserve to implement 25-basis-point interest-rate cuts in both September and October. Additional rate cuts in December remained uncertain due to potentially rising inflation. Mr. Blake discussed Federal Reserve projections, comparing expectations from June 2025 to September 2025. Updates indicated stronger GDP growth, stable unemployment rates, unchanged inflation expectations for 2025, and slightly higher inflation projected for 2026. Inflation trends were also reviewed, with shelter inflation decreasing gradually, goods inflation rising, and service inflation remaining relatively flat. Mr. Blake mentioned earnings expectations, in comparison to June 30th, show higher earnings expected in the S&P 500 according to Wall Street analysts. Last, Mr. Blake discussed the yield curve analysis in relation the System's concentration in cash and short-term fixed-income investments. Recent downward shifts in yields had boosted bond values, although lower yields would limit future return potential. Credit spreads remained tight, signaling low market concern about credit risk, and MetroHealth maintained minimal credit exposure in the portfolio.

Next, Mr. Strickland walked through the investment monitoring tools displayed in the presentation, reporting full compliance with Ohio Revised Code and the investment policy throughout the third quarter of 2025. The watch-list review indicated no concerns with investment managers, either qualitatively or quantitatively. Mr. Strickland discussed the following performance highlights: as of September 30, the System's total investment assets stood at approximately $686 million, with the reserve pool totaling $359 million—above the $300 million minimum required for compliance. Third-quarter performance for the total plan was 3.2%, with year-to-date performance at 8%. Domestic equities outperformed international equities during the quarter, although international equities had shown strong results year-to-date. Dollar-based performance showed starting balances of $442 million in the reserve and non-reserve pools, a net cash outflow of $19 million, and a $13 million net investment gain for the quarter. Year-to-date net investment gains totaled roughly $30 million. An October 22 snapshot showed continued growth in both equity and fixed-income markets. Updates were also provided for the Captive insurance investment pool, which generated a 4.3% return in the third quarter and 11.3% year-to-date. Year-to-date investment gains were reported at approximately $12.8 million.

C. September 2025 Financial Report – P. Woods, J. Rooney
Mr. Moss introduced Patrick Woods, Executive Director Corporate Controller and Jeff Rooney, Interim Chief Financial Officer, to present the September 2025 financial report. Mr. Woods reported a significantly stronger third quarter than earlier quarters, with positive operating income of $6.8 million, exceeding budget expectations by $7.8 million. The improvement was attributed to increased service volumes, continued pharmacy growth, and cost-cutting strategies implemented earlier in the year. Year-to-date statistics showed increases across most volume metrics, including discharges, observations, emergency department visits, and outpatient visits. While some areas trailed budget expectations, year-over-year growth signaled sustained demand for services. Emergency department volumes were substantially higher than both budget and prior-year levels. Surgical volumes were above prior-year levels overall, and although inpatient surgical cases lagged, growth was driven primarily by outpatient procedures. Pharmacy operations demonstrated record performance, with increasing numbers of prescriptions filled and improved capture rates, indicating an increasing number of patients choosing MetroHealth for their pharmaceutical needs. The income statement review showed net patient revenue significantly higher than the prior year but still trailing budget expectations. A major factor was the increase in charity care, driven by growth in self-pay patients and declines in Medicaid. Other operating revenue trailed budget

due to declines in contracted income, including jail-related revenue, and the nonrenewal of certain contracts anticipated in the prior year's budget. Pharmacy revenue exceeded both budget and the previous year budget by approximately $60 million. Total operating expenses showed favorable variance in salaries and wages attributable to fewer filled full-time positions and reductions in bonus programs. Other expense categories such as medical supplies, pharmaceuticals, and plant operations were unfavorable to budget as they are variable expenses driven by increased volumes and increased flight operations. However, most other expense categories were favorable to budget, reflecting strong organizational focus on spending control. Despite improvements, the year-to-date operating loss stood at approximately $31 million, although management emphasized progress toward expectations and improved performance compared to earlier projections. The payer-mix analysis highlighted rising charity care costs, with gross charges reaching $275 million through September 2025, equivalent to the total charges for all of 2024. Increases in self-pay patients coincided with a 3% decrease in Medicaid charges, as many patients shifted from Medicaid to commercial marketplace plans, resulting in lower supplemental reimbursements. Reviewing the balance sheet, Mr. Woods reported improved cash balances resulting from a $51 million HCAP supplemental payment received in September. Receivables also increased by over $30 million due to higher volumes since the end of last year. Other current assets included over $20 million related to the CICIP program awaiting CMS clarification. Capital assets increased by $20 million due to construction progress on the outpatient health center. Long-term debt decreased by $12 million due to principal payments made on bonds. Overall, Mr. Woods stated that the balance sheet is in a strong position. Additionally, Covenant compliance was also improved, especially the debt service coverage ratio, which benefited from third-quarter operating performance and realized gains generated by portfolio rebalancing.

D. 2026 Annual Budget – J. Rooney, E. Smith
Mr. Rooney proceeded to a high-level overview of the 2026 annual budget. Mr. Rooney emphasized achieving positive operating income as a guiding priority because maintaining break-even or better results is crucial for sustaining capital investment. While EBIDA remained positive in prior years, operating income performance must be strengthened to support ongoing capital needs. Mr. Rooney reported that a significant portion of 2025's operating income was allocated toward beginning the process of demolishing the Towers. Labor cost control was highlighted as a key contributor to financial stability, with salary and benefit growth held to minimal increases between 2024 and 2026 budgets. Capital funding needs were reviewed, noting that while $45 million is allocated for 2026 capital

spending (including $17 million to complete the new outpatient health center), submitted capital requests for future years exceed $100 million. Prioritization will focus on patient safety, strategic investments, clinical equipment, facilities, and information technology.

III. Executive Session

Mr. Moss asked for a motion to move into executive session to discuss hospital trade secrets as defined by ORC 1333.61. Mr. Arnold made a motion and Dr. Walker 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 1:44 pm.

IV. Return to Open Meeting

Following the executive session, the meeting reconvened in open session at approximately 3:02pm and welcomed back the public via Zoom and those members of the public who remained in person.

V. Recommendation/Resolution Approvals

A. Recommendation to Approve a Proposed Budget for The MetroHealth System for the 2026 Fiscal Year and to Authorize the Submission of the Same to the Government of Cuyahoga County, Ohio

Mr. Moss called for a motion for the approval of the Recommendation to Approve a Proposed Budget for The MetroHealth System for the 2026 Fiscal Year and to Authorize the Submission of the Same to the Government of Cuyahoga County, Ohio, which was given, seconded and the resolution was passed to be presented to the Board of Trustees for approval.

B. Recommendation to Approve Certain Annual Purchasing Policies and Procedures of The MetroHealth System

Mr. Moss called for a motion for the approval of the Recommendation to Approve Certain Annual Purchasing Policies and Procedures of The MetroHealth System, which was given, seconded and the resolution was passed to be presented to the Board of Trustees for approval.

C. Recommendation for the Approval of Support of a Nonprofit Affiliate

Mr. Moss called for a motion for the approval of the Recommendation for the Approval of Support of a Nonprofit Affiliate, which was given, seconded and the resolution was passed to be presented to the Board of Trustees for approval.

With no further business to bring before the Committee, the meeting was adjourned at approximately 3:07 pm.

Respectfully submitted,

Jeffrey Rooney,
Interim EVP, Chief Financial Officer