FINANCE COMMITTEE
February 25, 2026
1:00 pm - 3:00 pm
MetroHealth K107 Board Room / Virtual

Meeting Minutes

Committee Members Present:	Artis Arnold, III-I, Ronald Dziedzicki-I John Moss-R, E. Harry Walker, M.D.-I,
Other Trustees Present:	John Corlett-I, Michael Summers-I
Staff Present:	Christine Alexander-Rager, M.D.-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, Robert Glick-R, Joseph Golob, M.D.-I, Kinsey Jolliff-I, Christina Morales-I, Dr. Candy Mori-R, Dr. Kate Nagel-I, Allison Poulios-I, Brian Rentschler-I, Jeff Rooney-I, Tamiyka Rose-I, Brendan Sorg-I, Deborah Southerington-I, David Stepnick, M.D.-I, James Wellons-I, Patrick Woods-I
Invited Guests:	Adam Blake-I (Clearstead), David Strickland-I (Clearstead)
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 November 5, 2025, Finance Committee and Investment subcommittee meeting were approved as submitted.

II. Information Items

A. 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 noting that their remarks would be concise in recognition of the Committee's busy agenda. Mr. Blake described the continued growth of Clearstead, highlighting that by the end of 2025 the firm oversaw approximately $52 billion in assets and employed roughly 300 individuals, mostly located at the Cleveland headquarters. Mr. Blake then walked the Committee through several slides, starting with an overview of the topics they would cover: the oversight dashboard, capital markets review, compliance update, year-end performance metrics, and a small rebalancing recommendation. Mr. Blake indicated that the investment policy, guidelines, and long-term strategic asset allocation would be a primary focus at the next scheduled committee meeting. Mr. Blake also noted that Clearstead's research team annually evaluates capital market assumptions to project expected returns across equities, fixed income, and other asset classes, with the goal of understanding long-term growth implications for the system's investment pools, which will also be a focus of the next committee meeting. Reviewing compliance and performance metrics, Mr. Strickland reported that the system's investment activities remained fully aligned with both the Ohio Revised Code and internal investment policy requirements for the quarter ending December 31, 2025, and emphasized that all components, including the reserve pool, met mandated thresholds and restrictions. Turning to year-end results, Mr. Strickland outlined the total investment snapshot, which showed that the System closed 2025 with $672 million in combined cash and investments. Of this amount, unrestricted cash and investments represented roughly $346 million, while the non-reserve pool accounted for approximately $326 million, noting that performance across all major asset categories was favorable for the quarter and for the year. Mr. Strickland reported that the full investment plan rose 1.6% during fourth quarter of 2025 and finished the year with a nearly 10% return, reflecting strong markets in 2025. The non-reserve long-term pool's equity allocation produced a notable return of 17.5%, while short-duration fixed income posted a 5.6% annual gain. Mr. Strickland then presented an attribution of market-value change table illustrating the System's 2025 starting investment balance, net withdrawals, investment gains, and ending balance. The System opened the year with $468 million, experienced net cash outflows of roughly $64 million, but offset much of this through nearly $40 million in investment gains and closing the year with a total of about $433 million. Performance for the System's Captive insurance portfolio, recorded a starting balance of $108 million, with a net investment change of approximately $14 million for an ending balance of $122 million. Mr. Blake then presented a recommended portfolio adjustment. Based on early first-quarter 2026 data showing an additional $2 million appreciation in the non-reserve pool, a recommendation was suggested to reallocate $6 million from a Vanguard 500 Index position into a DFA U.S. Large Cap Value strategy. This represented roughly a 3% shift within the non-reserve pool. Mr. Blake explained

that increasing exposure to value-oriented equities would offer improved valuations, stronger dividend yields, and better downside protection.
The Committee held a voice vote approving the recommendation to reduce $6 million from a Vanguard 500 position and adding it to the DFA US large cap value strategy.

C. December 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 an overview of the December 2025 financial report. Mr. Woods highlighted that charity care costs continued to trend high throughout the year, ending at approximately $358 million, about $31 million above budget and $82 million higher than the prior year. Reviewing patient revenue trends, overall volumes were strong throughout 2025, leading to higher year-over-year revenue growth and favorable performance in several categories. Pharmacy revenue continued to exceed expectations, outperforming both budget and prior-year results by approximately $78 million due to higher prescription volume and increased capture rates. Salary and wage expenses were significantly under budget, aided by a workforce reduction earlier in the year, limited full-time equivalent hiring, and the implementation of a position-justification committee aimed at monitoring workforce expansion. Operating expenses of many non-labor categories, except for medical supplies, were also favorable to budget due to deliberate cost-management efforts across departments. Depreciation, amortization, and interest expenditures remained generally consistent with budget. Based on these factors, the System's true operating loss for 2025, excluding all one-time adjustments and HAP-related revenue, was approximately $26.7 million, a substantial improvement compared to 2024. The second portion of the financial report explained the one-time adjustments that did not relate to 2025 operations. Mr. Woods detailed multiple items totaling $18.1 million in positive adjustments. These included an estimated $8.8 million benefit from Medicaid claims reprocessing for services dating back to January 2023; $1.8 million in FEMA COVID-related grant funding previously pending approval; and a $2.6 million Recovery Resource Employer Retention Credit from the pandemic period, which required external consulting assistance to process. In addition, Medicare cost report settlements from 2023 and 2024 contributed a combined $3.5 million. After incorporating these adjustments, the 2025 operating loss narrowed to approximately $8.6 million. Mr. Woods noted that these figures were preliminary but not expected to change materially following the completion of the external audit.

The final portion of the report incorporated the financial effects of the HAP 2.0 supplemental program, which totaled $108 million. While some accruals were already included earlier in the year based on older program assumptions, the additional recognized revenue resulted in a $76 million favorable adjustment to net patient revenue. Corresponding franchise fees and program participation assessments reduced the impact by roughly $10 million. The net result was an increase of approximately $65.4 million to operating income. When this supplemental revenue was included, the System reported $56.8 million in positive operating income for 2025, significantly exceeding the original budget and the prior year's $50.4 million operating loss. To provide context, Mr. Woods shared a multi-year comparison of operating income and loss, emphasizing that, although 2025 reflected a strong turnaround, the System was still recovering from two difficult prior years that had placed strain on cash reserves and operational stability. While progress had been made, the System remains focused on improving long-term performance and sustainability.

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. Dr. Walker made a motion and Mr. Arnold 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 1:20 pm.

IV. Return to Open Meeting

Following the executive session, the meeting reconvened in open session at approximately 2:55pm and welcomed back the public via Zoom and those members of the public who remained in person.

V. Recommendation/Resolution Approvals

A. Recommendation for the Approval of Enterprise Resource Planning Implementation Partner

Mr. Moss called for a motion for the approval of the Recommendation for the Approval of Enterprise Resource Planning Implementation Partner, which was given, seconded and the resolution was passed to be presented to the Board of Trustees for approval.

B. Recommendation to Approve an Amended Capital Budget for The MetroHealth System for the 2026 Fiscal Year

Mr. Moss called for a motion for the approval of the Recommendation to Approve an Amended Capital Budget for The MetroHealth System for the 2026 Fiscal Year, 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 2:57 pm.

Respectfully submitted,

Jeffrey Rooney,
Interim EVP, Chief Financial Officer