The MetroHealth System Board of Trustees

FINANCE COMMITTEE MEETING
Date: Wednesday, April 22, 2026
Time: 2:30pm - 4:30pm
MetroHealth System Board Room (K107) / Virtual

Committee Members:	John Moss-I[1], Artis Arnold, III-I, E. Ronald Dziedzicki-R, E. Harry Walker, M.D.-R
Other Trustees:	Michael Summers-I,
Staff:	Christine Alexander-Rager, M.D.-I, Robin Barre-I, James Bicak-I, Victoria Bowser-I, Kate Brown-I, Robert Glick-R, Joseph Golob, M.D.-I, Christina Morales-I, Kate Nagel-I, Allison Poulios-I, Brian Rentschler-I, Jeff Rooney-I, Tamiyka Rose-I, Deborah Southerington-I, David Stepnick, M.D.-I, James Wellons-I, Patrick Woods-I, Holly Perzy, M.D.-R
Invited Guests:	John Andersen-I (Kaufman Hall), Adam Blake-I (Clearstead), Gordy Sofyanos-I (Kaufman Hall), David Strickland-I (Clearstead)
Guests:	Guests not invited by the Finance Committee are not listed as they are considered members of the audience, and some were not appropriately identified.

Meeting Minutes

Mr. Moss called the meeting to order at 2:30 pm, 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 February 25, 2026, Finance Committee and Investment Subcommittee meeting were approved by majority vote as submitted.

II. Information Items

A. Investment Committee Report-A. Blake, D. Strickland (Clearstead)

Mr. Moss introduced Mr. Adam Blake and Mr. David Strickland with Clearstead to provide the quarterly investment update. Mr. Blake outlined the structure of their quarterly update and described the topics they planned to cover: an oversight

[1] I-In-person, R-Remote

dashboard, current capital markets conditions, compliance, an investment update including performance, longer-term market expectations and their implications for the portfolio, and an annual review of the investment policy. He noted that the quarter included negative developments followed by improvement into the early part of the second quarter, and framed the dashboard as a standing set of items the committee would review and analyze throughout the year, with the ability to reprioritize as needed. He also said that the next meeting would include deeper review of fixed income investments and a reassessment of fees across the portfolio.

During the capital markets review, Mr. Blake described a sequence of market conditions over the first quarter of 2026. He stated that the economy and markets performed relatively well in January and February, and then attributed a March market sell-off to increased uncertainty associated with the onset of a conflict involving Iran. Mr. Blake described broad global market declines that reached or approached "correction" levels, while noting that the S&P 500 did not fall as far as some other areas. He then described a "dramatic recovery" over the subsequent weeks and provided an update that, as of the meeting date in April, equities and bonds had rebounded meaningfully month-to-date, with U.S. large-cap equities, small-cap equities, and international stocks all up for April and core bonds up modestly. Mr. Blake characterized these April results as positioning second-quarter performance to be materially better than first-quarter performance, at least as of that point in time.

Mr. Blake also summarized how their research team distinguished between macro factors they viewed as unchanged and factors they viewed as changed as a result of the conflict and related market dynamics. In the "unchanged" category, he cited continued tailwinds from fiscal stimulus expected to affect consumers and businesses during 2026, continued capital spending related to artificial intelligence, and corporate earnings expectations that he described as improving relative to the prior year. Mr. Blake also stated that while they observed some inconsistencies in labor market signals, unemployment appeared low and stable, and he described the consumer as remaining in "decent shape." In the "changed" category, he said inflation appeared somewhat higher due to higher energy prices, with a related concern that increased gasoline prices could reduce the benefit of higher tax refunds for consumers. Mr. Blake also said market pricing had shifted toward fewer or smaller Federal Reserve rate cuts in 2026 than previously expected, and he discussed equity valuation levels as having looked more attractive at quarter-end because prices had pulled back while earnings expectations had risen. Mr. Blake referenced Federal projections moving from the December to the March meeting, describing somewhat improved GDP growth expectations, an unemployment

expectation of about 4.4%, inflation expected to be somewhat higher by year-end, and a Fed funds rate expected to remain constant.

In a question-and-answer exchange, Mr. Artis Arnold, III asked whether Clearstead had assessed S&P 500 earnings and valuation multiples excluding technology companies, with the aim of understanding whether the market appeared overvalued once technology's influence was removed. Mr. Blake responded that removing large technology companies tends to make valuations appear more favorable, while also noting an argument that higher valuations for certain technology companies may be supported by higher growth rates. He stated a longer-term thesis that the impact of artificial intelligence could extend beyond the technology sector by improving margins and profitability across many industries, and he suggested the effect could also be meaningful internationally where average company profitability was described as lower. Mr. Arnold then asked whether the portfolio had the "right type of managers," with particular attention to underperformance among some active managers and whether that underperformance was connected to sector exposures. Mr. Blake indicated they were comfortable with current positions while still making adjustments from time to time, and he described the portfolio as having a meaningful passive management component that they characterized as a beneficial allocation in many efficient market segments.

Mr. Strickland, in the compliance and performance portion of the investment update, stated that the portfolio was reviewed quarterly for compliance with the Ohio Revised Code and the Investment Policy Statement and that it was in compliance at the time of the review. He then described a quarter-end snapshot that included combined cash and unrestricted investments across the system and "select insurance," and he compared the total to the previous quarter, attributing part of the cash change to the timing of a receivable. He reviewed first-quarter performance as slightly negative overall, describing the combined system return as down modestly, with more negative results in the long-term pool that holds equity investments and relatively stabilizing results in short-term fixed income and cash holdings. Mr. Strickland described international equities as having started strongly before pulling back in March and ending the quarter slightly outperforming domestic equities. He also referenced an attribution-style view of market value change, including net cash flows and net investment change for the system and for the captive portfolio, and noted that operating cash was excluded from certain ending balance figures he cited. Looking ahead, he described an updated snapshot during the second quarter that reflected rebounding equity markets following a ceasefire announcement, and stated that, as of the day prior to the meeting, the

system's investment results had recovered such that market value was up from quarter-end.

Mr. Strickland paused for questions. Mr. Arnold asks whether Harbor Capital is the only active manager in that allocation, and Mr. Blake responds that both Harbor and DFA are active strategies, describing DFA as a quantitative, value-leaning hybrid. He explains that the team trimmed some growth-oriented holdings the previous fall after taking gains, citing relatively better valuations in other parts of the market and concern about weakness in the technology trade. He adds that the group remains comfortable with its positions and makes periodic adjustments rather than broader changes. Mr. Blake also notes that the Vanguard FTSE Social Index has a somewhat higher technology weighting than the S&P 500 because it excludes sectors such as energy. In discussing recent returns versus the benchmark, Mr. Blake says that active management has generally struggled in a volatile market environment, particularly because large technology companies have had outsized influence on index performance, while still maintaining that the managers are selecting the types of growth stocks the team wants despite broader inconsistency among active strategies.

Mr. Blake continued with longer-term planning, he described an annual exercise in which the research team estimates expected returns across global markets over a 10-year horizon, emphasizing that the outlook was not a short-term forecast. Mr. Blake stated that strong market performance in recent years had reduced forward-looking return expectations, and he provided an example of expected return figures for reserve, non-reserve short-term, non-reserve long-term, and total system assets, along with a confidence interval for the long-term pool. He also presented a one-year sensitivity illustration intended to translate market shocks into potential portfolio outcomes, giving an example scenario in which a large equity market decline would translate into a smaller overall system decline due to the portfolio's conservative structure.

The investment presentation concluded with an annual investment policy review described as a checklist-based walkthrough of key policy requirements and principles. In summarizing the policy, Mr. Blake described different objectives and time horizons for portfolio segments, including a longer investment horizon for the non-reserve long-term pool and a capital preservation and liquidity orientation for the reserve pool that holds cash and short-term fixed income. He also referenced ongoing cost evaluation and characterized overall fees as low, while indicating fees would be reviewed in more detail at the next meeting. Additional policy-related points mentioned included the requirement that the committee meet quarterly, the

role of retaining an investment advisor, and minimum allocation parameters, including a minimum cash balance item referenced in discussion and a minimum fixed income exposure across the system. Mr. Blake also noted that more than one policy framework applied (including state and county elements) and that certain caps (such as limits on international investments and private equity) were addressed in those policies. After inviting any final questions and receiving none, Mr. Moss thanked the presenters and moved the agenda to the March 2026 financial report.

B. March 2026 Financial Report-P. Woods, C. Morales, J Rooney

Mr. John Moss introduced staff presenters and reminded the committee that the meeting remained in public session, with a suggestion to reserve proprietary questions for executive session. Ms. Christina Morales began noting that the finance team had modified the format and content of the Finance Committee slide deck to improve clarity, concision, interpretability, and the presentation of key performance indicators and other operational details deemed important for committee oversight. Mr. Patrick Woods then began with a high-level financial summary described as a condensed income statement for the quarter, with March highlighted as differing from January and February. He explained that the slide included selected operational statistics at the bottom to allow the committee to connect revenue variability to volume metrics without needing to refer to a separate section of the deck.

Mr. Woods reviewed revenue and expense drivers, he stated that net patient revenue for the quarter exceeded the prior year while trailing budget, and he attributed much of the year-over-year improvement to the start of recognizing “HAP 2.0” program revenue on an accrued basis month over month, whereas the prior year included a large payment later in the year. In explaining the budget variance, he pointed to outpatient visits and emergency room visits as the primary volume-related drivers, describing January and February as consistently challenging months from a volume perspective and noting that March volumes improved, including an outpatient visit count that exceeded budget by a significant margin but did not fully offset earlier shortfalls. He also referenced weather-related impacts on volume in January. Mr. Woods characterized “other revenue” as favorable, emphasizing continued strong pharmacy performance and citing prescription fill volumes exceeding both budget and prior year. On the expense side, he described salaries and benefits as relatively consistent with budget and the prior

year, while noting that full-time equivalent (FTE) staffing was below both budget and prior year. Mr. Woods explained that this staffing favorability was partially offset by an across-the-board pay increase that occurred earlier than budgeted and by accruals for incentives, along with contracted labor. He described department expenses as favorable early in the year due to controlled spending and the timing of budgeted projects that had been straight-lined, with a caution that delayed expenses could occur later in the year. Depreciation and interest variances were linked to the timing of a certificate of occupancy for a facility project referenced as "OPHC," with depreciation expected to align once the building and related assets were placed in service.

Mr. Woods reported an operating loss for the quarter that was better than budget and materially better than the prior year, while also emphasizing that the loss was concentrated in the early months of the quarter and that March was approximately break-even, which they presented as a positive signal for the remainder of the year if trends continued. Jeff Rooney noted that non-operating revenue reflected the investment market challenges also discussed during the Clearstead presentation. During discussion, Mr. Moss asked about EBITDA, and Ms. Morales provided an EBITDA figure for the quarter, describing it as roughly in line with budget. Mr. Woods then moved into a set of operational and financial KPIs that he said they wanted to emphasize more than in prior committee materials. He described measures including operating margin, inpatient and outpatient gross revenue expressed on different day-count bases (calendar day versus workday), and a metric described as MPR as a percentage of gross revenue, which he explained as a yield-type measure reflecting collections after contractual adjustments, charity care, and supplemental payments. Additional efficiency-oriented measures discussed included supplies as a percentage of operating revenue, labor as a percentage of operating revenue, operating revenue per FTE (which he attributed partly to lower FTE counts), and case mix index, which Mr. Woods said was below target prior year due to lower acuity in the caseload.

To provide context across time, Mr. Woods showed 13-month rolling trend views for selected KPIs and volumes. He described a recurring seasonal pattern in which performance and volumes are weaker early in the year, strengthen in mid-to-late year months, and then soften again toward year-end, with January and February frequently among the lowest-volume months and March often showing a rebound. He indicated that outpatient visit trends displayed the pattern more clearly than inpatient measures. For ratio-based views such as supplies and labor as a percentage of operating revenue, he noted a visible drop in December that he said was driven by recognition of HAP 2.0 revenue and therefore "distorted" the trend,

suggesting that removing that effect would make the pattern appear flatter. Additional trend charts addressed inpatient and surgical volumes and outpatient visits, again emphasizing variability across months. Mr. Woods also highlighted pharmacy-related metrics, stating that prescription fills were increasing over time and that a "capture rate" had improved relative to the prior year, with a comment that prescription activity correlates with outpatient visit volumes. He pointed to an example month with lower outpatient visits and described how reduced visits can translate into reduced pharmacy revenue, while presenting the overall direction of pharmacy measures as positive.

Ms. Morales then addressed payer mix using gross charges, comparing the first quarter of 2026 to all of 2025 and emphasizing that small percentage changes can have outsized financial impacts. She noted a modest increase in the self-pay share from the prior year baseline and estimated that the magnitude of that change corresponded to a multi-million-dollar impact on the bottom line. She also noted a decline in the commercial share and attributed part of the shift to lower participation in health exchange coverage after enhanced subsidies were reduced beginning January 1, 2026. Ms. Morales stated that higher premiums and higher maximum out-of-pocket amounts were contributing to reduced exchange coverage, with some patients shifting into self-pay or uncompensated categories, which she framed as relevant to collection risk and revenue realization.

Returning to financial statement views, Ms. Morales briefly displayed a more traditional income statement and pointed out a revised subtotal intended to show total labor expense as a portion of operating expenses, noting that some contract labor costs are recorded within salary and wage lines and therefore do not align one-for-one with employee headcount. She then introduced a more detailed operating revenue schedule that expanded the summarized income statement lines into program-level components. Ms. Morales explained that most assessments associated with supplemental revenue programs are netted within revenue lines, but that a franchise fee expense is recorded in operating expenses; to show the "total cost and value" of supplemental programs more clearly, she said they had reclassified that franchise fee amount in the revenue schedule for presentation purposes. She then described the schedule as starting with gross inpatient and outpatient charges, followed by adjustments (contractual allowances, charity care, and bad debt) that bridged gross charges to net patient revenue, and reiterated that lower volumes were contributing to results being below budget. She then described supplemental revenue programs—citing items such as HCAP, HAP, CSIP, and GME-related funding—as supporting patient revenue and helping to offset payment shortfalls, particularly in Medicaid. A key year-over-year driver

highlighted was enhanced HAP (HAP 2.0) revenue that she said was materially higher than the prior year period. Ms. Morales also described components of "other revenue," including contract income associated with services provided through agreements, grant revenue, pharmacy revenue, and value-based revenue tied to quality performance in payer contracts. In explaining value-based revenue, she referenced an Accountable Care Organization (ACO) arrangement and stated that shared savings are recorded in that line; she identified "Collaborative Care Partners" as the entity associated with the ACO program. Ms. Morales also explained capitation income as a fixed monthly payment model associated with caring for attributed patient populations, contrasting it with fee-for-service reimbursement, and she described a residual "other revenue" line as including ancillary items such as cafeteria and parking.

Mr. Woods concluded the public-session financial report with balance sheet, cash, covenant, benchmark, and capital budget updates. On the balance sheet, he described a decrease in current assets tied to collection of HAP 2.0 receivable in the first quarter and described a decrease in investments reflecting market performance consistent with the earlier investment report. He also noted a decrease in restricted assets associated with scheduled debt service payments and described the mechanics of funding and releasing restricted funds in connection with bond payments, with corresponding long-term debt treatment. Mr. Woods highlighted the payoff of a line of credit with KeyBank after receiving HAP 2.0 funds and described the intent to preserve the facility for true liquidity needs. In discussing cash, he described the cash balance as increasing and reaching the highest level since 2022, while also explaining why the cash increase was smaller than the size of the HAP 2.0 payment received, citing factors such as investment performance effects, the line of credit payoff, prepaid franchise fees associated with the HAP program, and physician incentive payments. Mr. Woods stated that the net result was an improved cash position compared with recent years. Covenant metrics were discussed next, with Ms. Morales describing days cash on hand increasing and framing even modest changes in days cash as significant given daily cash requirements for operations; she also cited an improvement in debt service coverage and linked part of the change to the line-of-credit payoff reducing annual debt service. A benchmarking slide compared MetroHealth's trailing twelve-month metrics to medians for peer credit ratings, with Ms. Morales describing many measures as favorable while noting that leverage and debt/capital ratios were areas where MetroHealth appeared below benchmark due to existing bond obligations. The final slide summarized the capital budget, with Ms. Morales stating that year-to-date capital spending was tracking approximately

in line with expectations for a quarter into the year, referencing progress on projects such as an emergency department refresh and information technology work including Epic upgrades. Ms. Morales also referenced a prior committee action that increased the 2026 capital amount relative to the original budget and described capital budgeting as a commitment-based process rather than one that carries forward unused dollars automatically.

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 state by Mr. Moss. Members of the public were excused, and the Committee went into executive session to discuss the identified matters at 3:20 pm.

IV. **Return to Open Meeting**

Following executive session, the meeting was reconvened in open session at approximately 4:31 pm and welcomed back the public via Zoom and those members of the public who remained in person.

There being no further business to bring before the Committee, the meeting was adjourned at approximately 4:32 pm.

THE METROHEALTH SYSTEM

John Moss, Chairperson